



綠色動力
DYNAGREEN

2025

INTERIM REPORT

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



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. Cheng Suning, 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 2025. 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
Certain 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 2025 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 2025) (《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(2025年修訂)》), the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Provisions on Financial Reporting (Amended in 2023) (《公開發行證券的公司信息披露編報規則第15號–財務報告的一般規定(2023年修訂)》), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (Amended in April 2025), the Guidelines No. 2 on Self-Regulatory and Supervision for Listed Companies on the Shanghai Stock Exchange – Business Handling (Amended in April 2025) (《上海證券交易所上市(公司自律監管指南第2號–業務辦理)(2025年4月修訂)》) 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)
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)
Shenzhen Jingxiu	Shenzhen Jingxiu Environmental Engineering Technology Limited Company (深圳景秀環境工程技術有限公司)
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 and Greening Service Co., Ltd. (東莞市長能清潔綠化服務有限公司)
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)
Shantou Kitchen Waste Company	Shantou Dynagreen Environmental Protection Co., Ltd. (汕頭市綠色動力環保有限公司)
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)
The Reporting Period	1 January 2025 to 30 June 2025
The end of the Reporting Period	30 June 2025
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 1,000kWh 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	Cheng Suning

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	Room 1922, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, 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
Historical changes in the registered office of the Company	There were no changes during the Reporting Period
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	01330	—

VI. Other relevant information

✓ Applicable ☐ Not applicable

1. Auditors engaged by the Company

BDO China Shu Lun Pan Certified Public Accountants LLP

2. Legal advisers engaged by the Company

As to Hong Kong law: Jingtian & Gongcheng LLP

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	1,683,873,882.60	1,660,506,740.32	1.41
Total profit	496,328,137.26	391,058,983.14	26.92
Net profit attributable to shareholders of the Company	377,232,320.56	303,026,018.30	24.49
Net profit excluding extraordinary gain and loss attributable to the shareholders of the Company	375,787,727.09	301,480,353.86	24.65
Net cash flows from operating activities	632,244,063.03	543,371,427.14	16.36
	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	8,159,621,690.99	8,052,817,092.46	1.33
Total assets	21,960,181,740.81	21,988,772,935.44	-0.13

(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)	0.27	0.22	22.73
Diluted earnings per share (RMB/share)	0.26	0.21	23.81
Basic earnings per share excluding extraordinary gain and loss (RMB/share)	0.27	0.22	22.73
Weighted average return on net assets (%)	4.57	3.80	Increased by 0.77 percentage point
Weighted average return on net assets excluding extraordinary gain and loss (%)	4.56	3.79	Increased by 0.77 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	-62.97	
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	1,146,596.92	
Other non-operating income and expenses besides items above	384,045.00	
Other gains and losses within the definition of non-recurring gains and losses	349,634.21	
Less: Effects on income tax	299,148.16	
Effects on non-controlling shareholders (after tax)	136,471.53	
Total	1,444,593.47	

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. Companies with equity incentive plan or employee shareholding plan may choose to disclose net profit after deducting the impact of share-based payments

☐ Applicable ☒ Not applicable

XI. 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 2025, 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.

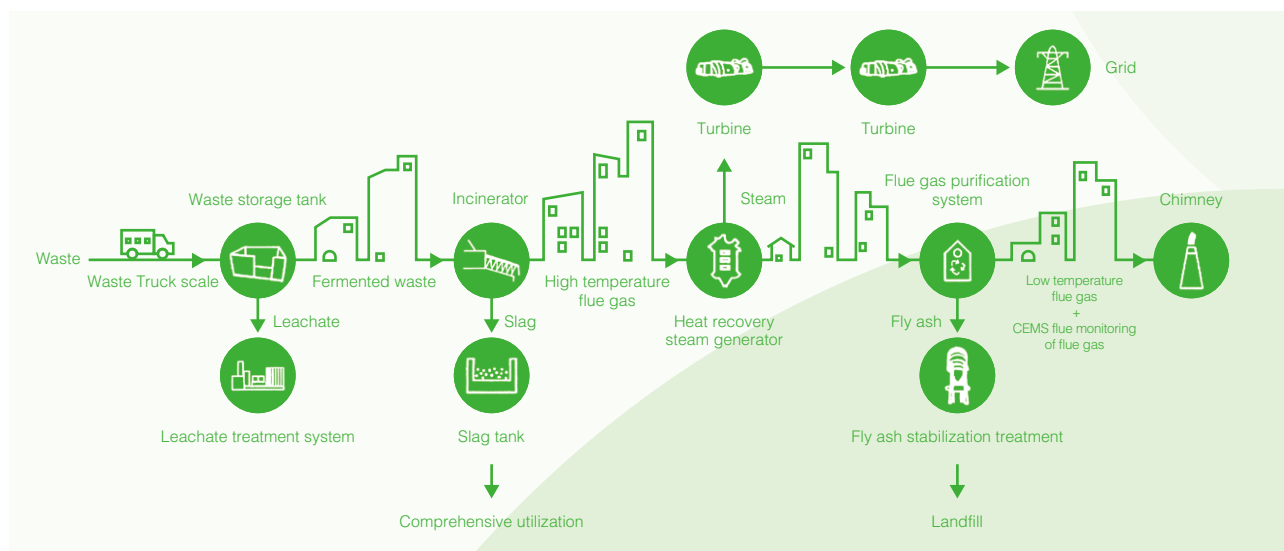
The upstream industries of the Company include construction enterprises, installation companies, waste treatment and power generation equipment (such as incinerators, smog and gas treatment systems, turbine generators and waste heat boilers) suppliers, and the Company selects suppliers through tenders.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

Waste-to-energy is an important way to achieve reduction, recycling, and harmless treatment of waste. In recent years, with the acceleration of the urbanization process and the support of relevant policies, the market demand for waste-to-energy in China has grown rapidly, and the waste-to-energy industry has developed rapidly. The waste incineration capacity of China has exceeded 1 million tons per day, which has completed the goal in respect of waste incineration capacity under the “14th Five-Year” Plan ahead of schedule and the overall capacity utilization rate needs to be improved.

At present, China’s waste-to-energy industry has entered a stage of stable development, the waste-to-energy industry has shifted from the high-speed expansion to operation of existing projects, and the market increment continues to decrease. The waste-to-energy market is penetrating into the county area. As the settlement of National Subsidies has not yet been normalized, the settlement cycle of waste treatment fees have been extended in some regions. The existing projects focus on refined management to strengthen quality and efficiency enhancement and consumption reduction of projects.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In recent years, with the decrease in National Subsidies, the relevant ministries and commissions of the state have proactively promoted green electricity and Green Certificate trading, to price the environmental value of renewable energy through market mechanisms and bring additional benefits to renewable energy power generation enterprises. In July 2023, the NDRC, the Ministry of Finance and the National Energy Administration jointly issued the Notice on Promoting the Full Coverage of Renewable Energy Green Electricity Certificates to Promote the Consumption of Renewable Energy Electricity, clarifying 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, which is conducive to the income compensation of waste-to-energy projects after expiry of 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 CIT for the fourth year to the sixth year starting from the year in which the projects first generate operating income; VAT on tariff revenue is subject to 100% refund and VAT on waste treatment fees is subject to 70% refund.
- (2) The waste-to-energy projects in the PRC usually adopt the concession model, and the concession period is generally from 25 to 30 years. Under this model, the relevant government departments grant concession rights to investors or operators of waste-to-energy plants, and the grantees of concession rights enjoy the exclusive right to treat municipal waste in a certain area during the concession period.
- (3) The waste-to-energy industry is capital intensive. 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.

Explanation on increase in important non-core business during the Reporting Period

☐ Applicable ☒ Not Applicable

II. Discussion and Analysis of Operations

Industry overview

In recent years, guided by the goal of peak carbon dioxide emissions and carbon neutrality, China has comprehensively promoted the building of a beautiful China and unswervingly adhered to ecological priority, conservation and intensiveness, and green, low-carbon and high-quality development. Green transformation was deepened in relevant key areas, with coordinated efforts to reduce carbon and pollution, expand green and achieve growth. Waste-to-energy is a key support for promoting sustainable urban development and building a beautiful home and an indispensable part of the pollution prevention and control, and plays an irreplaceable role in synergistic interaction for pollution and carbon reduction and supporting the construction of ecological civilization.

After two decades of rapid development, the waste-to-energy industry has entered a period of stable development, and the release of new projects has further slowed down. As the treatment capacity of the industry continues to increase, the overall capacity utilization rate of the industry has declined. As the settlement of National Subsidies has not yet been normalized, the settlement cycle of waste treatment fees have been extended in some regions and accounts receivable continued to grow. The market has shifted from scale expansion to refined management. Quality and efficiency enhancement of projects under operation and technological innovation have become the internal driving force for the development of the industry.

Business review

The year 2025 marks the full completion of the Company's "14th Five-Year Plan" and represents a critical year for further comprehensive deepening of reforms. 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 aligned with the Group's development objectives for the "14th Five-year" period and focused on the main waste-to-energy business. By continuously enhancing the quality and efficiency of its projects under operation, the Company has achieved new results in high-quality development. In the first half of 2025, the Company achieved revenue of RMB1.684 billion, representing an increase of 1.41% as compared to the corresponding period last year, and a net profit attributable to shareholders of the Company of RMB377 million, representing an increase of 24.49% as compared to the corresponding period last year. As at 30 June 2025, the total assets and total equity attributable to shareholders of the Company amounted to RMB21.96 billion and RMB8.16 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

In the first half of 2025, while maintaining stable operating scale and processing capacity, the Company's main operating indicators reached record highs. The Company accumulatively treated 7.1543 million tons of municipal waste, representing a year-on-year increase of 2.10%, accumulatively generated electricity of 2,539.1797 million kWh, representing a year-on-year increase of 1.62%; generated on-grid electricity of 2,113.3075 million kWh, representing a year-on-year increase of 1.99%; accumulatively supplied 513,800 tons of steam, representing a year-on-year increase of 114.98%. The Company has strengthened safety and environmental management by establishing the new position of safety director and a safety supervision department, responsible for the comprehensive supervision and management of production safety. The overall safety and environmental performance remained stable, with no major safety or environmental protection accidents in the first half of the year.

Major operating data of the Company in each region in the first half of 2025

Region	Item	January-June
East China	Waste input volume ('0,000 tons)	271.22
	Electricity generation volume ('0,000 kWh)	91,039.65
	On-grid electricity volume ('0,000 kWh)	74,883.30
North China	Waste input volume ('0,000 tons)	90.85
	Electricity generation volume ('0,000 kWh)	31,679.49
	On-grid electricity volume ('0,000 kWh)	26,036.90
South China	Waste input volume ('0,000 tons)	144.52
	Electricity generation volume ('0,000 kWh)	53,072.62
	On-grid electricity volume ('0,000 kWh)	43,960.20
Central China	Waste input volume ('0,000 tons)	112.71
	Electricity generation volume ('0,000 kWh)	46,012.19
	On-grid electricity volume ('0,000 kWh)	39,387.79
Southwest China	Waste input volume ('0,000 tons)	55.19
	Electricity generation volume ('0,000 kWh)	19,587.84
	On-grid electricity volume ('0,000 kWh)	16,643.75
Northeast China	Waste input volume ('0,000 tons)	40.93
	Electricity generation volume ('0,000 kWh)	12,526.18
	On-grid electricity volume ('0,000 kWh)	10,418.81

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 2025, the Company continued to adhere to the operation philosophy of “safety, environmental protection, civilization and efficiency”, striving to explore diversified development paths and promote the quality and efficiency improvement of projects under operation. The sources of solid waste were expanded by means of cross-regional expansion of domestic waste and coordinated treatment of sludge, etc., so that the waste input volume kept growing; Changzhou Company, Zhangqiu Company and Wuhan Company carried out the business of direct sludge injection and the disposal volume of direct sludge injection increased significantly; through proactive development of non-electricity businesses such as heat and steam supply, Jizhou Company and Zhaoqing Company realized external steam supply, and the mobile heating of Changzhou Company increased significantly. In the first half of the year, the Company's steam supply doubled, which effectively mitigated the impact of the phased reduction of National Subsidies. A strategic cooperation agreement was signed with ENN Group, pursuant to which the purified biogas of Bengbu Company was connected to ENN's gas system, opening up a new channel for increasing revenue; the Company reasonably arranged the maintenance cycle of projects, strengthened the application of new technologies and technical transformation of equipment to improve power generation efficiency. In particular, the “digital power plant” project of Tongzhou Company achieved initial results, with the fuel consumption per unit, lime consumption per unit and self-consumption rate decreasing year-on-year, while the on-grid electricity per ton of waste increased year-on-year; All projects under operation strengthened refined management and control in daily production, resulting in a year-on-year decrease in the proportion of fuel consumption per unit and self-consumption rate. The scope of centralized procurement was expanded, with all possible items included in centralized procurement, which significantly reduced operating costs. The responsibilities of management personnel at all levels were consolidated, and solid progress was made in the collection of accounts receivable.

3. Continued enhancement of “digitalization” of management and persistent promotion of technological innovation

The application of digital and intelligent technologies for waste incineration by Tongzhou Company received high praise in the evaluation and was included in the Review of the Development of Municipal Solid Waste Incineration Industry and Technical Solutions of China by China Association of Urban Environmental Sanitation; the digital and intelligent technical transformation of Wuhan Company, Haining Company, Shantou Company and Zhangqiu Company has been launched. In terms of technological research and development, the integrated ultra-low emission technology for flue gas has entered the trial operation stage, and the first set of equipment for small-scale waste incineration technology has been manufactured and installed; the direct sludge injection technology has been put into trial operation in Changzhou Project and Wuhan Project, with remarkable economic benefits; the Group has completed the scheme optimization for the design of robot coke cleaning device as well as the design of the research and development of robot technology for limited space operations and manufacturing of the first set of equipment, which has been put into operation in Zhangqiu Phase II Company; we have signed a cooperation agreement with Googol Technology to collaborate in areas such as intelligent inspection robots and unmanned aerial vehicles.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS OUTLOOK

Waste-to-energy is an important way to achieve reduction, recycling, and harmless treatment of waste, is a key support for promoting sustainable urban development and building a beautiful homeland, and plays an irreplaceable role in ecological civilization construction. Meanwhile, the sustainable and healthy development of waste-to-energy industry faces challenges such as continued narrowing market increment, unsaturated rate of capacity utilization in certain areas, phase-out of National Subsidies, extended settlement cycle of accounts receivable, etc.

In recent years, with the decrease in National Subsidies, the relevant ministries and commissions of the state have proactively promoted Green Certificate trading and direct green power supply, to price the environmental value of renewable energy through market mechanisms and bring additional benefits to renewable energy power generation enterprises. In July 2023, the NDRC, the Ministry of Finance and the National Energy Administration jointly issued the Notice on Promoting the Full Coverage of Renewable Energy Green Electricity Certificates to Promote the Consumption of Renewable Energy Electricity, clarifying 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, which is conducive to the income compensation of waste-to-energy projects after expiry of National Subsidies. In May 2025, the NDRC and the National Energy Administration jointly issued the Notice on Orderly Promoting the Development of Direct Green Power Supply, which permits renewable energy projects including biomass power generation to supply green electricity directly to end users via direct transmission lines, without access to the public grid. This model provides an opportunity for waste-to-energy projects to explore new business models.

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, to steadily develop overseas waste-to-energy projects. While taking multiple measures to improve quality, reduce consumption and increase efficiency for projects under operation, the Company will strengthen technological innovation and unswervingly refine, expand and strengthen the main waste-to-energy business to achieve high-quality leapfrog development and build Dynagreen into an internationally renowned environmental protection industrial group.

In the second half of 2025, the Company will continue to focus on its main waste-to-energy business and strengthen investment, mergers and acquisitions of waste-to-energy projects as well as the expansion of overseas projects. Continuous efforts will be exerted to promote the research and development and application of new technologies, and strengthen the expansion of waste, steam and heat supply of existing projects and collection of accounts receivable. It will also accelerate the preliminary work of the second phase of the Guangyuan Waste-to-energy Project to ensure the achievement of the annual operating targets, laying a solid foundation for a good start of the "15th Five-Year" period.

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

☐ Applicable ☒ Not Applicable

III. Analysis of Core Competitiveness during the Reporting Period

✓ Applicable ☐ Not applicable

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

1. Focused market layout spanning across the whole country

Since its establishment, the Company has adopted a proactive strategy in market development and strives to develop various regional markets. Its projects are distributed in an extensive geographical area, with a market network covering 20 provinces/municipalities/autonomous regions. Focusing on the vast market space of the economically developed Yangtze River Delta, Pearl River Delta and Bohai Economic Rim, the Company has extended its business network to the central and western regions such as Anhui, Hubei, Guizhou, Shanxi, Guangxi, Jiangxi, Hunan, Shaanxi, Henan and Sichuan, preliminarily forming a market layout based in the Yangtze River Delta, Pearl River Delta and Bohai Rim and spanning across the country. The broad market layout reflects the Company's ability to develop projects and conduct operation management in different regions, and also helps to reduce the impact of local unfavorable factors of local areas on the overall layout.



III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. Extensive industry experience

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

3. Leading professional technology

The Company has always placed scientific and technological development at the strategic position and is committed to promoting the efficiency of waste-to-energy projects through continuous technological innovation and conducting systematic innovation in all aspects of waste-to-energy based on its own project operation experience. 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). “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; the digital smart domestic waste incineration technology and application project won the first prize of scientific and technological progress granted by China Association of Urban Environmental Sanitation in 2024. 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. With leading professional technology, the Company can provide customers with better environmental protection services, maintain a competitive edge in the waste-to-energy field, and make positive contributions to the construction of ecological civilization and sustainable economic development.

4. Experienced management team

The management team of the Company has been engaged in strategic management, market development, technology development and construction and operation in the waste-to-energy industry over the years. 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 management team of the Company helps to enhance the operating efficiency and warrants the quality of the projects.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

IV. Major Operational Particulars during the Reporting Period

(I) Analysis of main businesses

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

Unit: RMB

Item	Amount for the current period	Amount for the corresponding period last year	Change (%)
Revenue	1,683,873,882.60	1,660,506,740.32	1.41
Operating cost	849,854,998.38	919,438,857.60	-7.57
Selling expenses	560,846.25	639,591.99	-12.31
Administrative expenses	105,224,608.65	100,223,612.48	4.99
Finance costs	191,199,610.97	236,206,096.06	-19.05
Research and development expenditure	2,463,979.36	2,469,797.57	-0.24
Net cash flow generated from operating activities	632,244,063.03	543,371,427.14	16.36
Net cash flow generated from investing activities	-157,338,036.48	-205,918,818.39	N/A
Net cash flow generated from financing activities	-432,684,909.11	-352,743,054.33	N/A
Explanation on changes in revenue:	Mainly due to an increase in waste treatment volume and steam supply, resulting an increase in revenue.		
Explanation on changes in cost of sales:	Mainly due to a decrease in overhaul costs, a decrease in environmental protection fee due to centralized procurement and refined management, and a decrease in construction costs.		
Explanation on changes in selling expenses:	Minor changes in amount.		
Explanation on changes in administrative expenses:	Minor changes.		
Explanation on changes in finance costs:	Mainly due to a decrease in interest rate of bank borrowings and balance of borrowings, resulting in a decrease in interest expenditures.		
Explanation on changes in research and development expenses:	Minor changes.		

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

Mainly due to an increase in revenue from waste treatment and steam supply, an increase in collection of accounts receivables for the current period and previous years, 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 payment for 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 payment for 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 the increase in the net repayment of borrowings during the period as compared with the same period last year was greater than the decrease in the amount of dividends paid by the Company during the period, resulting in an increase in the net outflow of cash flows from financing activities.

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	916,843,296.52	4.18	867,810,323.28	3.95	5.65	Mainly due to that the net outflow from investment activities and financing activities during the period was less than the net inflow from operating activities
Accounts receivable	2,787,165,216.82	12.69	2,512,178,004.57	11.42	10.95	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, and the transfer of accumulated balance of National Subsidies from contract assets to accounts receivable due to the inclusion of Huludao Power Generation Project in the catalogue of national renewable energy subsidies in the period
Contract assets	410,100,743.15	1.87	370,964,094.96	1.69	10.55	Mainly due to the increase in the accumulated balance of receivables from national renewable energy subsidies
Intangible assets	10,440,357,733.48	47.54	10,659,570,149.67	48.48	-2.06	Minor changes
Other non-current assets	6,508,685,930.38	29.64	6,651,544,469.90	30.25	-2.15	Minor changes
Short-term borrowings	293,173,822.22	1.34	545,805,404.65	2.48	-46.29	Mainly due to adjustment to the debt structure, with new long-term borrowings replacing short-term borrowings
Accounts payable	518,874,867.79	2.36	661,561,718.22	3.01	-21.57	Mainly due to successive final payments for projects, resulting in a decrease in payables for projects

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Item	Amount as at the end of the current period	Percentage of amount as at the end of the current period to total assets (%)	Amount as at the end of the last year	Percentage of amount as at the end of the last year to total assets (%)	Change of amount as at the end of the current period to amount as at the end of the last year (%)	Explanation
Current portion of non-current liabilities	912,750,388.46	4.16	1,108,768,938.92	5.04	-17.68	Mainly due to adjustment to the debt structure, with new long-term borrowings replacing long-term borrowings due within one year
Long-term borrowings	7,715,139,066.27	35.13	7,528,412,016.81	34.24	2.48	Mainly due to adjustment to the debt structure of the Company, with new long-term borrowings replacing short-term borrowings and long-term borrowings due within one year, and a decrease in existing long-term borrowings as a result of successive repayment of borrowings by project companies
Bonds payable	2,386,489,389.83	10.87	2,354,143,208.17	10.71	1.37	Minor changes
Other explanation						
N/A						

2. Overseas assets

☒ Applicable ☐ Not applicable

(1) Assets size

Including: overseas assets of RMB35,886,878.26 (Unit: RMB), accounting for 0.16% of the total assets.

(2) Explanation on relatively high proportion of overseas assets

☐ Applicable ☒ Not Applicable

Other explanation

N/A

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

☒ Applicable ☐ Not applicable

Item	Balance at the end of the period (RMB)	Balance at the beginning of the period (RMB)	Reason for restriction
Cash at bank and on hand	6,824,000.00	0	Litigation freezing
Notes receivables	65,728.11	0	Endorsed, discounted, undue and underecognised
Other non-current assets	4,105,306,973.77	4,154,508,984.18	Used for pledged borrowings
Intangible assets	5,773,448,436.16	5,901,317,945.15	Used for pledged borrowings
Accounts receivable	1,960,727,745.85	1,733,445,921.40	Used for pledged borrowings
Contract assets	333,351,383.83	297,894,159.93	Used for pledged borrowings
Total	12,179,724,267.72	12,087,167,010.66	

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 2025, the Company achieved an revenue of RMB1,683,873,882.60 and net profit of RMB398,576,882.39. As at 30 June 2025, the Company's total assets and total liabilities amounted to RMB21,960,181,740.81 and RMB13,356,135,890.31, respectively. The total equity amounted to RMB8,604,045,850.50 and the gearing ratio (calculated as total liabilities over total assets) was 60.82%, and the net asset value per share attributable to the shareholders of the Company was RMB5.86.

Revenue analysis

During the Reporting Period, the Company achieved an revenue of RMB1,683,873,882.60 (corresponding period in 2024: RMB1,660,506,740.32), representing an increase of 1.41% as compared to the corresponding period in 2024, mainly due to an increase in waste treatment volume and steam supply in the period.

Gross profit and gross profit margin

During the Reporting Period, the gross profit of the Company increased by 12.54% to RMB834,018,884.22 (corresponding period in 2024: RMB741,067,882.72) and the gross profit margin was 49.53% (corresponding period in 2024: 44.63%). The increase in gross profit was mainly due to the proactive quality improvement, costs reduction and efficiency enhancement by the Company, resulting in an increase in operating revenue and a decrease in operating costs

Administrative expenses

During the Reporting Period, the administrative expenses of the Company amounted to RMB105,224,608.65 (corresponding period in 2024: RMB100,223,612.48), which accounted for approximately 6.25% (corresponding period in 2024: 6.04%) of the revenue of Company. There was minor changes in administrative expenses as compared with the same period last year.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Finance costs

During the Reporting Period, the finance costs for the Company amounted to RMB191,199,610.97, representing a decrease of RMB45,006,485.09 over the corresponding period of previous year. This was mainly due to a decrease in interest rate of bank borrowings and balance of borrowings, resulting in a decrease in interest expenditures.

Total profit

During the Reporting Period, the total profit of the Company amounted to RMB496,328,137.26, representing an increase of RMB105,269,154.12 as compared to corresponding period in 2024, which was mainly due to an increase in gross profit and a decrease in finance costs.

Income tax

During the Reporting Period, the income tax expenses of the Company amounted to approximately RMB97,751,254.87 (corresponding period in 2024: RMB67,325,381.16), accounting for approximately 19.69% (corresponding period in 2024: 17.22%) 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 RMB377,232,320.56 (corresponding period in 2024: RMB303,026,018.30). The increase was mainly due to an increase 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 2025, the Company had cash and cash equivalents of approximately RMB910,019,296.52, representing a slight increase of RMB42,208,973.24 as compared to RMB867,810,323.28 at the end of 2024. The vast majority of the Company's cash and cash equivalents were held in Renminbi. As at 30 June 2025, the Company's gearing ratio decreased from 61.21% at the end of 2024 to 60.82%.

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 2025, the Company's capital management strategy remained unchanged from 2024. As at 30 June 2025 and 31 December 2024, the gearing ratios of the Group were 60.82% and 61.21%, respectively.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Loans and pledge of assets

As at 30 June 2025, the Company had total outstanding borrowings of approximately RMB8,884,671,619.72, representing a decrease of RMB260,392,844.26 as compared to RMB9,145,064,463.98 at the end of 2024. The borrowings included pledged loans of RMB6,402,961,425.89 and unpledged loans of RMB2,481,710,193.83. 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 2025, the Company had composite banking credit facilities in the amount of RMB14,282,990,000.00, of which RMB2,782,627,889.10 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 RMB12,172,834,539.61 as at 30 June 2025.

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 2025 and 31 December 2024 under the guarantees was the credit facility drawn down by the subsidiaries of RMB6,594,796,525.62 and RMB6,893,302,079.34, respectively.

Commitments

As at 30 June 2025 and 31 December 2024, 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 RMB0 and RMB0, 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 "V. 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
0	15,000,000	N/A

(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 2025, 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.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(VI) Material disposal of assets and equity

☐ Applicable ☒ Not Applicable

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

☒ Applicable ☐ Not applicable

Major subsidiaries and invested companies affecting over 10% of net profit of the Company

☒ Applicable ☐ Not applicable

RMB'0,000

Name of company	Company type	Principal business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Tongzhou Company	Subsidiary	Waste treatment and power generation	37,500	146,234.16	51,567.25	10,141.24	5,328.88	3,989.50
Shantou Company	Subsidiary	Waste treatment and power generation	21,000	115,115.41	33,086.46	8,831.92	543.17	509.75
Haining Expansion Company	Subsidiary	Waste treatment and power generation	39,000	111,490.32	50,548.98	8,476.61	4,192.01	3,632.09
Huizhou Phase II Company	Subsidiary	Waste treatment and power generation	45,000	146,078.10	70,025.01	13,929.28	7,480.85	6,555.78
Wuhan Company	Subsidiary	Waste treatment and power generation	27,948.428	116,969.26	42,612.73	11,164.65	5,077.70	4,686.15

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.

Acquisition and disposal of subsidiaries during the Reporting Period

☐ Applicable ☒ Not Applicable

Other explanation

☐ Applicable ☒ Not Applicable

(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.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. Risk of environmental protection policies

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

The Company will 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 2023 to 2024, the Company enjoyed total tax incentives of RMB186,493,400 and RMB181,101,000 respectively, accounting for 24.00% and 25.65% 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 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 and increase in pressure on financial payments of government, 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.

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

The public may have a negative perception on waste-to-energy business. The public may be worried that the construction and operation of the projects may cause secondary pollution to the surrounding environment. With regards to this, the NDRC added a social stability risk assessment procedure in the project approval procedures, and the Ministry of 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.

6. 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.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

7. 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.

8. 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, 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.

III. MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(II) Other disclosures

☒ Applicable ☐ Not Applicable

As a proactive response to the Initiative on Carrying Out the Special Action of “Quality Improvement, Efficiency Enhancement and Focus on Returns” for Companies Listed on the Shanghai Stock Exchange of the Shanghai Stock Exchange, the Company disclosed the Special Action of “Quality Improvement, Efficiency Enhancement and Focus on Returns” for 2024 in July 2024. Since the beginning of 2025, the Company has focused on improving the quality and efficiency of its projects under operation, with a steady increase in profitability. It has proactively expanded waste disposal business and handled sludge through direct injection, leading to a steady improvement in capacity utilization; the Company has vigorously expanded its steam supply business, with cumulative steam supply of 513,800 tons in the first half of the year, representing a year-on-year increase of 114.98%; it has realized the purification and sales of biogas from leachate; the expanded scope of centralized procurement reduced the procurement costs of environmental protection consumables and spare parts; through optimizing refined management, the usage of environmental protection consumables and auxiliary fuels was reduced; it has proactively expanded financing channels and strived to reduce the Company’s finance costs through methods such as loan replacement; the Company has continued to strengthen the research and development of waste-to-energy related technologies and promote the digital transformation of projects. Without new projects put into production, the Company achieved revenue of RMB1.684 billion in the first half of the year, representing a year-on-year increase of 1.41%, and net profit attributable to the shareholders of the Company of RMB377 million, representing a year-on-year increase of 24.49%.

The Company attaches great importance to cash returns to investors. In August 2024, it disclosed the Shareholders’ Return Plan for the Next Three Years (2024-2026). The plan clearly states that on the premise of meeting the cash dividend conditions and ensuring the Company’s normal operation and long-term development, the profit distributed in cash by the Company each year in the next three years shall be no less than 40%, 45% and 50% of the distributable profit realized in the current year respectively, so as to stabilize investors’ return expectations. The Company distributed cash dividends in a total amount of RMB418 million in 2024, accounting for 71.45% of the net profit attributable to shareholders of the Company in 2024, to truly share the development results with shareholders.

In terms of investor relations management, the Company attaches great importance to two-way communication with investors. In the first half of the year, it maintained high-frequency communication with investors through channels such as holding performance briefings, attending strategy meetings of securities dealers, receiving investor research visits, SSE e-Interaction, and hotline calls, to proactively answer investors’ questions and earnestly listen to investors’ reasonable suggestions, so as to continuously improve the transparency of corporate governance.

In the future, the Company will continue to implement the various requirements under the action plan of “Quality Improvement, Efficiency Enhancement and Focus on Returns”, and continuously improve the quality of operation and the level of returns to shareholders.

IV. CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

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

☒ Applicable ☐ Not applicable

Name	Position	Change
Cheng Suning	General manager	Appointment
Qiao Dewei	Director, chairman	Resignation
Liu Shuguang	Director	Resignation
Cheng Suning	Director, acting chairman	Election
Hu Yong	Director	Election

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

☒ Applicable ☐ Not applicable

On 24 February 2025, the Proposal on Appointment of General Manager of the Company was considered and approved at the sixth meeting of the fifth session of the Board. As nominated by the chairman of the Company and reviewed by the Nomination Committee of the Board of the Company, it was approved to appoint Mr. Cheng Suning as the general manager of the Company with immediate effect. Mr. Qiao Dewei will no longer serve as the acting general manager. For details, please refer to the Announcement on Appointment of General Manager of the Company (Announcement No.: Lin 2025-008) as disclosed on the website of the SSE and the announcement dated 24 February 2025 as disclosed on the Stock Exchange.

Mr. Liu Shuguang resigned as a non-executive Director of the Company due to personal reasons with effect from 10 April 2025. For details, please refer to the Announcement on Resignation of a Director of the Company (Announcement No.: Lin 2025-016) as disclosed on the website of the SSE and the announcement dated 10 April 2025 as disclosed on the Stock Exchange; Mr. Qiao Dewei resigned as an executive Director, chairman of the Board and chairman of the strategy committee of the Company due to work adjustment with effect from 11 April 2025. For details, please refer to the Announcement on Resignation of the Chairman of the Company (Announcement No.: Lin 2025-017) as disclosed on the website of the SSE and the announcement dated 13 April 2025 as disclosed on the Stock Exchange.

On 16 April 2025, the Proposal on Nomination of a Candidate for Director was considered and approved at the eighth meeting of the fifth session of the Board of the Company, pursuant to which Mr. Cheng Suning was nominated as a candidate for non-independent Director of the Company. For details, please refer to the Announcement on Nomination of a Candidate for Director (Announcement No.: Lin 2025-019) as disclosed on the website of the SSE and the announcement dated 16 April 2025 as disclosed on the Stock Exchange; as the number of the Company's directors falls short of the requirement specified in the Articles of Association, to meet the actual needs of the Company's operation and management, BSAM nominated Mr. Hu Yong as a candidate for non-independent Director of the fifth session of the Board of the Company. For details, please refer to the Announcement on Addition of Ad Hoc Proposal at the 2025 First Extraordinary General Meeting (Announcement No.: Lin 2025-024) as disclosed on the website of the SSE and the announcement dated 29 April 2025 as disclosed on the Stock Exchange. On 16 May 2025, the Proposal on Election of Directors was considered and approved at the 2025 first extraordinary general meeting of the Company, pursuant to which Mr. Cheng Suning was elected as an executive Director of the Company and Mr. Hu Yong was elected as a non-executive Director of the Company with the terms of office consistent with that of the fifth session of the Board. Upon approval at the general meeting, the Board of the Company recommended Mr. Cheng Suning, an executive Director and the general manager, to perform the duties of chairman (legal representative) on an acting basis. For details, please refer to the Announcement on Recommending a Director to Serve as the Acting Chairman (Announcement No.: Lin 2025-027) as disclosed on the website of the SSE and the announcement dated 16 May 2025 as disclosed on the Stock Exchange.

IV. CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

On 4 July 2025, pursuant to the Proposal on Adjustment to the Composition of the Special Committees of the Board as considered and approved at the 12th Meeting of the 5th session of the Board of the Company, it was approved that the members of the Nomination Committee would be adjusted from Mr. Zheng Zhiming, Mr. Zhou Beihai and Mr. Hu Shengyong to Mr. Zhou Beihai, Ms. Ouyang Jiejiao and Mr. Hu Shengyong, with Mr. Zhou Beihai serving as the chairman of the committee; that the members of the Remuneration and Appraisal Committee would be adjusted from Mr. Zhou Beihai, Ms. Ouyang Jiejiao and Mr. Yan Chunxu to Mr. Zheng Zhiming, Mr. Zhou Beihai and Mr. Yan Chunxu, with Mr. Zheng Zhiming serving as the chairman of the committee; and Mr. Hu Yong would serve as a member of the Strategy 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 general manager (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.

II. 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 2025 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 2025. The total cash dividends under profit distribution are expected to be RMB139,345,300. 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 14th meeting of the fifth session of the Board of the Company held on 28 August 2025, 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 2025 are expected to be paid before 18 November 2025.

In order to determine the shareholders entitled to the interim dividend for 2025, the register of holders of H shares of the Company will be closed from Monday, 6 October 2025 to Friday, 10 October 2025, both days inclusive, during which no transfer of shares will be registered, the record date will be Friday, 10 October 2025. The shareholders whose names appear on the register of members of the Company at the close of business on Friday, 10 October 2025 will be entitled to the interim dividend for 2025 (subject to approval by shareholders at the general meeting). In order to qualify for the entitlement to the interim dividend for 2025 (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 3 October 2025, being the last share registration date.

III. 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

Overview

Search index

The Resolution on the Restricted A Share Incentive Scheme (Draft) of the Company and the Summary Thereof, the Resolution on the Administrative Measures for the Implementation and Appraisal of the Restricted A Share Incentive Scheme of the Company, and the Resolution on the Administrative Measures for the Restricted A Share Incentive Scheme were considered and approved at the fifth meeting of the fifth session of the Board of the Company held on 20 December 2024, pursuant to which it was proposed to grant 41.80 million restricted shares, representing 3.00% of the then total share capital of the Company, i.e. 1,393.4526 million shares, as at the date of the announcement on the scheme, to incentive participants. The matter is still subject to consideration at the general meeting of the Company after approval by the state-owned assets supervision and administration department.

For details, please refer to the Announcement on the Resolutions of the Fifth Meeting of the Fifth Session of the Board (Announcement No.: Lin 2024-063), the Announcement on the Resolutions of the Third Meeting of the Fifth Session of the Supervisory Committee (Announcement No.: Lin 2024-064), and the Announcement on the Summary of the Restricted A Share Incentive Scheme (Draft) of Dynagreen Environmental Protection Group Co., Ltd. (Announcement No.: Lin 2024-065) as disclosed on the website of the Shanghai Stock Exchange on 21 December 2024.

(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

IV. 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 effect as of 30 June 2025) 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 10 April 2025, Mr. Qiao Dewei resigned as the chairman of the Company due to work adjustment. Mr. Cheng Suning, an executive Director and the general manager, was appointed as the acting chairman of the Company on 16 May 2025. Following the appointment of Mr. Cheng Suning as the acting chairman, Mr. Cheng assumed 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. Cheng, the Board is of the opinion that at the present stage Mr. Cheng’s assumption of both positions as the chairman of the Board and the general manager of the Company 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, four 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. The Company is currently identifying a suitable candidate with appropriate experience to serve as the chairman.

Save as disclosed above, during the six months ended 30 June 2025, 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.

IV. CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

V. Environmental information of listed companies and their major subsidiaries included in the list of enterprises subject to disclosure of environmental information in accordance with law

✓ Applicable ☐ Not applicable

Number of enterprises included in the list of enterprises subject to disclosure of environmental information in accordance with law 37

No.	Enterprise name	Enquiry index for report on disclosure of environmental information in accordance with law
1	Jizhou Company	https://hjxxpl.sthj.tj.gov.cn:10800/#/gkwz/ndpl/qyxq?id=2024-76D884ABF976450DB68933FCC95A1D2D
2	Changzhou Company	http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/
3	Taizhou Company	web/viewRunner.html?viewId=
4	Jurong Company	http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/sps/views/yfpl/views/yfplHomeNew/index.js
5	Shishou Company	http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/enterpriseInfo?XTXH=f1ea9265-73ff-46ff-846b-a8407ff85154&XH=1677749899965009244672&year=2024
6	Laizhou Company	http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openEnterpriseDetails?comDetailFrom=0&id=91370683MA3RN0LN40
7	Tongzhou Company	https://hjxxpl.bevoice.com.cn:8002/home
8	Miyun Company	
9	Huizhou Company	https://gdee.gd.gov.cn/gdeepub/front/dal/ent/list/detail?entId=4e3cbeab-10e1-4bbc-950a-660405101998
10	Rushan Company	http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openEnterpriseDetails?comDetailFrom=0&id=913710835640612989

IV. CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

No.	Enterprise name	Enquiry index for report on disclosure of environmental information in accordance with law
11	Jiamusi Company	http://111.40.190.123:8082/eps/index/enterprise-more?code=91230826588107596L&uniqueCode=654a99a0a63e8c56&date=2024&type=true&isSearch=true
12	Zhangqiu Company	http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openEnterpriseDetails?comDetailFrom=0&id=913701815899040952
13	Zhangqiu Phase II Company	http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openEnterpriseDetails?comDetailFrom=0&id=91370100MA3TPKJ86Y
14	Huludao Hazardous Waste Company	https://sthj.deing.cn:8180/Public/Enter/52feb144-38ff-4eed-b50a-3086df04661e/Annual/647358283956229
15	Anshun Company	https://222.85.128.186:8081/eps/index/enterprise-more?code=91520402596364154R&uniqueCode=97860ee7dd57748c&date=2024&type=true&isSearch=true
16	Dengfeng Company	http://222.143.24.250:8247/enpInfo/enpOverview?enterId=91410185MA45KE110K001L
17	Yongjia Company	https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-more?code=913303245505367825&uniqueCode=3a8c4478b408065b&date=2024&type=true&isSearch=true
18	Yongjia Phase II Company	https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-more?code=91330300MA298N1L3T&uniqueCode=8fe9360863155a32&date=2024&type=true&isSearch=true
19	Bengbu Company	https://39.145.37.16:8081/zhhb/yfplpub_html/#/home%E3%80%82
20	Pingyang Phase I Company	https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-more?code=913303265528966933&uniqueCode=929d8e05b92d813e&date=2024&type=true&isSearch=true
21	Pingyang Phase II Company	https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-more?code=91330326MA2ARK677C&uniqueCode=c0b373fe9b7eacdc&date=2024&type=true&isSearch=true
22	Enshi Company	http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/enterpriseInfo?XTXH=d3ac33bf-0d38-48cf-b0db-0f8a0adfc2f6&XH=1682677514567029335552&year=2024
23	Shuo Zhou Company	http://111.53.19.139:8081/#/DisclosureDetail/1772793993720172546/2024
24	Guangyuan Company	https://103.203.219.138:8082/eps/index/enterprise-more?code=91510800MA62549131&uniqueCode=fc345492fa3ffae0&date=2024&type=true&isSearch=true
25	Zhaoqing Company	https://gdee.gd.gov.cn/gdeepub/front/dal/ent/list/detail?entId=fa488aa3-9cb7-40ac-8ee7-613d339ca68b
26	Huludao Power Generation Company	https://sthj.deing.cn:8180/Public/Enter/684205955809285

IV. CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY (CONTINUED)

No.	Enterprise name	Enquiry index for report on disclosure of environmental information in accordance with law
27	Jinsha Company	https://222.85.128.186:8081/eps/index/enterprise-more?code=91520523MA6E8GBN67&uniqueCode=b487c35d6bbd81a&date=2024&type=true&isSearch=true
28	Jingxi Company	https://bqfq.sthjt.gxzf.gov.cn/GXHJXXPLQYD/frontal/index.html#/home/overview
29	Hong 'an Company	http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/enterpriseInfo?XTXH=f3c96e95-ab50-4908-b373-a94f09e5bb52&XH=1677749993882009244672&year=2024
30	Bobai Company	https://bqfq.sthjt.gxzf.gov.cn/GXHJXXPLQYD/frontal/index.html#/home/enterpriseInfo?XTXH=b94c77db-9088-4e19-addf-21247c3684ff&XH=1675645843084028999680&year=2024
31	Yichun Company	http://qyhjxyfpl.sthjt.jiangxi.gov.cn:15004/pilouxiangqing?id=afa594797e2f4f6f8ea5cd9dbef71057
32	Ninghe Company	https://hjxxpl.sthj.tj.gov.cn:10800/#/gkwz/ndpl/qyxq?id=2024-7A6FF7CE52D54C7380005087904F902A
33	Wuhan Company	http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/enterpriseInfo?XTXH=e97c5eb9-7153-427a-838b-c764c40fb c24&XH=1677751071579009244672&year=2024
34	Haining Expansion Company	https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-more?code=91330481MA2BB8NU43&uniqueCode=12caac7ac9c4d899&date=2024&type=true&isSearch=true
35	Shantou Company	https://gdee.gd.gov.cn/gdeepub/front/dal/ent/list/detail?entId=2c6147be-b724-4235-9b93-537299880006
36	Fengcheng Company	http://qyhjxyfpl.sthjt.jiangxi.gov.cn:15004/pilouxiangqing?id=24c2bd0c2c344b6d9c86c76a7056de01
37	Huizhou Phase II Company	https://gdee.gd.gov.cn/gdeepub/front/dal/ent/list/detail?entId=1c71b274-d195-4d13-afe5-60c9d46532d3

Other explanation

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

V. 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		

V. 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

3. Matters which have not been published in temporary announcements

☐ Applicable ☒ Not applicable

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

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

3. Matters which have not been published in temporary announcements

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

V. SIGNIFICANT EVENTS (CONTINUED)

(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

3. Matters which have not been published in temporary announcements

☐ Applicable ☒ Not applicable

V. SIGNIFICANT EVENTS (CONTINUED)

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

☐ Applicable ☒ Not applicable

(VI) Other significant related party transactions

☐ Applicable ☒ Not applicable

(VII) Others

☒ Applicable ☐ Not applicable

The Group entered into the Non-Competition Agreement with BSAM (a connected entity of the Company by virtue of it being the controlling shareholder of the Company) on 23 December 2013, under which BSAM has agreed not to and will procure its subsidiaries (other than listed subsidiaries of BSAM) not to compete with us in our core business and has granted us options for new business opportunities, the call option and preemptive rights. In addition, if requested by the Hong Kong Stock Exchange or other regulatory authorities, BSAM will use its best endeavors to procure its associated companies and joint ventures (if any) to comply with the Non-Competition Agreement. According to the Non-Competition Agreement, when the Group decides whether to exercise the options for acquisition of new business opportunities, subscription right or the pre-emptive rights, the Group shall comply with related requirements under the Chapter 14A of the Hong Kong 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 2025. These related party transactions were not regarded as connected transactions under the Listing Rules and were fully exempt from shareholders’ approval, annual review and all disclosure requirements pursuant to Chapter 14A of the Listing Rules. Details are set out in Note XIV to the Financial Statements. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Exchange Listing Rules.

V. SIGNIFICANT EVENTS (CONTINUED)

XI. MATERIAL CONTRACTS AND THEIR PERFORMANCE

(I) Trusteeship, contracting and leasing matters

☐ Applicable ☒ Not applicable

(II) Material guarantees performed and not completely performed during the Reporting Period

☒ Applicable ☐ Not applicable

Unit: RMB

External guarantees provided by the Company (excluding those for subsidiaries)															
Guarantor	Relationship Between the guarantor and the Company		Amount of guarantee	Date of occurrence of guarantee (signature date of agreement)	Date of commencement of guarantee	Expiry date of guarantee	Guarantee type	Principal debt	Collateral (if any)	Completed or not	Overdue or not	Amount overdue	Connected parties		
	Guaranteed party	Counter guarantee or not											Connected relations		
Total guarantees during the Reporting Period (excluding those for subsidiaries)															
Total guarantee balance as at the end of Reporting Period (A) (excluding those for subsidiaries)															
Guarantees for subsidiaries provided by the Company															
Total guarantees for subsidiaries during the Reporting Period															
Total guarantee balance for subsidiaries as at the end of Reporting Period (B)															
Total amount of guarantees provided by the Company (including those for subsidiaries)															
Total amount of guarantees (A+B)															
Total amount of guarantees over the net assets of the Company (%)															
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)															
Amount of the total guarantees exceeding 50% of net assets (E)															
Total amount of above three guarantees (C+D+E)															
Explanations on outstanding guarantee which may undertake joint liability for satisfaction															
Explanations on guarantees															

(III) Other material contracts

☐ Applicable ☒ Not applicable

V. SIGNIFICANT EVENTS (CONTINUED)

XII. Progress of use of proceeds

☒ Applicable ☐ Not applicable

(I) Overall use of proceeds

☒ Applicable ☐ Not applicable

RMB'O,000

Source of raised funds	Time of receipt of proceeds	Total proceeds	Net proceeds after deducting issuance expenses (1)	Committed total of proceeds under the prospectus or offering document (2)	Committed total investment of proceeds (3)=(1)-(2)	Adjusted total investment committed of proceeds (4)	Net proceeds unused at the beginning of the Reporting Period	Total amount of proceeds accumulatively invested as at the end of the Reporting Period (4)	Including:		Accumulated investment progress as at the end of the Reporting Period (%) (6)=(4)/(1)	Accumulated investment progress as at the end of the Reporting Period (%) (7)=(5)/(3)	Amount of investment in the year (8)	Proportion of investment in the year (%) (9)=(8)/(1)	Total amount of proceeds with the use changed
									Total amount of proceeds	Accumulated investment amount of over-raised proceeds					
									amount of proceeds at the end of the Reporting Period (5)	amount of investment over-raised proceeds as at the end of the Reporting Period					
Issue of convertible bonds	3 March 2022	236,000.00	234,476.64	234,476.64	-	234,476.64	13,780.92	225,172.29	-	96.03	-	-	2,055.68	0.88	0
Total	/	236,000.00	234,476.64	234,476.64	-	234,476.64	13,780.92	225,172.29	-	/	/	-	2,055.68	/	0

Other explanation

☐ Applicable ☒ Not applicable

V. 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 ^a
Issue of convertible bonds	Dengfeng Project	Production and construction	Yes	No	15,000.00	-	15,000.00	100	December 2021	Yes	Yes		611.63	-163.85	No	-
Issue of convertible bonds	Ershi Project	Production and construction	Yes	No	35,866.30	1.33	35,832.64	99.91	September 2022	Yes	Yes		2,487.06	8,510.25	No	33.66
Issue of convertible bonds	Shuzhou Project	Production and construction	Yes	No	34,321.56	1,209.49	32,339.12	94.22	March 2023	Yes	Yes		-218.18	-3,163.64	No	1,982.44
Issue of convertible bonds	Wuhan Phase II Project	Production and construction	Yes	No	58,184.15	658.64	57,464.22	98.76	June 2023	Yes	Yes		3,225.44	12,741.76	No	719.93
Issue of convertible bonds	Huludao Power Generation Project	Production and construction	Yes	No	35,627.99	186.21	29,059.67	81.56	May 2023	Yes	Yes		511.79	582.39	No	6,568.32
Issue of 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	-	55,476.64	100.00	N/A				N/A		No	-
Total	/	/	/	/	234,476.64	2,055.68	225,172.29	/	/	/	/	/	6,617.74	/	/	9,304.35

* All the projects funded by proceeds from convertible bonds have been completed. The unused proceeds (including the accumulated bank deposit interest income from the proceeds of RMB24,410,500) amounted to RMB117,454,000. In order to improve the efficiency of the use of the proceeds, as approved at the seventh meeting of the fifth session of the Board, the Company used the unused proceeds to permanently supplement the working capital. After the unused proceeds were transferred out, the aforementioned special accounts for proceeds were cancelled during the Reporting Period.

2. Details of use of over-raised proceeds

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

V. SIGNIFICANT EVENTS (CONTINUED)

(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

All projects funded by proceeds from the convertible bonds have been completed. The remaining proceeds, including the accumulated bank deposit interest income of RMB24.4105 million arising from the proceeds, amounted to a total of RMB117.4540 million. To improve the efficiency of the use of proceeds, as considered and approved at the 7th meeting of the fifth session of the Board and the 4th meeting of the fifth session of the Supervisory Committee of the company, the Company will permanently use the remaining proceeds to supplement its working capital. After the transfer-out of the remaining proceeds, the dedicated accounts for the aforementioned proceeds were cancelled during the Reporting Period.

(V) Conclusive opinions of intermediary agency on the special verification and authentication of the storage and use of proceeds

☒ Applicable ☐ Not applicable

The sponsor is of the view that: Dynagreen's use of unused proceeds to permanently supplement working capital complies with the requirements of laws, regulations and normative documents including the Company Law, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, and the Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 1 – Standardized Operation, as well as the provisions of the Articles of Association, without prejudice to the interests of the company and its shareholders. The board of directors and supervisory committee of the company have considered and approved the relevant proposal, and the voting procedures are legal and compliant.

Explanation on anomalies in verification

☐ Applicable ☒ Not applicable

(VI) Subsequent rectification for unauthorized change of the use of proceeds and illegal misappropriation of proceeds

☐ Applicable ☒ Not applicable

XIII. Explanation on other material matters

☐ Applicable ☒ Not applicable

VI. CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(I) Table of changes in shares

1. Table of changes in shares

Unit: share

	Before change		Increase or decrease (+/-)					After change	
	Number	Percentage (%)	New issue	Bonus issue	Shares converted from reserves	Others	Sub-total	Number	Percentage (%)
Non-restricted shares	1,393,452,725	100				318	318	1,393,453,043	100
1. RMB ordinary shares	989,092,933	70.98				318	318	989,093,251	70.98
2. Overseas listed foreign shares	404,359,792	29.02				0	0	404,359,792	29.02
Total number of shares	1,393,452,725	100				318	318	1,393,453,043	100

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, 318 RMB ordinary 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

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

II. Shareholders

(I) Total number of shareholders:

Total number of holders of ordinary shares as at the end of the Reporting Period	36,384
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.	–	594,085,618	42.6341		Nil	State-owned legal person	
HKSCC NOMINEES LIMITED	20,000	379,480,000	27.2331		Unknown	Overseas legal person	
Three Gorges Capital Holdings Co., Ltd.	–	84,265,896	6.0473		Nil	State-owned legal person	
Beijing State-Owned Assets Management (Hong Kong) Company Limited	–	24,859,792	1.7840		Nil	Overseas legal person	
Beijing Huitai Hengrui Investment Co., Ltd.	–1,519,000	15,371,707	1.1031		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)	256,169	12,677,773	0.9098		Nil	Other	

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

Name of shareholder (full name)	Change during the Reporting Period	Number of shares held as at the end of the Period	Shareholding of the top ten shareholders (excluding shares lent through refinancing)			Nature of shareholder
			Percentage (%)	Number of shares held subject to selling restrictions	Pledged, marked or frozen	
					Status	
Hong Kong Securities Clearing Company Ltd.	6,426,901	10,621,175	0.7622		Unknown	Overseas legal person
Fullgoal Fund – China Life Insurance Company Limited – Traditional Insurance – Fullgoal Fund National Life Shares Growth Equity Traditional Available-for-Sale Single Asset Management Plan (富國基金－中國人壽保險股份有限公司－傳統險－富國基金國壽股份成長股票傳統可供出售單一資產管理計劃)	7,091,402	7,091,402	0.5089		Nil	Other
Gongqingcheng Jingxiu Investment Partnership (Limited Partnership) (共青城景秀投資合夥企業 (有限合夥))	–90,000	6,780,378	0.4866		Nil	Domestic non-state-owned legal person
China Construction Bank Corporation – Southern Modern Education Stock Securities Investment Fund (中國建設銀行股份有限公司－南方現代教育股票型證券投資基金)	6,480,300	6,480,300	0.4651		Nil	Other

VI. 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	379,480,000	Overseas listed foreign shares	379,480,000
Three Gorges Capital Holdings Co., Ltd.	84,265,896	RMB ordinary shares	84,265,896
Beijing State-Owned Assets Management (Hong Kong) Company Limited	24,859,792	Overseas listed foreign shares	24,859,792
Beijing Huitai Hengrui Investment Co., Ltd.	15,371,707	RMB ordinary shares	15,371,707
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一資產管理計劃)	12,677,773	RMB ordinary shares	12,677,773
Hong Kong Securities Clearing Company Ltd.	10,621,175	RMB ordinary shares	10,621,175
Fullgoal Fund – China Life Insurance Company Limited – Traditional Insurance – Fullgoal Fund National Life Shares Growth Equity Traditional Available-for-Sale Single Asset Management Plan (富國基金－中國人壽保險股份有限公司－傳統險－富國基金國壽股份成長股票傳統可供出售單一資產管理計劃)	7,091,402	RMB ordinary shares	7,091,402
Gongqingcheng Jingxiu Investment Partnership (Limited Partnership) (共青城景秀投資合夥企業(有限合夥))	6,780,378	RMB ordinary shares	6,780,378
China Construction Bank Corporation – Southern Modern Education Stock Securities Investment Fund (中國建設銀行股份有限公司－南方現代教育股票型證券投資基金)	6,480,300	RMB ordinary shares	6,480,300

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

VI. 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

VI. 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 2025, 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	121,750,000 H shares (Long position)	Beneficial owner	30.11%	8.74%
Great Wall Life Insurance Company Limited	400,000 A shares (Long position)	Beneficial owner	0.04%	0.03%

Notes:

- (1) The calculation is based on the number of Shares in the relevant class of shares of the Company as at 30 June 2025.
- (2) The calculation is based on the total number of 1,393,453,043 Shares in issue as at 30 June 2025.
- (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.

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

Apart from the above, as at 30 June 2025, 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 and Mr. Hu Yong, being non-executive Directors of the Company, are employees of an entity under BSAM.

On 14 July 2025 on the Stock Exchange and on 15 July 2025 on the SSE, the Company announced that BSAM proposed to transfer its 139,345,273 shares in the Company (RMB ordinary shares, representing 10.00% of the total share capital of the Company) to its wholly-owned subsidiary, Beijing Industrial Development Investment Management Co., Ltd., free of charge. The transfer was completed on 20 August 2025. This equity change is a free transfer of state-owned shares between the controlling shareholder and its wholly-owned subsidiary, and will not result in changes in the Company's controlling shareholder and actual controller.

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.

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

(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 Hong Kong 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. CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS (CONTINUED)

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

As at 30 June 2025, the Group had a total of 3,319 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 VII(24) 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.

VII. PREFERENCE SHARES

☐ Applicable ☒ Not applicable

VII. 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, cash dividends for 2022, cash dividends for 2023, interim cash dividends for 2024 and cash dividends for 2024, the latest conversion price of "Dynagreen Convertible Bonds" was adjusted to RMB9.15 per share. The adjusted conversion price took effect from 30 July 2025.

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

VII. 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	18,570
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 (%)
China Merchants Bank Co., Ltd. – Bosera CSI Convertible Bonds and Exchangeable Bond Trading Open-ended Index Securities Investment Fund (招商銀行股份有限公司－博時中證可轉債及可交換債券交易型開放式指數證券投資基金)	104,000,000	4.41
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
ICBC Credit Suisse Tianfeng Fixed Income Pension Products – Industrial and Commercial Bank of China (工銀瑞信添豐固定收益型養老金產品－中國銀行股份有限公司)	93,420,000	3.96
Pacific Asset Management – Bank of Shanghai – Pacific Excellence Anxiang Convertible Bond Asset Management Product (太平洋資管－上海銀行－太平洋卓越安享可轉債資產管理產品)	59,481,000	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
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)	52,476,000	2.22
Industrial and Commercial Bank of China Limited – Zhong Ou Convertible Bond Securities Investment Fund (中國工商銀行股份有限公司－中歐可轉債債券型證券投資基金)	48,707,000	2.06
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
The Industrial and Commercial Bank of China – Lion Balance Securities Investment Fund (中國工商銀行－諾安平衡證券投資基金)	45,000,000	1.91
CITIC Securities Company Limited – HFT Investment Investment-grade Convertible Bond and Exchangeable Bond Exchange-traded Open-ended Index Securities Investment Fund (中信證券股份有限公司－海富通上證投資級可轉債及可交換債券交易型開放式指數證券投資基金)	34,754,000	1.47

VII. 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	2,359,876,000	318	–	–	2,359,873,000

(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)	3,000
Number of shares converted during the Reporting Period (share)	318
Aggregate number of shares converted (share)	13,043
Aggregate number of shares converted to the total number of issued shares of the Company before conversion (%)	0.0009
Amount of unconverted bonds (RMB)	2,359,873,000
Number of unconverted bonds to the total number of convertible bonds issued (%)	99.9946

VII. 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 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 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 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).
2024-11-19	9.35	2024-11-11	Shanghai Securities News Securities Times	According to the relevant provisions of the Offering Document of Convertible Bonds of the Company, due to the Company's distribution of interim cash dividends for 2024, the conversion price of "Dynagreen Convertible Bonds" was adjusted from RMB9.45 per share to RMB9.35 per share (Announcement No.: Lin 2024-059).
2025-7-30	9.15	2025-7-23	Shanghai Securities News 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 2024, the conversion price of "Dynagreen Convertible Bonds" was adjusted from RMB9.35 per share to RMB9.15 per share (Announcement No.: Lin 2025-039).
Latest conversion price as of the end of the Reporting Period				9.15

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

As of 30 June 2025, the Company's total assets amounted to RMB21.96 billion and its gearing ratio was 60.82%. 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 2025 (Xin Ping Wei Han Zi [2025] Gen Zong No. 0228) on 26 May 2025, 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).

On 25 February 2025, the Company started to pay interest on the "Dynagreen Convertible Bonds" for the period from 25 February 2024 to 24 February 2025. The payment of interests is for the third year of the "Dynagreen Convertible Bonds", and the coupon rate for the interest bearing year is 0.60% (tax inclusive), that is, the interest payable on each convertible bond with a par value of RMB100 is RMB0.60 (tax inclusive) (Announcement No.: Lin 2025-004).

(VII) Other description of convertible bonds

No downward adjustment to conversion price

As of 30 September 2024, 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 second meeting of the fifth 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 30 September 2024 to 29 September 2025) 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 30 September 2025, 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 2024-050).

VII. BONDS (CONTINUED)

Dilutive effects of convertible corporate bonds

Assuming that the unconverted A-share convertible corporate bonds of RMB2,359,873,000 were fully converted at the end of the Reporting Period at the conversion price of RMB9.35 per Share, a maximum of 252,392,834 A Shares (the “Conversion Shares”), equivalent to (i) approximately 18.11% of the then issued share capital of the Company (i.e. 1,393,453,043 Shares) (excluding treasury shares); and approximately 15.34% of the enlarged issued share capital of the Company after issuance of Conversion Shares (i.e. 1,645,845,877 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.

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 2025		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)	47.85%	36.10%
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)	6.79%	5.12%
Great Wall Life Insurance Company Limited	121,750,000 H shares (Long position)	30.11%	8.74%	121,750,000 H shares (Long position)	30.11%	7.40%
Great Wall Life Insurance Company Limited	400,000 A shares (Long position)	0.04%	0.03%	400,000 A shares (Long position)	0.03%	0.02%

Notes:

(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 1,393,453,043 Shares in issue as at 30 June 2025.

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 (LIV) in V Notes to the consolidated financial statements” under “VIII. FINANCIAL REPORT”.

VII. BONDS (CONTINUED)

Taking into account the Group's total net assets of approximately RMB8,604 million and total net current assets of approximately RMB2,121 million as at 30 June 2025 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 RMB9.15 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	9.79 per Share

VIII. FINANCIAL REPORT

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2025

(All amounts in RMB Yuan unless otherwise stated)

	Note	Closing balance (unaudited)	Balance at the end of the previous year (audited)
ASSETS			
Current assets:			
Cash at bank and on hand	V(I)	916,843,296.52	867,810,323.28
Notes receivables	V(II)	2,750,468.26	
Accounts receivables	V(III)	2,787,165,216.82	2,512,178,004.57
Receivables financing	V(IV)	27,482,212.29	3,840,258.02
Advances to suppliers	V(V)	28,693,003.70	27,187,081.08
Other receivables	V(VI)	48,806,014.09	44,856,695.09
Inventories	V(VII)	48,157,773.40	49,795,449.07
Contract assets	V(VIII)	410,100,743.15	370,964,094.96
Current portion of non-current assets	V(IX)	46,454,709.89	46,454,709.89
Other current assets	V(X)	152,855,810.19	200,537,444.73
Total current assets		4,469,309,248.31	4,123,624,060.69
Non-current assets:			
Long-term receivables	V(XI)	35,597,984.69	35,892,934.10
Fixed assets	V(XII)	248,733,204.44	255,311,964.44
Construction in progress	V(XIII)	5,712,685.50	1,542,278.08
Right-of-use assets	V(XIV)	6,321,918.87	7,281,264.98
Intangible assets	V(XV)	10,440,357,733.48	10,659,570,149.67
Goodwill	V(XVI)		
Long-term prepaid expenses	V(XVII)	3,379,964.49	3,935,477.65
Deferred tax assets	V(XVIII)	242,083,070.65	250,070,335.93
Other non-current assets	V(XIX)	6,508,685,930.38	6,651,544,469.90
Total non-current assets		17,490,872,492.50	17,865,148,874.75
TOTAL ASSETS		21,960,181,740.81	21,988,772,935.44

VIII. FINANCIAL REPORT (CONTINUED)

	Note	Closing balance (unaudited)	Balance at the end of the previous year (audited)
Liabilities and Owners' Equity			
Current liabilities:			
Short-term borrowings	V(XXI)	293,173,822.22	545,805,404.65
Accounts payables	V(XXII)	518,874,867.79	661,561,718.22
Contract liabilities	V(XXIII)	2,601,872.32	1,780,465.71
Employee benefits payable	V(XXIV)	56,543,537.69	109,275,821.31
Taxes payable	V(XXV)	85,106,868.05	78,034,607.41
Other payables	V(XXVI)	479,178,827.09	153,150,819.25
Current portion of non-current liabilities	V(XXVII)	912,750,388.46	1,108,768,938.92
Total current liabilities		2,348,230,183.62	2,658,377,775.47
Non-current liabilities:			
Long-term borrowings	V(XXVIII)	7,715,139,066.27	7,528,412,016.81
Debentures payable	V(XXIX)	2,386,489,389.83	2,354,143,208.17
Lease liabilities	V(XXX)	2,524,116.64	3,521,924.32
Long-term payables	V(XXXI)	231,871,563.35	237,111,975.60
Provisions	V(XXXII)	14,594,481.53	14,273,331.60
Deferred income	V(XXXIII)	168,320,908.17	171,417,020.67
Deferred tax liabilities	V(XVIII)	488,966,180.90	492,725,249.82
Total non-current liabilities		11,007,905,706.69	10,801,604,726.99
Total liabilities		13,356,135,890.31	13,459,982,502.46

VIII. FINANCIAL REPORT (CONTINUED)

	Note	Closing balance (unaudited)	Balance at the end of the previous year (audited)
Owners' equity:			
Share capital	V(XXXIV)	1,393,453,043.00	1,393,452,725.00
Other equity instruments	V(XXXV)	217,557,174.83	217,557,451.40
Capital surplus	V(XXXVI)	2,412,111,845.91	2,412,108,859.03
Other comprehensive income	V(XXXVII)	2,079,875.32	2,079,875.32
Special reserve	V(XXXVIII)	33,983,511.92	25,723,632.46
Surplus reserve	V(XXXIX)	340,338,359.75	340,338,359.75
Undistributed profits	V(XL)	3,760,097,880.26	3,661,556,189.50
Total equity attributable to the owners of the company		8,159,621,690.99	8,052,817,092.46
Minority interests		444,424,159.51	475,973,340.52
Total owners' equity		8,604,045,850.50	8,528,790,432.98
TOTAL LIABILITIES AND OWNERS' EQUITY		21,960,181,740.81	21,988,772,935.44

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

Cheng Suning
Legal representative

Yi Zhiyong
Principal in charge of accounting

Zhao Linbin
Head of accounting department

BALANCE SHEET OF THE PARENT COMPANY AS AT 30 JUNE 2025

(All amounts in RMB Yuan unless otherwise stated)

	Note	Closing balance (unaudited)	Balance at the end of the previous year (audited)
ASSETS			
Current assets:			
Cash at bank and on hand		406,563,731.52	329,688,819.47
Accounts receivables	XVI(I)	315,765,445.91	302,860,460.05
Advances to suppliers		126,124.85	263,929.59
Other receivables	XVI(II)	3,200,438,179.70	1,878,850,072.33
Current portion of non-current assets		336,500,000.00	720,872,083.33
Total current assets		4,259,393,481.98	3,232,535,364.77
Non-current assets:			
Long-term receivables		1,070,334,033.05	941,818,433.05
Long-term equity investments	XVI(III)	6,441,353,111.31	6,441,353,111.31
Fixed assets		592,459.39	731,479.12
Right-of-use assets		3,049,297.44	4,573,946.16
Intangible assets		3,531,356.85	3,215,424.44
Deferred tax assets		1,166,444.37	1,065,854.80
Total non-current assets		7,520,026,702.41	7,392,758,248.88
TOTAL ASSETS		11,779,420,184.39	10,625,293,613.65

VIII. FINANCIAL REPORT (CONTINUED)

	Note	Closing balance (unaudited)	Balance at the end of the previous year (audited)
LIABILITIES AND OWNERS' EQUITY			
Current liabilities:			
Short-term borrowings		293,173,822.22	511,776,315.78
Accounts payables		24,581.89	2,536.00
Contract liabilities		10,372,881.36	10,983,050.85
Employee benefits payable		5,023,683.41	20,473,125.11
Taxes payable		12,697,362.47	11,798,793.87
Other payables		743,157,761.85	473,526,119.42
Current portion of non-current liabilities		88,732,693.19	297,369,283.40
Total current liabilities		1,153,182,786.39	1,325,929,224.43
Non-current liabilities:			
Long-term borrowings		1,498,700,000.00	1,021,000,000.00
Debentures payable		2,386,489,389.83	2,354,143,208.17
Lease liabilities			1,581,167.45
Total non-current liabilities		3,885,189,389.83	3,376,724,375.62
Total liabilities		5,038,372,176.22	4,702,653,600.05

VIII. FINANCIAL REPORT (CONTINUED)

	Note	Closing balance (unaudited)	Balance at the end of the previous year (audited)
Owners' equity:			
Share capital		1,393,453,043.00	1,393,452,725.00
Other equity instruments		217,557,174.83	217,557,451.40
Capital surplus		2,457,930,346.84	2,459,616,787.00
Surplus reserve		340,338,359.75	340,338,359.75
Undistributed profits		2,331,769,083.75	1,511,674,690.45
Total owners' equity		6,741,048,008.17	5,922,640,013.60
TOTAL LIABILITIES AND OWNERS' EQUITY		11,779,420,184.39	10,625,293,613.65

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

Cheng Suning

Legal representative

Yi Zhiyong

Principal in charge of accounting

Zhao Linbin

Head of accounting department

VIII. FINANCIAL REPORT (CONTINUED)

CONSOLIDATED INCOME STATEMENT FOR JANUARY TO JUNE 2025

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Current period (unaudited)	Previous period (unaudited)
I. Total revenue	V(XLI)	1,683,873,882.60	1,660,506,740.32
Including: revenue	V(XLI)	1,683,873,882.60	1,660,506,740.32
II. Total operating costs		1,187,500,809.26	1,293,565,416.73
Including: Operating costs	V(XLI)	849,854,998.38	919,438,857.60
Taxes and surcharges	V(XLII)	38,196,765.65	34,587,461.03
Selling expenses	V(XLIII)	560,846.25	639,591.99
General and administrative expenses	V(XLIV)	105,224,608.65	100,223,612.48
Research and development expenses	V(XLV)	2,463,979.36	2,469,797.57
Financial expenses	V(XLVI)	191,199,610.97	236,206,096.06
Including: Interest expenses		193,144,259.39	238,549,989.13
Interest income		2,911,970.55	4,521,909.59
Add: Other income	V(XLVII)	49,237,259.26	36,953,229.03
Credit impairment losses (loss is represented by “-”)	V(XLVIII)	-46,871,866.39	-14,310,640.74
Impairment losses on assets (loss is represented by “-”)	V(XLIX)	-2,794,310.98	429,493.57
Gains on disposal of assets (loss is represented by “-”)	V(L)	-53.01	322.20
III. Operating profit (loss is represented by “-”)		495,944,102.22	390,013,727.65
Add: Non-operating income	V(LI)	808,803.94	1,228,025.77
Less: Non-operating expenses	V(LII)	424,768.90	182,770.28
IV. Total profit (total loss is represented by “-”)		496,328,137.26	391,058,983.14
Less: Income tax expenses	V(LIII)	97,751,254.87	67,325,381.16
V. Net profit (net loss is represented by “-”)		398,576,882.39	323,733,601.98
(1) Classified by continuity of operations			
1. Net profit from continuing operations (net loss is represented by “-”)		398,576,882.39	323,733,601.98
(2) Classified by ownership of the equity			
1. Attributable to shareholders of the Company (net loss is represented by “-”)		377,232,320.56	303,026,018.30
2. Minority interests (net loss is represented by “-”)		21,344,561.83	20,707,583.68

VIII. FINANCIAL REPORT (CONTINUED)

Item	Note	Current period (unaudited)	Previous period (unaudited)
VI. Total comprehensive income		398,576,882.39	323,733,601.98
Attributable to shareholders of the Company		377,232,320.56	303,026,018.30
Attributable to minority interests		21,344,561.83	20,707,583.68
VII. Earnings per share:			
(I) Basic earnings per share (RMB)	V(LIV)	0.27	0.22
(II) Diluted earnings per share (RMB)	V(LIV)	0.26	0.21

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

Cheng Suning

Legal representative

Yi Zhiyong

Principal in charge of accounting

Zhao Linbin

Head of accounting department

VIII. FINANCIAL REPORT (CONTINUED)

INCOME STATEMENT OF THE PARENT COMPANY FOR JANUARY TO JUNE 2025

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Current period (unaudited)	Previous period (unaudited)
I. Revenue	XVI(IV)	65,175,727.58	31,304,884.78
Less: Operating costs	XVI(IV)	4,417,844.73	4,180,184.29
Taxes and surcharges		259,964.01	256,431.45
General and administrative expenses		19,068,639.26	20,866,921.38
Research and development expenses		2,463,979.36	2,469,797.57
Financial expenses		72,896,617.52	85,285,640.23
Including: Interest expenses		74,024,573.29	86,961,846.66
Interest income		1,195,600.97	2,887,479.96
Add: Other income		319,078.42	253,031.96
Investment income (loss is represented by “-”)	XVI(V)	1,144,810,979.56	22,623,663.77
Credit impairment losses (loss is represented by “-”)		-402,358.28	-140,764.10
II. Operating profit (loss is represented by “-”)		1,110,796,382.40	-59,018,158.51
III. Total profit (total loss is represented by “-”)		1,110,796,382.40	-59,018,158.51
Less: Income tax expenses		12,011,359.30	-140.02
IV. Net profit (net loss is represented by “-”)		1,098,785,023.10	-59,018,018.49
V. Total comprehensive income		1,098,785,023.10	-59,018,018.49

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

Cheng Suning
Legal representative

Yi Zhiyong
Principal in charge of accounting

Zhao Linbin
Head of accounting department

CONSOLIDATED CASH FLOW STATEMENT FOR JANUARY TO JUNE 2025

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Current period (unaudited)	Previous period (unaudited)
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		1,594,938,345.18	1,515,653,928.80
Refund of taxes and surcharges		43,927,218.95	27,520,699.27
Cash received relating to other operating activities	V(LVI)1.	27,457,365.35	32,347,309.19
Sub-total of cash inflows		1,666,322,929.48	1,575,521,937.26
Cash paid for goods and services		455,456,178.66	457,989,798.95
Other cash paid relating to the construction of the PPP project		39,635,252.34	97,005,430.99
Cash paid to and on behalf of employees		304,815,550.22	298,152,889.26
Payments of taxes and surcharges		182,984,455.09	140,478,785.87
Cash paid relating to other operating activities	V(LVI)1.	51,187,430.14	38,523,605.05
Sub-total of cash outflows		1,034,078,866.45	1,032,150,510.12
Net cash flows from operating activities		632,244,063.03	543,371,427.14
II. Cash flows from investing activities			
Net cash received from disposals of fixed assets, intangible assets and other long-term assets		2,923.03	10,874,661.13
Cash received relating to other investing activities	V(LVI)2.		
Sub-total of cash inflows		2,923.03	10,874,661.13
Cash paid to acquire fixed assets, intangible assets and other long-term assets		157,340,959.51	216,793,479.52
Cash paid relating to other investing activities	V(LVI)2.		
Sub-total of cash outflows		157,340,959.51	216,793,479.52
Net cash flows from investing activities		-157,338,036.48	-205,918,818.39

VIII. FINANCIAL REPORT (CONTINUED)

Item	Note	Current period (unaudited)	Previous period (unaudited)
III. Cash flows from financing activities			
Cash received from borrowings		1,207,344,589.09	2,346,295,540.90
Cash received relating to other financing activities	V(LVI)3.		
Sub-total of cash inflows		1,207,344,589.09	2,346,295,540.90
Cash repayments of borrowings		1,467,737,433.35	2,292,459,966.18
Cash payments for distribution of dividends, profits or interest expenses		169,937,297.93	405,962,803.41
Including: Dividends or profits paid to minority shareholders by subsidiaries		16,000,000.00	4,800,000.00
Cash paid relating to other financing activities	V(LVI)3.	2,354,766.92	615,825.64
Sub-total of cash outflows		1,640,029,498.20	2,699,038,595.23
Net cash flows from financing activities		-432,684,909.11	-352,743,054.33
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-12,144.20	5,659.24
V. Net increase in cash and cash equivalents	V(LVII)2.	42,208,973.24	-15,284,786.34
Add: Cash and cash equivalents at the beginning of the period	V(LVII)2.	867,810,323.28	1,032,534,956.93
VI. Cash and cash equivalents at the end of the period	V(LVII)2.	910,019,296.52	1,017,250,170.59

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

Cheng Suning
Legal representative

Yi Zhiyong
Principal in charge of accounting

Zhao Linbin
Head of accounting department

CASH FLOW STATEMENT OF THE PARENT COMPANY FOR JANUARY TO JUNE 2025

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Current period (unaudited)	Previous period (unaudited)
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		52,289,089.20	52,651,937.69
Cash received relating to other operating activities		29,538,664.86	24,197,601.58
Sub-total of cash inflows		81,827,754.06	76,849,539.27
Cash paid for goods and services		273,968.98	275,764.52
Cash paid to and on behalf of employees		34,792,904.32	34,492,125.05
Payments of taxes and surcharges		13,131,104.35	2,287,521.52
Cash paid relating to other operating activities		36,665,585.94	45,103,288.33
Sub-total of cash outflows		84,863,563.59	82,158,699.42
Net cash flows from operating activities		-3,035,809.53	-5,309,160.15
II. Cash flows from investing activities			
Cash received from returns on investments		159,800,000.00	75,800,000.00
Cash received relating to other investing activities		245,553,053.54	570,784,501.34
Sub-total of cash inflows		405,353,053.54	646,584,501.34
Cash paid to acquire fixed assets, intangible assets and other long-term assets		590,612.64	40,941.00
Cash paid to acquire investments			15,000,000.00
Net cash paid for acquisition of subsidiaries and other business units		20,000,000.00	
Cash paid relating to other investing activities		319,715,600.00	315,141,500.00
Sub-total of cash outflows		340,306,212.64	330,182,441.00
Net cash flows from investing activities		65,046,840.90	316,402,060.34

VIII. FINANCIAL REPORT (CONTINUED)

Item	Note	Current period (unaudited)	Previous period (unaudited)
III. Cash flows from financing activities			
Cash received from borrowings		803,000,000.00	1,509,000,000.00
Cash received relating to other financing activities		22,353,385.78	127,143,371.84
Sub-total of cash inflows		825,353,385.78	1,636,143,371.84
Cash repayments of borrowings		767,130,000.00	1,643,990,000.00
Cash payments for distribution of dividends, profits or interest expenses		41,762,704.13	255,662,175.00
Cash paid relating to other financing activities		1,596,000.00	
Sub-total of cash outflows		810,488,704.13	1,899,652,175.00
Net cash flows from financing activities		14,864,681.65	-263,508,803.16
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-800.97	406.55
V. Net increase in cash and cash equivalents		76,874,912.05	47,584,503.58
Add: Cash and cash equivalents at the beginning of the period		329,688,819.47	482,213,915.54
VI. Cash and cash equivalents at the end of the period		406,563,731.52	529,798,419.12

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

Cheng Suning
Legal representative

Yi Zhiyong
Principal in charge of accounting

Zhao Linbin
Head of accounting department

VIII. FINANCIAL REPORT (CONTINUED)

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY FOR JANUARY TO JUNE 2025

(All amounts in RMB Yuan unless otherwise stated)

Item	Current period											
	Attributable to owners of the parent company											
	Other equity instruments					Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Sub-total	Minority interests	Total owners' equity
	Share capital	Preference shares	Perpetual bonds	Convertible bonds	Capital surplus							
I. Balance at the end of the previous year (audited)	1,393,452,725.00			217,557,451.40	2,412,108,859.03	2,079,875.32	25,723,632.46	340,338,359.75	3,661,556,189.50	8,052,817,092.46	475,973,340.52	8,528,790,432.98
II. Opening balance for the year	1,393,452,725.00			217,557,451.40	2,412,108,859.03	2,079,875.32	25,723,632.46	340,338,359.75	3,661,556,189.50	8,052,817,092.46	475,973,340.52	8,528,790,432.98
III. Movements in the period (decrease is represented by "-")												
(1) Total comprehensive income	318.00			-276.57	2,986.88		8,259,879.46		98,541,690.76	106,804,598.53	-31,549,181.01	75,255,417.52
(2) Capital contribution and reduction from owners									377,232,320.56	377,232,320.56	21,344,561.83	398,576,882.39
1. Capital contribution from owners of other equity instruments	318.00			-276.57	2,986.88					3,028.31		3,028.31
(3) Profit distribution												
1. Distribution to owners (or shareholders)									-278,690,629.80	-278,690,629.80	-53,200,000.00	-331,890,629.80
(4) Special reserve							8,259,879.46			8,259,879.46	306,257.16	8,566,136.62
1. Appropriations in the period							24,577,130.77			24,577,130.77	1,144,768.05	25,721,898.82
2. Utilization in the period							-16,317,251.31			-16,317,251.31	-838,510.89	-17,155,762.20
IV. Closing balance for the period (unaudited)	1,393,453,043.00			217,557,174.83	2,412,111,845.91	2,079,875.32	33,983,511.92	340,338,359.75	3,760,097,880.26	8,159,621,690.99	444,424,159.51	8,604,045,850.50

VIII. FINANCIAL REPORT (CONTINUED)

Item	Previous period											
	Attributable to owners of the parent company											
	Other equity instruments					Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Sub-total	Minority interests	Total owners' equity
	Share capital	Preference shares	Perpetual bonds	Convertible bonds	Capital surplus							
I. Balance at the end of the previous year (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
II. Opening balance for the year	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
III. Movements in the period (decrease is represented by "-")	1,144.00			-1,014.09	10,598.81		11,853,074.84		94,008,236.60	105,872,040.16	21,283,351.30	127,155,391.46
(1) Total comprehensive income									303,026,018.30	303,026,018.30	20,707,583.68	323,733,601.98
(2) Capital contribution and reduction from owners	1,144.00			-1,014.09	10,598.81					10,728.72		10,728.72
1. Capital contribution from owners of other equity instruments	1,144.00			-1,014.09	10,598.81					10,728.72		10,728.72
(3) Profit distribution									-209,017,781.70	-209,017,781.70		-209,017,781.70
1. Distribution to owners (or shareholders)									-209,017,781.70	-209,017,781.70		-209,017,781.70
(4) Special reserve							11,853,074.84			11,853,074.84	575,767.62	12,428,842.46
1. Appropriations in the period							22,890,705.81			22,890,705.81	1,153,827.69	24,044,533.50
2. Utilization in the period							-11,037,630.97			-11,037,630.97	-578,060.07	-11,615,691.04
IV. Closing balance for the period (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.

Cheng Suning
Legal representative

Yi Zhiyong
Principal in charge of accounting

Zhao Linbin
Head of accounting department

VIII. FINANCIAL REPORT (CONTINUED)

STATEMENT OF CHANGES IN OWNERS' EQUITY OF THE PARENT COMPANY FOR JANUARY TO JUNE 2025

(All amounts in RMB Yuan unless otherwise stated)

Item	Current period							
	Other equity instruments							Total owners' equity
	Share capital	Preference shares	Perpetual bonds	Convertible bonds	Capital surplus	Surplus reserve	Undistributed profits	
I. Balance at the end of the previous year (audited)	1,393,452,725.00			217,557,451.40	2,459,616,787.00	340,338,359.75	1,511,674,690.45	5,922,640,013.60
II. Opening balance for the year	1,393,452,725.00			217,557,451.40	2,459,616,787.00	340,338,359.75	1,511,674,690.45	5,922,640,013.60
III. Movements in the period (decrease is represented by "-")	318.00			-276.57	-1,686,440.16		820,094,393.30	818,407,994.57
(1) Total comprehensive income							1,098,785,023.10	1,098,785,023.10
(2) Capital contribution and reduction from owners	318.00			-276.57	-1,686,440.16			-1,686,398.73
1. Capital contribution from owners of other equity instruments	318.00			-276.57	2,986.88			3,028.31
2. Others					-1,689,427.04			-1,689,427.04
(3) Profit distribution							-278,690,629.80	-278,690,629.80
1. Distribution to owners (or shareholders)							-278,690,629.80	-278,690,629.80
IV. Closing balance for the period (unaudited)	1,393,453,043.00			217,557,174.83	2,457,930,346.84	340,338,359.75	2,331,769,083.75	6,741,048,008.17

VIII. FINANCIAL REPORT (CONTINUED)

Item	Previous period							
	Share capital	Other equity instruments			Capital surplus	Surplus reserve	Undistributed profits	Total owners' equity
		Preference shares	Perpetual bonds	Convertible bonds				
I. Balance at the end of the previous year (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
II. Opening balance for the year	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
III. Movements in the period (decrease is represented by "-")	1,144.00			-1,014.09	10,598.81		-268,035,800.19	-268,025,071.47
(1) Total comprehensive income							-59,018,018.49	-59,018,018.49
(2) Capital contribution and reduction from owners	1,144.00			-1,014.09	10,598.81			10,728.72
1. Capital contribution from owners of other equity instruments	1,144.00			-1,014.09	10,598.81			10,728.72
(3) Profit distribution							-209,017,781.70	-209,017,781.70
1. Distribution to owners (or shareholders)							-209,017,781.70	-209,017,781.70
IV. Closing balance for the period (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.

Cheng Suning
Legal representative

Yi Zhiyong
Principal in charge of accounting

Zhao Linbin
Head of accounting department

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR 2025

(Unless otherwise stated, amounts are in RMB)

I. 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. The registration number of the Company’s business license is 914403007152708132.

The H shares of the Company were listed on The Stock Exchange of Hong Kong Limited on 19 June 2014; and A shares of the Company were listed on the Shanghai Stock Exchange on 11 June 2018. The industry of the Company is ecological protection and environmental governance.

As of 30 June 2025, the total share capital accumulatively issued by the Company was 1,393,453,000 shares. The 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”). The head office is located in Shenzhen, Guangdong Province, the PRC. The main business activities which the Company and its subsidiaries (collectively, the “Group”) is actually engaged in are investment, construction, operation, maintenance and technical consulting business of public infrastructure in the environmental protection industry such as domestic waste incineration power plants. The parent company and the actual controller of the Company is Beijing State-Owned Assets Management Co., Ltd. (“BSAM”).

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(I) Basis of preparation

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises – Basic Standards and its relevant specific accounting standards, Application Guidance for Accounting Standards for Business Enterprises, Interpretation of Accounting Standards for Business Enterprises and other relevant requirements (together referred to as the “Accounting Standards for Business Enterprises”) promulgated by the Ministry of Finance of the PRC, and the relevant requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No. 15 – General Rules on Financial Reporting issued by the China Securities Regulatory Commission.

(II) Going concern

These financial statements were prepared on a going concern basis.

The Company is able to operate on a going concern for at least 12 months from the end of the Reporting Period, and there is no material matters affecting its operation as a going concern.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(I) Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements have been in compliance with the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, reflecting the Company's consolidated and parent company's financial position as at 30 June 2025, and consolidated and parent company's operating results and cash flows for January to June 2025 on a true and complete basis.

(II) Accounting period

Accounting year is the calendar year from 1 January to 31 December.

(III) Operating cycle

The Company takes 12 months as its operating cycle.

(IV) Functional currency

The functional currency of the Company is Renminbi (RMB). The functional 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.

(V) Accounting treatment of business combinations under common control and not under common control

Business combinations under common control: The assets and liabilities acquired by acquirer through business combination shall be measured at the carrying value of the assets, liabilities (including goodwill arising from the acquisition of the acquiree by ultimate controlling party) of the acquiree in the consolidated financial statements of the ultimate controlling party at the date of combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or total nominal value of the issued shares) is adjusted to capital premium in capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Business combinations not under common control: The cost of combination is the assets paid, the liabilities incurred or committed and fair value of the equity securities issued by the acquirer for acquisition of control over the acquiree on the date of acquisition. Where the cost of combination is higher than the fair value of the identifiable net assets acquired from the acquiree in business combination, such difference shall be recognised as goodwill; where the cost of combination is less than the fair value of the identifiable net assets acquired from the acquiree in business combination, such difference shall be charged to current profit or loss. Each of the identifiable assets, liabilities and contingent liabilities of the acquiree, which are acquired in the combination and meet the criteria for recognition, shall be measured at fair value on the date of acquisition.

The direct relevant expenses incurred for the business combinations are recognised as the profit or loss in the period when the costs are incurred; the transaction costs for the equity securities or debt securities issued for business combination shall be recognised as the initial recognition amount of equity securities or debt securities.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(VI) Criteria of control and preparation method of consolidated financial statements

1. Criteria of control

The scope of consolidation of the consolidated financial statements is determined on the basis of control, and the scope of consolidation comprises the Company and all of its subsidiaries. Control refers to the power of a company over the investee, the rights to enjoy variable returns from its involvement in relevant activities of the investee, and the ability to use its power over the investee to affect the amount of its returns.

2. Consolidation procedures

When preparing the consolidated financial statements, the Company considers the entire enterprise group as a single accounting entity and presents the overall financial position, operating results and cash flows of the enterprise group based on the consistent accounting policies. The impact of internal transactions between the Company and its subsidiaries, and among its subsidiaries, shall be offset. If internal transactions indicate impairment losses on relevant assets, such losses shall be recognised in full. Any inconsistent accounting policies and accounting period adopted by a subsidiary will be subject to necessary adjustments to align with those of the Company when preparing the consolidated financial statements.

Owners' equity, net profit or loss of the current period and comprehensive income attributable to minority shareholders of the current period of subsidiaries are stated separately under owners' equity in the consolidated balance sheet, net profit in the consolidated income statement and total comprehensive income respectively. Loss of the current period assumed by minority shareholders of a subsidiary in excess of minority shareholders' share of owners' equity in that subsidiary at the beginning of the period is offset against minority interests.

(1) Addition of subsidiary or business

During the Reporting Period, if there is an addition of subsidiary or business due to business combination under common control, the operating results and cash flow of the subsidiary or business combination from the beginning of the period to the end of the Reporting Period will be included in the consolidated financial statements, and the amounts at the beginning of the period in the consolidated financial statements and relevant items in the comparative statements will also be adjusted as if the reporting entity after combination had been existing since the control of the ultimate controlling party started.

Where control over the investee under common control is obtained due to reasons such as increase in investments, for equity investment held before the control over the acquiree is obtained, profit or loss, other comprehensive income and other changes in net assets recognised from the later of the acquisition of the original equity interest and the date when the acquirer and the acquiree are placed under common control until the date of combination are offset against retained profit at the beginning of the period of the comparative financial statements or profit or loss of the period respectively.

During the Reporting Period, if there is an addition of subsidiary or business due to business combination not under common control, it shall be included, from the date of purchase, in the consolidated financial statements based on the fair value of each of the identifiable assets, liabilities and contingent liabilities determined on the date of purchase.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(VI) Criteria of control and preparation method of consolidated financial statements (Continued)

2. Consolidation procedures (Continued)

(1) *Addition of subsidiary or business (Continued)*

Where control over the investee not under common control is obtained due to reasons such as increase in investments, for the equity interest of the acquiree held before the date of purchase, the Company remeasures the equity interest at its fair value as at the date of purchase, and any difference between the fair value and its book value will be accounted for as investment gains of the period. Other comprehensive income that will be reclassified into losses and profits and other changes in owners' equity under equity accounting with respect to the equity interest in the acquiree held before the date of purchase are transferred to investment gains of the period to which the date of purchase belongs.

(2) *Disposal of subsidiary*

① General treatment for disposal

When control over the investee is lost due to the disposal of part of the equity investment or other reasons, the Company re-measures the remaining equity investment after the disposal at fair value as at the date on which control is lost. The difference between the sum of the consideration received from equity disposal and the fair value of the remaining equity interest and the sum of the net assets of the subsidiary proportionate to the original shareholding accumulated from the date of purchase or combination and goodwill is included in investment gains of the period during which the control is lost. Other comprehensive income that will be reclassified into losses and profits and other changes in owners' equity under equity accounting with respect to the equity investment in the original subsidiary are transferred to investment gains of the period during which the control is lost.

② Stepwise disposal of subsidiary

In respect of stepwise disposal of equity investment in a subsidiary through multiple transactions until control is lost, if the terms, conditions and economic effects of the transactions of equity investment in the subsidiary satisfy one or more of the following conditions, the transactions are normally accounted for as a package of transactions:

- i. these transactions are entered into simultaneously or after considering the effects of each other;
- ii. these transactions constitute a complete commercial result as a whole;
- iii. one transaction is conditional upon at least one of the other transactions;
- iv. one transaction is not economical on its own but is economical when considering together with other transactions.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(VI) Criteria of control and preparation method of consolidated financial statements (Continued)

2. Consolidation procedures (Continued)

(2) *Disposal of subsidiary (Continued)*

② Stepwise disposal of subsidiary (Continued)

Where the transactions constitute a package of transactions, the Company accounts for the transactions as a transaction of disposal of a subsidiary resulting in the loss of control; the difference between the amount received each time for disposal before control is lost and the net assets of such subsidiary corresponding to the disposal of investment is recognised as other comprehensive income in the consolidated financial statements, and upon loss of control, is transferred to profit or loss of the period during which control is lost.

Where the transactions do not constitute a package of transactions, before the loss of control, the transactions are accounted for based on partial disposal of equity investment in a subsidiary that does not involve loss of control; when control is lost, they are accounted for using the general method for disposal of subsidiaries.

(3) *Purchase of minority interests in subsidiary*

For the difference between the long-term equity investment newly acquired due to the purchase of minority interests and the share of net assets of the subsidiary that the Company is entitled to calculated according to the new shareholding accumulated from the date of purchase or date of combination, share premium of the capital reserve in the consolidated balance sheet will be adjusted; where share premium of the capital reserve is insufficient for the write-down, retained profit will be adjusted.

(4) *Partial disposal of equity investment in subsidiary without loss of control*

For the difference between the consideration received from disposal and the net assets of the subsidiary that the Company is entitled to corresponding to the long-term equity investment disposed accumulated from the date of purchase or date of combination, share premium of the capital reserve in the consolidated balance sheet will be adjusted; where share premium of the capital reserve is insufficient for the write-down, retained profit will be adjusted.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(VII) Classification of joint arrangements and accounting treatment for joint operations

Joint arrangements can be classified into joint operations and joint ventures.

Joint operations represent the joint arrangement that a party to a joint arrangement has rights to the assets, and obligations for the liabilities, relating to such arrangement.

The Group recognises the following items in relation to its share of benefits in joint operations:

- (1) the assets held solely by the Group and those jointly held on a prorata basis;
- (2) the liabilities assumed solely by the Group and those jointly assumed on a pro-rata basis;
- (3) the income generated from the sale of the products of the joint operation attributable to the Group;
- (4) the income generated by the joint operation from the sale of products on a pro-rata basis;
- (5) the expenses incurred solely by the Group and those incurred by the joint operation on a pro-rata basis.

Please refer to Note “III. (XIII) Long-term equity investments” for details on the equity method adopted by the Group on investment in joint ventures.

(VIII) Recognition standard for cash and cash equivalents

Cash represents the Group's cash on hand and deposits that can be used readily for payments. Cash equivalents represent investments held by the Group that satisfy four conditions, namely short-term, highly liquid, readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value.

(IX) Foreign currency transactions and translation of financial statements denominated in foreign currency

1. Foreign currency transactions

Foreign currency transactions shall be translated into RMB at the spot exchange rate on the day when the transactions occurred.

Balance sheet date foreign currency monetary items shall be translated using the spot exchange rate at the balance sheet date. The resulting exchange difference are recognised in profit or loss for the current period, except for those differences related to a specific-purpose borrowing denominated in foreign currency for acquisitions and construction of the qualified assets, which should be capitalised as cost of the borrowings.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(IX) Foreign currency transactions and translation of financial statements denominated in foreign currency (Continued)

2. Translation of financial statements denominated in foreign currency

The assets and liabilities in the balance sheets are translated at the spot exchange rates on the balance sheet date; except for “Undistributed profit” items, all items under owner’s equity are translated at the spot exchange rates when incurred. The income and expense items in the income statement are translated at the spot exchange rates on the transaction dates.

On disposal of foreign operations, exchange differences in financial statements denominated in foreign currencies related to the foreign operation shall be transferred from owner’s equity items to profit or loss to profit or loss from disposal for the current period.

(X) Financial instruments

One of the financial assets, financial liabilities or equity instruments is recognised when the Group becomes a party to the contract of the financial instruments.

1. Classification of financial instruments

According to the business model of the Group for management of financial assets and the contractual cash flow characteristics of financial assets, financial assets are classified at the initial recognition as financial assets measured at amortised cost, or financial assets measured at fair value through other comprehensive income, or other financial assets that are measured at fair value through current profit or loss.

The Group shall classify financial assets that meet the following conditions and are not designated as financial assets at fair value through current profit or loss as financial assets measured at amortised cost:

- the objective of the business model is to collect contractual cash flows;
- the contractual cash flows are solely payment of the principal and the interest based on the outstanding principal amount.

The Group shall classify financial assets that meet the following conditions and are not designated as financial assets at fair value through current profit or loss as financial assets (debt instruments) measured at fair value through other comprehensive income:

- the objective of the business model for managing such financial assets is both to collect contractual cash flows and to dispose of the financial assets;
- the contractual cash flows are solely payment of the principal and the interest based on the outstanding principal amount.

For an investment in equity instruments not held for trading purposes, the Group may irrevocably designate it as financial assets (equity instruments) measured at fair value through other comprehensive income at the initial recognition. This designation is made on an investment-by-investment basis and the relevant investment meets the definition of equity instrument from the perspective of the issuer.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(X) Financial instruments (Continued)

1. Classification of financial instruments (Continued)

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through current profit or loss. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through current profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities, at initial recognition, are classified into financial liabilities at fair value through current profit or loss and financial liabilities measured at amortised cost.

When meeting any of the following criteria, the Group may, at initial recognition, designate a financial liability as measured at fair value through current profit or loss:

- 1) Such designation would eliminate or significantly reduce a measurement or recognition inconsistency.
- 2) A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.
- 3) The financial liabilities include embedded derivatives which can be split separately.

2. Recognition basis and measurement method of financial instruments

(1) *Financial assets measured at amortised cost*

Financial assets measured at amortised cost, including notes receivables, trade receivables, other receivables, long-term receivables, and debt investments, are initially measured at fair value plus relevant transaction costs. Trade receivables that do not contain significant financing components and trade receivables that the Group has decided not to consider for a financing component of no more than one year are initially measured at the contractual transaction price.

Interest calculated under the effective interest method during the period of holding is included in current profit or loss.

When recovering or disposing, the difference between the price obtained and the book value of the financial asset is included in current profit or loss.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(X) Financial instruments (Continued)

2. Recognition basis and measurement method of financial instruments (Continued)

- (2) *Financial assets (debt instruments) measured at fair value through other comprehensive income*
Financial assets (debt instruments) measured at fair value through other comprehensive income, including financing receivables and other debt investments, are initially measured at fair value plus relevant transaction costs. These financial assets are subsequently measured at fair value, with changes in fair value are included in other comprehensive income except for interest, impairment losses or gains and exchange gains or losses calculated using the effective interest method.

On derecognition, the accumulated gain or loss previously recognised in other comprehensive income is transferred out from other comprehensive income and recognised in current profit or loss.

- (3) *Financial assets (equity instruments) measured at fair value through other comprehensive income*
Financial assets (equity instruments) measured by fair value through other comprehensive income, including other equity instruments, are initially measured at fair value plus relevant transaction costs, and subsequently measured at fair value through other comprehensive income. The dividends received are included in current profit or loss.

When derecognised, the accumulated gain or loss previously recognised in other comprehensive income is transferred from other comprehensive income to retained earnings.

- (4) *Financial assets measured at fair value through current profit or loss*
Financial assets measured at fair value through current profit or loss, including held-for-trading financial assets, derivative financial assets and other non-current financial assets, are initially measured at fair value with relevant transaction costs included in current profit or loss, and subsequently measured at fair value through current profit or loss.

- (5) *Financial liabilities measured at fair value through current profit or loss*
Financial liabilities measured at fair value through current profit or loss, including held-for-trading financial liabilities, derivative financial liabilities, etc., are initially measured at fair value with relevant transaction costs recognised in current profit or loss. Such financial liabilities are subsequently measured at fair value. Changes in fair value are recognised in current profit or loss.

On derecognition, the difference between the carrying amount and the consideration paid is recognised in current profit or loss.

- (6) *Financial liabilities measured at amortised cost*
Financial liabilities measured at amortised cost, including short term borrowings, bills payable, accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, are initially measured at fair value plus relevant transaction costs.

Interest calculated under the effective interest method during the period of holding is included in current profit or loss.

On derecognition, the difference between the consideration paid and the carrying amount of the financial liability is recognised in current profit or loss.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(X) Financial instruments (Continued)

3. Derecognition of financial assets and recognition basis and measurement method for financial asset transfers

The Group derecognizes a financial asset if it meets one of the following conditions:

- The contractual rights to receive the cash flows from the financial asset expire;
- The financial asset has been transferred, and substantially all the risks and rewards of ownership of the financial asset have been transferred to the transferee;
- The financial asset has been transferred, and the Group neither transferred nor retained substantially all rewards related to the ownership of the financial assets, but did not retain its control over the said financial assets.

If the Group revises or renegotiates the contract with the counterparty and the modification constitutes substantial modification, the original financial liability is derecognised and the new financial liability is recognised in accordance with the revised terms.

When transferring a financial asset, if the Company retains substantially all risks and rewards of ownership of the financial asset, the Company shall continue to recognize such financial asset.

When judging whether the transfer of a financial asset meets the above criteria for derecognition, the substance-over-form principle shall be applied.

The Company differentiates the transfer of a financial asset as full transfer or partial transfer. If the full transfer of a financial asset meets the criteria for derecognition, then the difference between the following two included in current profit or loss:

- (1) The book value of the financial asset transferred;
- (2) The sum of the consideration received from the transfer and the total amount of the fair value changes that is directly charged or credited to owners' equity (if the financial asset transferred is a financial asset (debt instruments) at fair value through other comprehensive income).

When the partial transfer of a financial asset meets the criteria for derecognition, the entire book value of the financial asset transferred shall be allocated between the part derecognized and the part to be recognized based on their respective fair value, with the difference between the following two included in current profit or loss:

- (1) The book value of the part that is derecognized;
- (2) The sum of the consideration attributable to the part derecognized and the total amount of the fair value changes that is directly charged or credited to owners' equity and attributable to the part derecognized (if the asset transferred is a financial asset (debt instruments) at fair value through other comprehensive income).

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(X) Financial instruments (Continued)

3. Derecognition of financial assets and recognition basis and measurement method for financial asset transfers (Continued)

If the transfer of a financial asset does not meet the criteria for derecognition, the financial asset shall continue to be recognized and the consideration received is recognized as a financial liability.

4. Derecognition of financial liabilities

If all or part of the current obligations of a financial liability have been discharged, the financial liability or part of it will be derecognized; if the Group signs an agreement with the creditor to replace the existing financial liability with new financial liability of substantially different contractual terms, the existing financial liability shall be derecognized while the new financial liability shall be recognized.

If substantial changes are made to the contractual terms (in whole or in part) of the existing financial liability, the existing financial liability (or part of it) shall be derecognized, and the financial liability after the modification of terms shall be recognized as a new financial liability.

When a financial liability is derecognized in whole or in part, the difference between the book value of the financial liability derecognized and the consideration paid (including the non-cash assets transferred out or the new financial liability assumed) shall be included in current profit or loss.

If the Group repurchases part of a financial liability, the book value of the entire financial liability is allocated between the part that continues to be recognized and the part that is derecognized on the repurchase date based on their respective relative fair value. The difference between the book value assigned to the part derecognized and the consideration paid (including the non-cash assets transferred out or the new financial liability assumed) shall be included in current profit or loss.

5. Determination of fair value of financial assets and financial liabilities

As for financial instruments with an active market, their fair values are determined by quoted prices in the active market. As for financial instruments without an active market, their fair values are determined by using valuation techniques. At the time of valuation, the Group adopts valuation techniques that are applicable in the current circumstances and sufficiently supported by available data and other information, and selects inputs that are consistent with the characteristics of the assets or liabilities considered by the market participants in the transactions of the relevant assets or liabilities, and prioritizes the use of relevant observable inputs. Unobservable inputs are used only if the relevant observable inputs are unavailable or not reasonably available.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(X) Financial instruments (Continued)

6. Test and accounting methods for impairment of financial instruments

The Group performs impairment accounting on the basis of the expected credit losses for financial assets measured at amortized cost financial assets (debt instruments) measured at fair value through other comprehensive income and the financial guarantee contract, etc.

The probability-weighted amount of the difference in present value between the contractual cash flow of receivable from contracts and the cash flow expected to be received, weighted with the risk of default, will be measured by taking into account of reasonable and valid information on, among other things, past events, current status and the forecast of future economic conditions to recognize the expected credit losses.

For trade receivables and contract assets formed by the transactions regulated in the Accounting Standards for Business Enterprises No. 14 – Revenue whether contain significant financing components or otherwise, the Group always measures the loss provision at the amount equal to the lifetime expected credit loss.

For lease receivables formed by the transactions regulated in the Accounting Standards for Business Enterprises No. 21 – Lease, the Group chooses to always measure the loss provisions at the amount equal to the lifetime expected credit loss.

For other financial instruments, the Group assesses at each balance sheet date the changes in the credit risk of the relevant financial instrument since initial recognition.

In determining changes in the risk of default during the expected lifetime of a financial instrument and assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition. Usually, if it is overdue for more than 30 days, the Group will consider that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence to prove that the credit risk on a financial instrument has not increased significantly since initial recognition.

For a financial instrument with lower credit risk on the balance sheet date, the Group assumes that its credit risk on a financial instrument has not increased significantly since the initial recognition.

If the credit risk of a financial instrument has increased significantly since the initial recognition, the Group measures the loss provisions according to the amount of the lifetime expected credit loss of the financial instrument; if the credit risk on a financial instrument has not increased significantly since the initial recognition, the Group measures the loss provisions at an amount equal to the next 12-month expected credit losses of the financial instrument. The resulting increase in or reversal of loss provision shall be included in current profit or loss as impairment losses or gains. For financial assets (debt instruments) measured at fair value through other comprehensive income, the loss provision is recognized in other comprehensive income, and the impairment losses or gains shall be included in current profit or loss, without reducing the book value of the financial asset as stated in the balance sheet.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(X) Financial instruments (Continued)

6. Test and accounting methods for impairment of financial instruments (Continued)

If there is objective evidence that a certain receivable has been credit impaired, the Group shall make impairment provisions for the receivable on an individual basis.

Except for the above-mentioned receivables for which bad debt provisions are made on individual basis, the Group divides the remaining financial instruments into several portfolios based on credit risk characteristics, and determines expected credit losses on the basis of the portfolios. The Group's portfolio categories and determination basis of expected credit losses for notes receivables, accounts receivables, receivables financing, other receivables, contract assets, long-term receivables, etc. are as follows:

Item	Basis for determination
Portfolio of notes receivables	Bank acceptance notes
Portfolio 1 of accounts receivables	Receivables from renewable energy subsidies and tariff
Portfolio 2 of accounts receivables	Receivables from waste treatment fee
Portfolio 1 of contract assets	Contract assets generated by electricity sales contract
Portfolio 2 of contract assets (Comprising contract assets included in other non-current assets)	Contract assets generated by PPP project construction services
Portfolio 1 of other receivables	VAT refunds receivable and other tax refunds receivable
Portfolio 2 of other receivables	Others
Portfolio 1 of long-term receivables	Receivables from BT projects (Note)
Portfolio 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 portfolios, the Group calculates the expected credit loss ("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 portfolios, 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.

Where the Group no longer has a reasonable expectation that the contractual cash flows from a financial asset will be fully or partially recovered, the book balance of the financial asset shall be written down directly.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XI) Inventories

1. Classification and costs for inventories

Inventories are classified into turnover materials, etc.

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

2. Measurement for inventories delivered

The price of inventories is calculated using weighted average method at the end of the month when they are delivered.

3. Inventory system

The Company adopts perpetual inventory system on-site inventory system.

4. Amortization of low-value consumables

Low-value consumables are amortized using one-off write-off method.

5. Recognition criteria and provision methods for the provision for impairment of inventories

On the balance sheet date, inventories are stated at the lower of cost and net realisable value. When the cost of inventories was higher than their net realisable value, the provision decline in value of inventories shall be made. Net realisable value is the estimated selling price of the inventories in the ordinary course of business deducting the estimated costs upon completion, the estimated selling expenses and the related taxes.

Net realizable value of held-for-sale commodity stocks, such as finished goods, goods-in-stock, and held-for-sale raw materials, during the normal course of production and operation, shall be determined by their estimated selling prices less related selling costs and taxes; the net realizable value of inventory materials, which need to be processed, during the normal course of production and operation, shall be determined by the amount after deducting the estimated cost of completion, estimated selling costs and relevant taxes from the estimated selling price of finished goods; the net realizable value of inventories held for execution of sales contracts or labor contracts shall be calculated on the ground of the contracted price. If an enterprise holds more inventories than the quantity stipulated in the sales contract, the net realizable value of the excess part shall be calculated on the ground of general selling price.

After the provision for decline in value of inventories has been made, if the factors resulting in the previously recorded inventory impairment disappeared, as a result of which the net realisable value of the inventories became higher than its book value, it would be written back to the extent of the original provision for decline in value of inventories made, and such written-back amounts would be charged to the current profit or loss.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XII) Contract assets

1. Recognition and standard of contract assets

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The consideration that the Group has the right (and this right depends on factors other than passage of time) to receive for goods transferred to customers is listed as a contract assets. Contract assets and contract liabilities under the same contract shall be shown on a net basis. The right of the Group to charge the customer unconditionally (only depending on the passage of time) is listed as a receivable individually.

2. Method of determination of expected credit loss of contract assets and accounting treatment methods

For the method of determination of expected credit loss of contract assets and accounting treatment methods, please refer to Note “III. (X) 6. Test and accounting methods for impairment of financial instruments”.

(XIII) Long-term equity investments

1. Joint control or significant influence criterion

Joint control is the contractually agreed sharing of control of an arrangement, and exists only when decisions about the relevant activities of the arrangement require the unanimous consent of the parties sharing control. If the Company together with the other joint venture parties can jointly control over the investee and are entitled to the right of the net assets of the investee, the investee is a joint venture of the Company.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of investee, but not the power to control, or jointly control, the formulation of such policies with other parties. Where the Company can exercise significant influence over an investee, the investee is an associate of the Company.

2. Determination of initial investment cost

(1) Long-term equity investments acquired through business combination

For a long-term equity investment in subsidiaries resulting from a business combination involving entities under common control, the initial investment cost of long-term equity investments are its share of the book value of the owner' equity of the acquiree in the financial statements of the ultimate controlling party on the date of combinations. The difference between initial investment cost of long-term equity investment and the carrying value of paid consideration is to adjust share premium in the capital reserve. If the balance of share premium in the capital reserve is insufficient, any excess is adjusted to retained earnings. In connection with imposing control over the investee under joint control as a result of additional investment and other reasons, the difference between initial investment cost of long-term equity investment according to the aforesaid principle, and the sum of the carrying value of long-term equity investment before combination and the carrying value of newly paid consideration for additional shares acquired on the date of combination is to adjust share premium. If the balance of share premium is insufficient, any excess is adjusted to retained earnings.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIII) Long-term equity investments (Continued)

2. Determination of initial investment cost (Continued)

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

For a long-term equity investment in subsidiaries resulting from a business combination involving entities not under common control, the cost of the combination determined on the date of acquisition shall be taken as the initial investment cost of the long-term equity investment. In connection with imposing control over the investee not under joint control as a result of additional investment and other reasons, the initial investment cost shall be the sum of the carrying value of the equity investment originally held and the newly increased investment cost.

(2) *Long-term equity investments acquired by other means other than business combination*

The initial investment cost of a long-term equity investment obtained by the Company by cash payment shall be the purchase cost which is actually paid.

The initial investment cost of a long-term equity investment obtained by the Company by means of issuance of equity securities shall be the fair value of the equity securities issued.

3. Subsequent measurement and recognition of profit or loss

(1) *Long-term equity investment accounted for by cost method*

Long-term equity investment in a subsidiary is accounted for using cost method unless the investment meets the conditions of held-for-sale. Except for the actual consideration paid for the acquisition of investment or the declared but not yet distributed cash dividends or profits which are included in the consideration, investment gains are recognized as the Company's share of the cash dividends or profits declared by the investee.

(2) *Long-term equity investment accounted for by equity method*

Long-term equity investments in associates and jointly controlled entities are accounted for using equity method. Where the initial investment cost of a long-term equity investment exceeds the Company's share of the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost; where the initial investment cost is less than the Company's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference shall be charged to current profit or loss and the cost for long-term equity investment shall be adjusted.

The Company recognizes the investment income and other comprehensive income according to its shares of net profit or loss and other comprehensive income realized by the investee respectively, and simultaneously makes adjustment to the carrying value of long-term equity investments. The carrying value of long-term equity investment shall be reduced by attributable share of the profit or cash dividends for distribution declared by the investee. In relation to other changes of owner's equity (the "Other Changes of Owner's Equity"), except for net profits or losses, other comprehensive income and profit distribution of the investee, the carrying value of long-term equity investment shall be adjusted and included in owner's equity.

The Company's share of net profit or loss, other comprehensive income and Other Changes of Owner's Equity of an investee is determined based on the fair value of identifiable net assets of the investee at the time when the investment is obtained, and according to the accounting policies and accounting period of the Company, recognition shall be made to the net profit of the investee after the adjustment and to other comprehensive income, etc.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIII) Long-term equity investments (Continued)

3. Subsequent measurement and recognition of profit or loss (Continued)

(2) *Long-term equity investment accounted for by equity method (Continued)*

The unrealized profit or loss which is attributable to the Company calculated based on its attributable percentage resulting from transactions between the Company and its associates or joint venture shall be eliminated in, based on which investment income shall be recognized, other than those assets consumed or disposed of which constitute business. Any unrealized losses resulting from transactions with the investee, which are attributable to impairment of assets, shall be fully recognized.

The Company discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Company's net investment in the associate or the joint venture is reduced to zero, except to the extent that the Company has an obligation to assume additional losses. Where net profits are subsequently made by the associate or joint venture, the Company resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

(3) *Disposal of long-term equity investments*

For disposal of a long-term equity investment, the difference between the book value and the consideration actually received shall be included in current profit or loss.

For the certain long-term equity investment treated under the equity method, where the remaining equity continues to be accounted for using the equity method, the other comprehensive income previously recognised under the equity method shall be transferred in proportion by using the same basis as the investee used for direct disposal of relevant assets or liabilities. Other Changes of Owner's Equity shall be transferred in proportion into current profit or loss.

When the Group loses the mutual control or material influence over the investee due to disposal of equity investment and other reasons, for other comprehensive income recognized in the original equity investment due to the equity method is adopted, it shall be treated using the same accounting basis as the investee used for direct disposal of relevant assets or liabilities when ceasing to use the equity method. Other Changes of Owner's Equity shall be transferred into the current profit or loss when ceasing to use the equity method.

When the Group loses the control over the investee due to partially disposal of equity investment and other reasons, the remaining equity interest after disposal shall be accounted for under equity method in preparation of separate financial statements provided that joint control or material influence over the investee can be imposed and shall be adjusted as if such remaining equity interest had been accounted for under the equity method since being obtained. The other comprehensive income previously recognised before obtaining the control over the investee shall be transferred in proportion by using the same basis as the investee used for direct disposal of relevant assets or liabilities. Other Changes of Owner's Equity recognized as a result of the adoption of the equity method shall be transferred to the current profit or loss on pro rata basis. Where the remaining equity interest after disposal cannot exercise joint control or exert material influence over the investee, it shall be recognised as financial asset, and the difference between fair value and the carrying value on the date of losing control shall be included in current profit or loss. All the other comprehensive income and Other Changes of Owner's Equity recognised before obtaining the control over the investee shall be transferred.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIII) Long-term equity investments (Continued)

3. Subsequent measurement and recognition of profit or loss (Continued)

(3) *Disposal of long-term equity investments (Continued)*

For disposal of the equity investment in a subsidiary in stages by multiple transactions resulting in the loss of control, where the Company accounts for a package deals, accounting treatment shall be conducted for all transactions as the equity investment for disposal of a subsidiary and the transaction in the loss of control. In the individual financial statements, the differences between the consideration disposed and the corresponding carrying value of long-term equity investment of the disposed equity in each transaction prior to the loss of control shall be recognised in other comprehensive income first and transferred to the current profit or loss when the parent eventually loses control over the subsidiary. Where the Company does not account for a package deals, accounting treatment shall be conducted for each transaction individually.

(XIV) Fixed assets

1. Recognition and initial measurement of fixed assets

Fixed assets are tangible assets that are held for use in production or supply of goods or services, for rental to others, or for administrative purposes, and have a useful life of more than one accounting year. Fixed asset is recognised when it meets the following conditions:

- (1) It is probable that the economic benefits associated with the fixed asset will flow to the enterprise;
- (2) Its cost can be reliably measured.

Fixed assets are initially measured at cost (and taking into account the effect of estimated costs of disposal).

For subsequent expenses related to fixed assets, if the related economic benefits are likely to flow into the enterprise and its cost could be reliably measured, such expenses are included in the cost of the fixed asset; and the carrying amount of the replaced part will be derecognised; all other subsequent expenses are included in current profit or loss upon occurrence.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIV) Fixed assets (Continued)

2. Methods for depreciation

Except the subsidiary of the Company, Lvyi (Huludao) Environmental Services Co., Ltd. (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, other fixed assets are depreciated by categories using the straight-line method, and the annual depreciation rates are determined by categories based upon their estimated useful lives and their estimated residual values. For fixed assets that have made provision for the impairment, the amount of depreciation of it is determined by carrying value after deducting the provision for the impairment based on useful life during the future period. Where different components of a fixed asset have different useful lives or generate economic benefits for the enterprise in different ways, different depreciation rates or depreciation methods shall apply, and each component is depreciated separately.

The depreciation methods, useful life of depreciation, residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation methods	Useful life (year)	Residual value rate (%)	Annual depreciation rate (%)
Buildings	Straight-line method	20-50	5	1.90-4.75
Machinery and equipment	Straight-line method	3-15	0-5	6.33-33.33
Motor vehicles	Straight-line method	3-10	0-10	9.00-33.33
Others	Straight-line method	3-20	0-10	4.5-33.33

3. Disposal of fixed assets

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

(XV) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the construction in progress ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XVI) Borrowing costs

1. Criteria for recognition of capitalised borrowing costs

The Company's borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised into the cost of relevant assets. Other borrowing costs are recognised as expenses in profit or loss in the period in which they are incurred.

Qualifying assets include fixed assets, investment property and inventories that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

2. Capitalisation period of borrowing costs

The capitalisation period refers to the period beginning from the commencement of capitalising borrowing costs to the date of ceasing capitalisation, excluding the period of suspension of capitalisation.

Capitalisation of borrowing costs begins when the following three conditions are fully satisfied:

- (1) expenditures for the assets (including cash paid, non-currency assets transferred or interest-bearing liabilities assumed for the acquisition, construction or production of qualifying assets) have been incurred;
- (2) borrowing costs have been incurred;
- (3) acquisition, construction or production that are necessary to enable the asset to get ready for their intended use or sale have commenced.

Capitalisation of borrowing costs shall cease when the qualifying asset under acquisition, construction or production gets ready for intended use or sale.

3. Suspension of capitalisation period

Capitalisation of borrowing costs shall be suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, and the interruption is for a continuous period of more than 3 months; if the interruption is a necessary step for making the qualifying asset under acquisition, construction or production ready for the intended use or sale, the capitalisation of the borrowing costs shall continue. The borrowing costs incurred during such period of interruption shall be recognised in current profit or loss. When the acquisition, construction or production of the asset resumes, the capitalisation of borrowing costs continues.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XVI) Borrowing costs (Continued)

4. Capitalisation rate and calculation of capitalisation amount of borrowing costs

As to specific borrowings for the acquisition, construction or production of qualifying assets, borrowing costs from the specific borrowings actually incurred in the current period minus the interest income earned on the unused borrowing loans as a deposit in the bank or the investment income earned from temporary investment will be used to determine the amount of borrowing costs for capitalisation.

As to general borrowings for the acquisition, construction or production of qualifying assets, the to-be-capitalised amount of borrowing costs on the general borrowing shall be calculated and determined by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the specific borrowings and the capitalisation rate of the said general borrowings. The capitalisation rate shall be calculated and determined according to the weighted average actual interest rate of general borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific purpose borrowing are included in the current profits and losses.

(XVII) Intangible assets

1. Measurement of intangible assets

- (1) *Intangible assets are initially measured at cost upon acquisition by the Company;*
The costs of an intangible asset include the purchase price, relevant tax expenses, and other expenditures directly attributable to bringing the asset ready for its intended use.
- (2) *Subsequent measurement*
The Company shall analyse and judge the useful life of intangible assets upon acquisition.

As for intangible assets with a finite useful life, they are amortised over the term in which economic benefits are brought to the firm; if the term in which economic benefits are brought to the firm by an intangible asset cannot be estimated, the intangible asset shall be taken as an intangible asset with indefinite useful life, and shall not be amortised.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XVII) Intangible assets (Continued)

2. Estimate of useful life for the intangible assets with finite useful life

Item	Estimated useful lives	Amortisation method	Determination basis of estimated useful life
Concession rights	25-30	Straight-line method	Term under concession rights agreements
Land use rights	50	Straight-line method	Land use rights certificate
Software	10	Straight-line method	Estimated useful life of software

3. Specific criteria for the division of research phase and development phase

The expenses for internal research and development projects of the Company are divided into expenses in the research phase and expenses in the development phase.

Research phase: a phase in which innovative and scheduled investigations and research activities are conducted to obtain and understand new scientific or technological knowledge.

Development phase: a phase in which the research outcomes or other knowledge are applied for a plan or a design prior to the commercial production or use in order to produce new or substantially improved materials, devices, products, etc.

4. Specific conditions for capitalisation of expenditure incurred in development phase

Expenditures incurred in the research stage are recognised in profit or loss for the period. Expenditures incurred in the development stage are recognised as intangible assets only when all of the following conditions are satisfied, and the expenditures in the development stage that does not meet all of the following conditions are recognised in profit or loss for the period:

- (1) the technical feasibility of completing the intangible asset so that it will be available for use or for sale;
- (2) the intention to complete the intangible asset for use or for sale;
- (3) the ways in which the intangible asset generate economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market, or if the intangible asset is for internal use, there is evidence that proves its usefulness;
- (4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset;
- (5) the expenditures attributable to the development phase of the intangible asset could be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, all of which should be included in the current profit or loss.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XVIII) Impairment of long-term assets

Long-term assets such as long-term equity investments, investment properties measured at cost model, fixed assets, construction in progress, right-to-use assets, intangible assets with a finite useful life and oil and gas assets are tested for impairment if there is any indication that such assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill formed by business merger, intangible assets with indefinite useful lives and intangible assets that are not yet ready for use are tested for impairment at least at the end of each year regardless of whether there is any sign of impairment.

When the Group performs impairment test on goodwill, the Company shall, as of the purchase day, allocate on a reasonable basis the carrying value of the goodwill formed by merger of enterprises to the relevant asset groups, or if there is a difficulty in allocation, to allocate it to the set of asset groups. The related asset groups or the set of asset groups refers to these ones that can benefit from the synergies of a business combination.

For the purpose of impairment test on the relevant asset groups or the set of asset groups containing goodwill, if any evidence shows that the impairment of asset groups or set of asset groups related to goodwill is possible, an impairment test will be made firstly on the asset groups or set of asset groups not containing goodwill, thus calculating the recoverable amount and comparing it with the relevant carrying value so as to recognise the corresponding impairment loss. Then, the Company will conduct impairment tests on the asset groups or set of asset groups that includes goodwill and compare its carrying value against its recoverable amount. If the recoverable amount is lower than its carrying value, the amount of impairment loss is first offset against the carrying value of the goodwill allocated to the asset groups or set of asset groups, then, based on the proportion of the carrying value of other assets in the asset groups or set of asset groups other than goodwill, offset against the carrying value of other assets proportionally. Once the above asset impairment loss is recognised, it will not be reversed in subsequent accounting periods.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIX) Long-term prepaid expenses

Long-term prepaid expenses are expenses which have occurred but will benefit over 1 year and shall be amortized over the current period and subsequent periods.

The amortization period and method of each expense is as follows:

Item	Amortization method	Amortization period (year)
Royalties of emission right and others	Straight-line method	2-5

(XX) Contract liabilities

The Group has presented contract assets or contract liabilities in the balance sheet based on the connection between the fulfilment of performance obligations and payment of the customers. A contract liability represents the obligation to transfer goods or services to a customer for which the Group has received a consideration or an amount of consideration that is due from the customer. A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

(XXI) Employee benefits

1. Accounting treatment methods of short-term benefits

In the accounting period in which employees provide service for the Group, short-term benefits actually incurred are recognised as liabilities and charged to current profit or loss or cost of relevant assets.

With regard to the social insurance and housing provident funds contributed and labour union expenses and employee education expenses paid as required by regulations, the Group should calculate and recognise the corresponding employee benefits payables according to the appropriation basis and proportion as stipulated by relevant requirements in the accounting period in which employees provide service.

At the time of actual occurrence, the Group's employee benefits are recorded in the current profit or loss or costs of relevant assets as incurred. The non-currency welfare expenses are measured at fair value.

2. Accounting treatment methods of post-employment benefits

(1) Defined contribution scheme

The Group will pay basic pension insurance and unemployment insurance for the staff in accordance with the relevant provisions of the local government. During the accounting period when the staff provides service, the Group will calculate the amount payable in accordance with the local stipulated basis and proportions which will be recognised as liabilities, and the liabilities would be charged into current profit or loss or costs of relevant assets.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXI) Employee benefits (Continued)

2. Accounting treatment methods of post-employment benefits (Continued)

(2) *Defined benefit scheme*

In respect of the defined benefit scheme, the Group shall attribute the welfare obligations under the defined benefit scheme in accordance with the formula determined by projected unit credit method to the service period of relevant employee, and record the obligation in profit loss for the current period or costs of related assets.

The deficit or surplus generated from the present value of obligations of the defined benefit scheme minus the fair value of the assets of defined benefit scheme is recognised as net liabilities or net assets of a defined benefit scheme. When the defined benefit scheme has surplus, the Group will measure the net assets of the defined benefit scheme at the lower of the surplus of defined benefit scheme and the upper limit of the assets.

All defined benefit plans obligations, including the expected duty of payment within 12 months after the end of annual Reporting Period during which the staff provided service, are discounted based on the market yield of government bonds matching the term and currency of defined benefit plan obligations or corporate bonds of high quality in the active market on the balance sheet date.

The service cost incurred by the defined benefit scheme and the net interest of the net liabilities and net assets of the defined benefit scheme would be charged to current profit or loss or relevant costs of assets. The changes arising from the remeasurement of the net liabilities or net assets of the defined benefit scheme would be included in other comprehensive income and are not reversed to profit or loss in a subsequent accounting period; when the previously defined benefits plan is terminated, such amount previously included in other comprehensive income shall be transferred to undistributed profit.

When the defined benefit scheme is settled, the gain or loss is recognised based on the difference between the present value of obligations under the defined benefit scheme and the settlement price at the balance sheet date.

3. Accounting treatment of termination benefits

When the Group provides employees with termination benefits, the staff remuneration liabilities arising from termination benefits are recognised and recorded in current profit or loss whichever of the following is earlier: when the Group cannot unilaterally revoke such termination benefits provided due to dissolution of labour relationship plan or layoff proposal; when the Group recognises such cost or expenses associated with the restructuring involving the payment of termination benefits.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXII) Estimated liabilities

The Group shall recognise an obligation related to contingency as the estimated liability when all of the following conditions are satisfied:

- (1) such obligation is the present obligation of the Group;
- (2) the performance of such obligation is likely to lead to an outflow of economic benefits of the Group;
- (3) the amount of such obligation can be reliably measured.

The estimated liabilities are initially measured at the best estimate of expenditure required for the performance of relevant present obligations.

The Group shall take into consideration the risks, uncertainties, time value of money and other factors relating to the contingencies in determining the best estimate. If the time value of money is significant, the best estimates shall be determined after discount of relevant future cash outflows.

If there is a successive range of the required expenditure, and the likelihood of occurrence of various results within the range is the same, the best estimate is determined by the intermediate value of the range. In other cases, the best estimate are handled as follows:

- Where the contingency is related to individual item, the best estimate should be determined as the most likely amount.
- Where the contingency is related to a number of items, the best estimate should be calculated and determined according to the various possible results and the relevant probabilities.

When all or part of the expenditures necessary for the settlement of an estimated liability is expected to be compensated by a third party, the compensation should be separately recognised as an asset only when it is virtually certain that the compensation will be received. The amount recognised for the compensation should not exceed the carrying amount of estimated liabilities.

The Company reviews the carrying amount of estimated liabilities on balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the best estimate.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXIII) Revenue

1. Accounting policies adopted for revenue recognition and measurement

The Group recognises revenue when the performance obligation in a contract is fulfilled, namely the customer obtains control of relevant goods or services. Control of a good or service refers to the ability to direct the use of the good or service, and obtain substantially all of the benefits from the goods or services.

If a contract contains two or more performance obligations, at the commencement of the contract, the Group allocates the transaction price into each individual performance obligation according to the relative proportion of each individual selling price of goods or services committed by individual performance obligation, and recognises the revenue according to the transaction price allocated to each individual performance obligation.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and those expected to be refunded to the customer. The Group considers the terms of the contract and its customary business practices to determine the transaction price. When determining the transaction price, the Group considers the effects of variable consideration, the existence of a significant financing component in the contract, non-cash consideration and consideration payable to a customer. The Group determines the transaction price that includes variable considerations based on the amount not exceeding the revenue accumulatively recognised which is not likely to be significantly reversed when the relevant uncertainty disappears. Where there are significant financing elements in the contract, the Group recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid in cash when (or as) the customer had obtained control over such goods or services. The difference between the transaction price and the amount of contract consideration is amortised using an effective interest method over the contract term.

When one of the following conditions is satisfied, the Group is considered to have fulfilled an obligation within a certain period of time. Otherwise, the Company is considered to have fulfilled an obligation at a certain point in time:

- At the same time when the Group fulfills the obligation, the customer immediately obtains and consumes the economic benefits brought about by the Company's performance.
- The customers can control the goods under construction in the course of the Group's performance.
- Goods produced in the course of the Group's performance are irreplaceable. In addition, during the entire contract period, the Group has the right to collect the payments for the cumulatively completed parts of performance.

Where performance of a single service contract takes place over a certain period of time, revenue should be recognised as performance takes place, except where the stage of performance cannot be determined. The Group considers the nature of the goods or services and adopts the output method or the input method to determine the fulfillment progress of the performance. When the fulfillment progress of the performance cannot be determined reasonably, but is expected to recover the costs incurred, the Group should recognise revenue only to the extent of the cost until a reliable measure of progress can be made.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXIII) Revenue (Continued)

1. Accounting policies adopted for revenue recognition and measurement (Continued)

For a performance obligation satisfied at a point in time, the Group shall recognise revenue when the customer obtains control of relevant goods or services. In judging whether customers obtain control of promised goods or services, the Group considers the following indications:

- the Group enjoys the right to collect cash on the goods or services, that is, the customer has the obligation to pay for the goods or services at the present time.
- the Group has transferred the legal ownership of the commodity to the customer, that is, the customer has the legal ownership of the commodity.
- the Group has transferred the goods in kind to the customers, that is, the customers have actually taken possession of the goods.
- the Group has transferred the main risks and rewards in the ownership of the commodity to its customers, that is, the customers have acquired the main risks and rewards in the ownership of the commodity.
- the customer has accepted the goods or services.

The Group assesses whether it controls each specified good or service before that good or service is transferred to the customer to determine whether the Group is a principal or an agent. If the Group controls the specified good or service before that good or service is transferred to a customer, the Group is a principal and recognises revenue in the gross amount of consideration received or receivable. Otherwise, the Group is an agent and recognises revenue in the amount of any fee or commission to which it expects to be entitled.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXIII) Revenue (Continued)

2. Disclosure of specific revenue recognition and measurement methods by business type

(1) *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.

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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXIII) Revenue (Continued)

2. Disclosure of specific revenue recognition and measurement methods by business type (Continued)

(2) 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.

(3) 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.

(XXIV) Contract costs

Contract costs comprise contract performance costs and contract acquisition costs.

The costs incurred by the Group for the performance of the contract which do not fall under the scope of the standards relating to inventories, fixed assets and intangible assets are recognised as an asset as contract performance costs when the following conditions are met:

- This cost is directly related to a current or expected contract.
- This cost increases the resources of the Group to fulfill its performance obligations in the future.
- The cost is expected to be recovered.

If the incremental cost incurred by the Group in obtaining the contract can be expected to be recovered, the contract acquisition cost shall be recognised as an asset.

Assets related to the cost of the contract are amortised on the same basis as the revenue recognition of the goods or services related to the asset; however, if the amortisation period of the contract acquisition cost is less than one year, the Group will include it into the current profit or loss when it incurs.

For assets related to contract costs whose carrying amount is higher than the difference between the following two items, the Group will make provision for impairment for the excess and recognise it as asset impairment loss:

1. The remaining consideration expected to be obtained by the transfer of goods or services related to the asset;
2. The cost expected to be incurred for the transfer of the relevant goods or services.

If the above-mentioned excess is higher than the book value of such assets as a result of any subsequent change of impairment factors in the previous period, the provision for impairment of assets previously made shall be reversed and included in profit or loss for the period as incurred to the extent the book value of the reversed asset shall not exceed the book value of the asset on the date of the reverse assuming no provision for impairment is made.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXV) Government grants

1. Types

Government grants are monetary assets or non-monetary assets obtained by the Group from the government for free, and are divided into government grants related to assets and government grants related to income.

Government grants related to assets are those obtained by the Group for the purposes of acquisition, construction or other project that forms a long-term asset. Government grants related to income refer to the government grants other than those related to assets.

2. Timing for recognition

Government grants are recognised when the Group can comply with the conditions attached to them and when they can be received.

3. Accounting treatment

Asset-related government grants shall be used to offset the carrying amount of relevant asset or recognised as deferred income. The amount recognised as deferred income shall be recorded in current profit or loss by installments in a reasonable and systematic way over the useful life of the relevant assets (the government grants related to the Group's daily activities shall be included in other income; and the government grants unrelated to the Group's daily activities shall be included in non-operating income);

Government grants related to income that are used to compensate relevant costs or losses of the Company in subsequent periods are recognised as deferred income and recorded in current profit or loss when such costs and losses are recognised (government grants related to the Group's daily activities shall be included in other income; government grants unrelated to the Group's daily activities shall be included in non-operating income) or offset relevant costs or losses; and the government grants used to compensate relevant costs or losses that have been incurred by the Group are recorded directly in current profit or loss (government grants related to the Group's daily activities shall be included in other income; government grants unrelated to the Group's daily activities shall be included in non-operating income) or offset relevant costs or losses.

The interest subsidies for policy-related preferential loans obtained by the Group are divided into two types and subject to accounting treatment separately:

- (1) Where the interest subsidies are appropriated from the fiscal funds to the lending bank and then the bank provides loans to Group at a policy-based preferential interest rate, the Group will recognize the amount of borrowings received as the initial value and calculate the borrowing costs according to the principal amount and the policy-based preferential interest rate.
- (2) Where the interest subsidies are paid directly to the Group, the Group will use such interest subsidies to offset the corresponding borrowing costs.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVI) Deferred tax assets and deferred tax liabilities

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

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the temporary differences between the tax bases and the carrying amounts of assets and liabilities.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. For deductible losses and tax credits that can be reversed in the future years, deferred tax assets shall be recognised to the extent that it is probable that taxable profit will be available in the future to offset the deductible losses and tax credits.

Save for exceptions, deferred income tax liabilities shall be recognised for the taxable temporary difference.

The exceptions for not recognizing deferred income tax assets and liabilities include:

- the initial recognition of the goodwill;
- transactions or matters other than business combinations in which neither profit nor taxable income (or deductible loss) will be affected when transactions occur, and the initial recognition of assets and liabilities does not result in an equal amount of taxable temporary differences and deductible temporary differences.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, joint ventures and associates, except where the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not be reversed in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, joint ventures and associates 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.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the applicable tax rates during the period when the relevant assets are expected to be recovered or the relevant liabilities are expected to be settled in accordance with the provisions of the tax law.

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

When the Group has a legally enforceable right to set-off and intends either to settle on a net basis or to acquire the income tax asset and settle the income tax liability simultaneously, current income tax assets and current income tax liabilities shall be presented as the net amount after offsetting.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

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

- When the taxable entity has the legal right to set off current income tax assets and current income tax liabilities on a net basis;
- When the deferred income tax assets and deferred income tax liabilities are related to income tax to be paid by the same entity liable to pay tax to the same tax authority, or related to different entities liable to pay tax but the relevant entities intend to settle on a net basis or to acquire the income tax assets and settle the income tax liabilities simultaneously in the future period in which significant deferred income tax assets and liabilities would be reversed.

(XXVII) Lease

A lease is a contract that a lessor conveys the right to use an asset to a lessee for a period of time in exchange for consideration. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of one or more identified asset(s) for a period of time in exchange for consideration.

For a contract that contains multiple separate lease, the Group separates and accounts for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and lessor separates the lease and non-lease components.

1. The Group as the lessee

(1) *Right-of-use assets*

At the commencement date of lease term, the Group recognises right-of-use assets for leases (excluding short-term leases and leases of low-value assets). Right-of-use assets are measured initially at cost. Such cost comprises:

- the amount of the initial measurement of lease liability;
- lease payments made at or before the inception of the lease less any lease incentives already received (if there is a lease incentive);
- initial direct costs incurred by the Group;
- the costs of the Group expected to be incurred for dismantling and removing the leased asset, restoring the site on which the leased asset is located or restoring it to the condition as agreed in the terms of the lease, except those incurred for the production of inventories.

The Group accrues depreciation for the right-of-use assets by subsequently adopting straight-line method. If there is reasonable certainty that the Group will obtain the ownership of a leased asset at the end of the lease term, the Group depreciates the leased asset in the remaining useful life of the asset; otherwise, the Group depreciates the leased asset in the lease term or in the remaining useful life of the asset (whichever is shorter).

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVII) Lease (Continued)

1. The Group as the lessee (Continued)

(1) *Right-of-use assets (Continued)*

The Group determines whether the right-of-use assets have been impaired in accordance with the principles described in Note “III. (XVIII) Impairment of long-term assets” and conducts accounting treatment for impairment loss identified.

(2) *Lease liabilities*

At the commencement date of lease term, the Group recognises lease liabilities for leases (excluding short-term leases and leases of low-value assets). Lease liabilities are initially measured based on the present value of outstanding lease payment. Lease payments include:

- fixed payments (including in-substance fixed payments), less any lease incentives (if there is a lease incentive);
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable under the guaranteed residual value provided by the Company;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option;
- payments of penalties for terminating the lease option, if the lease term reflects that the Company will exercise that option.

The Group adopts the interest rate implicit in the lease as the discount rate. If that rate cannot be determined reasonably, the Group's incremental borrowing rate is used.

The Group shall calculate the interest expenses of lease liabilities in each period of the lease term at the fixed periodic interest rate, and include it into profit or loss in the period or cost of relevant assets.

Variable lease payments not included in the measurement of lease liabilities are charged to profit or loss in the period or cost of relevant assets in which they actually arise.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVII) Lease (Continued)

1. The Group as the lessee (Continued)

(2) *Lease liabilities (Continued)*

After the commencement date of lease term, if the following circumstances occur, the Group remeasures the lease liability and adjusts the carrying value of the right-of-use asset accordingly. If the carrying value of the right-of-use asset has been reduced to zero and the lease liability still needs to be further reduced, the Group accounts for the difference in the current profit or loss:

- when there are changes in assessment results of the purchase, extension or termination option, or the actual exercise condition of the aforementioned options is inconsistent with the original assessment results, the Group remeasures the lease liabilities in accordance with the lease payments after changes and present value calculated based on the revised discount rate;
- when in-substance fixed payments, the amount expected to be payable under the guaranteed residual value or the index or rate arising from the confirmation of lease payments changed, the Group remeasures the lease liabilities in accordance with the present value calculated based on the lease payments after changes and the initial discount rate. However, if the lease payments change is due to a change in a floating interest rate, a revised discount rate is used.

(3) *Short-term leases and leases of low-value assets*

The right-of-use asset and lease liability are not recognised by the Group for short-term leases and leases of low-value assets, and the relevant lease payments are included in profit or loss in the period or costs of relevant assets in each period of the lease term on a straight-line basis. Short-term leases are defined as leases with a lease term of not more than 12 months from the commencement date and excluding a purchase option. Leases of low-value assets are defined as leases with underlying low value when new. If the Company subleases or expects to sublease a leased asset, the original lease is not a low-value asset lease.

(4) *Lease change*

The Company will account for the lease change as a separate lease if the lease changes and meets the following conditions:

- the lease change expands the scope of lease by increasing the rights to use one or more leased assets;
- the increased consideration and the individual price of the expanded part of the lease are equivalent to the amount adjusted for the contract.

If the lease change is not accounted for as a separate lease, the Company shall re-allocate the consideration of a changed contract, re-determine the lease term, and remeasure the lease liabilities by the present value calculated from the changed lease payments and revised discount rate on the effective date of the lease change.

If the lease change results in a narrower lease or a shorter lease term, the Group reduces the carrying amount of the right-of-use asset accordingly, and recognises the related gains or losses from partially or completely terminated leases into the current profit and loss. For other lease change that causes the lease liabilities to be remeasured, the Group adjusts the carrying amount of the right-of-use assets accordingly.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVII) Lease (Continued)

2. The Group as a lessor

At the commencement date of lease term, the Group classifies leases as financing leases and operating leases. A financing lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset, irrespective of whether the ownership of the asset is eventually transferred. An operating lease is a lease other than a financing lease. As a sub-leasing lessor, the Group classifies the sub-leases based on the right-of-use assets of the original leases.

(1) *Accounting treatment of operating leases*

The lease payments derived from operating leases are recognised as rental income on a straight-line basis over the respective lease terms. Initial direct costs relating to operating leases to be incurred by the Group shall be capitalised and then allocated and included in the current profit and loss by stages at the same base as the recognition of rental income over the lease term. The variable lease payments not included in the measurement of lease payments shall be recognised in profit or loss in the period in which they are occurred. In case of modification of an operating lease, the Company shall treat it as a new lease from the effective date of modification, and the amount of the advance receipt or receivable related to the lease before the modification shall be regarded as the collection amount of the new lease.

(2) *Accounting treatment of financing leases*

At the commencement date of lease term, the Group recognises financing lease receivable and derecognises the underlying assets. The Group initially measures financing lease receivable in the amount of net investment in the lease. Net investment in the lease is the sum of the unguaranteed residual value and the present value of the lease payments receivable which were not received at the commencement date of lease term, discounted at the interest rate implicit in the lease.

The Group calculates and recognises interest income in each period during the lease term, based on a fixed periodic interest rate. The derecognition and impairment losses of financing lease receivable are accounted for in accordance with the Note "III. (X) Financial instruments".

Variable lease payments not included in the measurement of the net investment in the lease are included in profit or loss in the period in which they are occurred.

When a financing lease is changed and the following conditions are simultaneously met, the Group accounts for the lease change as a separate lease:

- The change expands the scope of lease by adding the right to use one or more leased assets;
- The consideration and the separate price of the expanded scope of lease are equivalent to the amount adjusted according to the contract.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVII) Lease (Continued)

2. The Group as a lessor (Continued)

(2) *Accounting treatment of financing leases (Continued)*

Where a change in a financing lease is not accounted for as a separate lease, the Group deals with the lease after the change according to the following situation:

- In case where the lease would have been classified as an operating lease assuming the modification became effective at the commencement date of the lease, the Group accounts for it as a new lease from the effective date of the modification and the net investment in the lease prior to the effective date of the modification is taken as the carrying amount of the leased assets;
- In case where the lease would have been classified as a financing lease assuming the modification became effective at the commencement date of the lease, the Group conducts accounting treatment in accordance with the policy regarding the modification or renegotiation of contracts described in this Note “III. (X) Financial instruments”.

3. Sale and leaseback transactions

The Group assesses and determines whether the transfer of assets in a sale and leaseback transaction is a sale in accordance with the principles described in “III. (XXIII) Revenue” of this note.

(1) *As lessee*

If the transfer of assets in the sale and leaseback transaction is a sale, the Group, as the lessee, measures the right-of-use assets arising from the sale and leaseback based on the part of the original carrying amount of the assets related to the right of use obtained by the leaseback, and only recognizes the relevant gains or losses for the rights transferred to the lessor.

After the commencement date of lease term, please refer to “III. (XXVII) Lease 1. The Group as lessee” of this note for the subsequent measurement of right-of-use assets and lease liabilities and changes in leases. When subsequently measuring the lease liabilities arising from a sale and leaseback transaction, the way that the Group determines the lease payment amount or revised lease payment amount would not result in the recognition of any gains or losses related to the right of use obtained from the leaseback.

If the transfer of assets in the sale and leaseback transaction is not a sale, the Group, as the lessee, continues to recognize the transferred assets and recognizes a financial liability equal to the transfer income. For details of the accounting treatment of financial liabilities, please refer to “III. (X) Financial instruments” of this note.

(2) *As lessor*

If the transfer of assets in the sale and leaseback transaction is a sale, the Group, as the lessor, accounts for the purchase of assets and accounts for the lease of assets in accordance with the policy set out in “2. The Group as lessor” above; if the transfer of assets in the sale and leaseback transaction is not a sale, the Group, as the lessor, does not recognize the transferred assets but recognizes a financial asset equal to the transfer income. For details of the accounting treatment of financial assets, please refer to “III. (X) Financial instruments” of this note.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVIII) Segment reporting

The Group will determine operation segment on the basis of the internal organizational structure, management requirements and internal report system, and determine reporting segment on the basis of operation segment, and disclose such segment information.

An operating segment is a component of the Group that meets the following conditions simultaneously: (1) the component is able to generate revenues and incur expenses from its ordinary activities; (2) whose operating results are regularly evaluated by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance; (3) for which the accounting information on financial position, operating results and cash flows is available to the Group. Two or more operating segments may be aggregated into a single operating segment if they have similar economic characteristics and meet specified conditions.

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.

(XXIX) 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 period is based on the actual operating income 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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXX) Critical accounting estimates and judgements

Critical accounting estimates and key assumptions

(1) *Determination of income from construction services*

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

(2) *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.

(3) *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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXX) Critical accounting estimates and judgements (Continued)

Critical accounting estimates and key assumptions (Continued)

(4) 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 carry-forward 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.

(XXXI) Changes in significant accounting policies and accounting estimates

1. Changes in significant accounting policy

During the period, there were no changes in significant accounting policy of the Group.

2. Changes in significant accounting estimates

During the period, there were no changes in significant accounting estimates of the Group.

IV. TAXATION

(I) Major tax categories and tax rates

Tax categories	Tax basis	Tax rate
Value-added tax	The VAT payable is the difference between output tax (calculated based on sales of goods and taxable service income under the tax laws) and the deductible input tax of the period	3%, 6%, 9% and 13%
City maintenance and construction tax	Based on value added tax and consumption tax effectively paid	5% and 7%
Educational surcharge	Based on VAT effectively paid	3%
Local educational surcharge	Based on VAT effectively paid	2%
Enterprise income tax	Based on taxable profits	25%, 16.5% and 15%
Property tax	Levied on the residual value of the property or rental income	12% and 1.2%

IV. TAXATION (Continued)

(II) Tax preference

1. Enterprise income tax

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"), 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 Project Company"), Pingyang Dynagreen Environmental Energy Co., Ltd. ("Pingyang Phase II Project Company"), Wenzhou Dynagreen Environmental Energy Co., Ltd. ("Yongjia Phase II Project 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"), Wuhan Dynagreen Environment Co., Ltd. ("Wuhan Transfer 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 operating income (the "3+3 tax holiday"). The details are as follows:

- (1) 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.
- (2) Pingyang Phase II Project Company, Yongjia Phase II Project 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.
- (3) 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.

IV. TAXATION (Continued)

(II) Tax preference (Continued)

1. Enterprise income tax (Continued)

- (4) 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.
- (5) Wuhan Transfer Company and Jingxi Company completed the “EIT preferential benefits and approvals” in 2024 and were entitled to the 3+3 tax holiday from 2024 to 2029.
- (6) The phase I project of Anshun Company, phase II project of Anshun Company, Guangyuan Boneng Renewable Energy Co., Ltd. (“Guangyuan Company”), Bobai Company Enshi Company, Jingxi Company and Jinsha 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%.
- (7) 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) and MOF STA Announcement [2023] No. 12 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 2027. 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) and MOF STA Announcement [2023] No. 12 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 2027.

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”), Shantou Dynagreen Environmental Protection Co., Ltd. (“Shantou Kitchen Waste Company”) and Zhangye Boneng Environmental Protection Company Limited (“Zhangye Company”), being subsidiaries of the Company, meet the conditions of a small and low-profit enterprise and are subject to the preferential income tax policies under the announcement

IV. TAXATION (Continued)

(II) Tax preference (Continued)

1. Enterprise income tax (Continued)

- (8) 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 and the tax rate of 25% was applicable when it changed into a domestic resident enterprise in December 2024.
- (9) 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.

2. VAT

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;

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(I) Cash at bank and on hand

Item	Closing balance	Balance at the end of the previous year
Cash on hand	40.00	1,210.00
Bank deposit	910,019,256.52	867,809,113.28
Other monetary funds	6,824,000.00	
Total	916,843,296.52	867,810,323.28
Including: Total deposits outside the PRC	35,886,878.26	34,508,968.46

(II) Notes receivables

1. Notes receivables by category

Item	Closing balance	Balance at the end of the previous year
Bank acceptance notes	2,750,468.26	
Less: Provision for bad debts		
Total	2,750,468.26	

2. The Company had no notes receivables pledged at the end of the period

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(II) Notes receivables (Continued)

3. Notes receivables endorsed or discounted by the Company at the end of the period and not yet due on the balance sheet date

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance notes		65,728.11
Total		65,728.11

4. There were no notes receivables actually written off in current period

(III) Accounts receivables

1. Trade receivables based on their recording dates shown by aging

Aging	Closing balance	Balance at the end of the previous year
Within 1 year	1,490,399,220.21	1,520,216,989.35
1 to 2 years	738,817,459.59	584,134,705.60
2 to 3 years	358,819,811.67	236,296,658.84
3 to 4 years	256,785,588.84	229,817,405.92
4 to 5 years	63,383,304.95	26,907,777.54
Over 5 years	22,977,088.54	12,618,856.55
Sub-total	2,931,182,473.80	2,609,992,393.81
Less: provision for bad debts	144,017,256.98	97,814,389.24
Total	2,787,165,216.82	2,512,178,004.57

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Accounts receivables (Continued)

2. Accounts receivables disclosed according to the method of provision for bad debts

Category	Closing balance					Balance at the end of the previous year				
	Book balance		Allowance for bad debts		Carrying amount	Book balance		Allowance for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Provision for bad debts on an individual basis										
Total provision for bad debts on credit risk characteristic group basis	2,931,182,473.80	100.00	144,017,256.98	4.91	2,787,165,216.82	2,609,992,393.81	100.00	97,814,389.24	3.75	2,512,178,004.57
Total	2,931,182,473.80	100.00	144,017,256.98	4.91	2,787,165,216.82	2,609,992,393.81	100.00	97,814,389.24	3.75	2,512,178,004.57

Total provision for bad debts on credit risk characteristic group basis:

Items for which allowance is made on group basis:

Name	Accounts receivables	Closing balance Allowance for bad debts	Provision ratio (%)
Receivables from waste treatment fee	1,567,596,303.23	82,841,955.34	5.28
Receivables from national renewable energy subsidies	1,063,970,078.26	57,787,087.58	5.43
Receivables from electricity sales	299,616,092.31	3,388,214.06	1.13
Total	2,931,182,473.80	144,017,256.98	4.91

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Accounts receivables (Continued)

3. Allowances for bad debts made, reversed or recovered for the period

Category	Balance at the end of the previous year	Changes during the period				Closing balance
		Provision	Recovered or reversed	Charged off or written off	Other changes	
Total provision for bad debts on credit risk characteristic group basis	97,814,389.24	46,202,867.74				144,017,256.98
Total	97,814,389.24	46,202,867.74				144,017,256.98

4. Accounts receivables actually written off in current period

There were no accounts receivables actually written off in current period.

5. Top five accounts receivables and contract assets according to closing balance of debtors

Name	Closing balance of accounts receivables	Closing balance of contract assets	Closing balance of accounts receivables and contract assets	Percentage of total closing balance of accounts receivables and contract assets (%)	Closing balance of provision for bad debts of accounts receivables and provision for impairment of contract assets
Urban Management Committee of Tongzhou District, Beijing (北京市通州區城市管理委員會)	119,037,789.12	1,013,388,414.83	1,132,426,203.95	11.76	1,320,296.93
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)	263,974,567.64	360,607,417.42	624,581,985.06	6.49	17,833,827.51
Environmental Health Care Center of Zhangqiu District, Ji'nan City (濟南市章丘區環境衛生管護中心)	106,387,055.77	430,336,676.88	536,723,732.65	5.57	5,450,828.41
Comprehensive Law Enforcement Bureau of Haining City (海甯市綜合行政執法局)	2,523,839.55	422,464,408.14	424,988,247.69	4.41	498,426.83
Comprehensive Law Enforcement Bureau of Pingyang County (平陽縣綜合行政執法局)	40,964,905.19	302,254,668.28	343,219,573.47	3.56	1,054,476.25
Total	532,888,157.27	2,529,051,585.55	3,061,939,742.82	31.80	26,157,855.93

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(IV) Receivables financing

1. Receivables financing by category

Item	Closing balance	Balance at the end of the previous year
Bank acceptance notes	27,482,212.29	3,840,258.02
Total	27,482,212.29	3,840,258.02

(V) Advances to suppliers

1. Advances to suppliers according to aging analysis

Aging	Closing balance		Balance at the end of the previous year	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	23,941,260.77	83.44	23,695,148.31	87.16
1 to 2 years	4,751,742.93	16.56	3,491,932.77	12.84
Total	28,693,003.70	100.00	27,187,081.08	100.00

2. Top five advances to suppliers according to closing balance of counterparties

As at the end of the period, the total balance of advances to the top five debtors amounted to RMB7,920,313.60, representing 27.60% of the total balance of advances as at the end of the period.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VI) Other receivables

Item	Closing balance	Balance at the end of the previous year
Interests receivable		
Dividends receivable		
Other receivables	48,806,014.09	44,856,695.09
Total	48,806,014.09	44,856,695.09

1. Other receivables

(1) Disclosed by aging

Aging	Closing balance	Balance at the end of the previous year
Within 1 year	33,467,417.29	28,797,711.85
1 to 2 years	464,571.50	1,304,817.80
2 to 3 years	909,332.40	1,608,320.71
Over 3 years	37,368,639.86	36,175,742.45
Sub-total	72,209,961.05	67,886,592.81
Less: provision for bad debts	23,403,946.96	23,029,897.72
Total	48,806,014.09	44,856,695.09

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VI) Other receivables (Continued)

1. Other receivables (Continued)

(2) Disclosed according to the method of provision for bad debts

Category	Closing balance					Balance at the end of the previous year				
	Book balance		Allowance for bad debts			Book balance		Allowance for bad debts		
	Amount	Proportion (%)	Amount	Proportion ratio (%)	Carrying amount	Amount	Proportion (%)	Amount	Proportion ratio (%)	Carrying amount
Provision for bad debts on an individual basis	18,582,452.21	25.73	18,582,452.21	100.00		18,750,678.21	27.62	18,750,678.21	100.00	
Including:										
Receivable current accounts of former shareholders	12,961,261.85	17.95	12,961,261.85	100.00		12,961,261.85	19.09	12,961,261.85	100.00	
Others	5,621,190.36	7.78	5,621,190.36	100.00		5,789,416.36	8.53	5,789,416.36	100.00	
Total provision for bad debts on credit risk characteristic group basis	53,627,508.84	74.27	4,821,494.75	8.99	48,806,014.09	49,135,914.60	72.38	4,279,219.51	8.71	44,856,695.09
Including										
VAT refunds receivable and other tax refunds receivable	17,362,144.13	24.05			17,362,144.13	17,144,447.45	25.25			17,144,447.45
Others	36,265,364.71	50.22	4,821,494.75	13.30	31,443,869.96	31,991,467.15	47.12	4,279,219.51	13.38	27,712,247.64
Total	72,209,961.05	100.00	23,403,946.96	32.41	48,806,014.09	67,886,592.81	100.00	23,029,897.72	33.92	44,856,695.09

Other significant receivables with provision for bad debts made on individual basis:

Name	Closing balance				Balance at the end of the previous year	
	Book balance	Allowance for bad debts	Proportion ratio (%)	Provision basis	Book balance	Allowance for bad debts
Shenzhen Hanyang Holdings Company	6,988,073.50	6,988,073.50	100.00	Had long ageing and risk on collection	6,988,073.50	6,988,073.50
Dynagreen Environment Investment Limited	5,160,600.00	5,160,600.00	100.00	Had long ageing and risk on collection	5,160,600.00	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)	2,668,488.18	2,668,488.18	100.00	Had long ageing and risk on collection	2,668,488.18	2,668,488.18
Jiamusi New Era City Infrastructure Construction Investment (Group) Co., Ltd. (佳木斯市新時代城基礎設施建設投資(集團)有限公司)	2,046,323.98	2,046,323.98	100.00	Had long ageing and risk on collection	2,046,323.98	2,046,323.98
Total	16,863,485.66	16,863,485.66	100.00		16,863,485.66	16,863,485.66

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VI) Other receivables (Continued)

1. Other receivables (Continued)

(2) Disclosed according to the method of provision for bad debts (Continued)

Total provision for bad debts on credit risk characteristic group basis:

Items for which allowance is made on group basis:

Name	Other receivables	Closing balance Allowance for bad debts	Proportion ratio (%)
VAT refunds receivable and other tax refunds receivable	17,362,144.13		
Other	36,265,364.71	4,821,494.75	13.30
Total	53,627,508.84	4,821,494.75	8.99

(3) Allowance for bad debts

Allowance for bad debts	Stage I ECL for the following 12 months	Stage II Lifetime ECL (without credit impairment)	Stage III Lifetime ECL (with credit impairment)	Total
Balance at the end of the previous year	4,279,219.51		18,750,678.21	23,029,897.72
Balance at the end of last year during the period				
– Transferred to Stage II				
– Transferred to Stage III				
– Reversed to Stage II				
– Reversed to Stage I				
Made in the period	542,275.24			542,275.24
Reversed in the period			168,226.00	168,226.00
Charged off in the period				
Written off in the period				
Other changes				
Closing balance	4,821,494.75		18,582,452.21	23,403,946.96

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VI) Other receivables (Continued)

1. Other receivables (Continued)

(3) Allowance for bad debts (Continued)

The changes in book balance of other receivables are as follows:

Book balance	Stage I ECL for the following 12 months	Stage II Lifetime ECL (without credit impairment)	Stage III Lifetime ECL (with credit impairment)	Total
Balance at the end of the previous year	49,135,914.60		18,750,678.21	67,886,592.81
Balance at the end of last year during the period				
– Transferred to Stage II				
– Transferred to Stage III				
– Reversed to Stage II				
– Reversed to Stage I				
Increase in the period	4,491,594.24			4,491,594.24
Derecognised in the period				
Other changes			168,226.00	168,226.00
Closing balance	53,627,508.84		18,582,452.21	72,209,961.05

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VI) Other receivables (Continued)

1. Other receivables (Continued)

(4) Allowances for bad debts made, reversed or recovered for the period

Category	Balance at the end of the previous year	Changes during the period			Closing balance
		Provision	Recovered or reversed	Charged off or written off	
Provision for bad debts on an individual basis	18,750,678.21		168,226.00		18,582,452.21
Total provision for bad debts on credit risk characteristic group basis					
VAT refunds receivable and other tax refunds receivable					
Others	4,279,219.51	542,275.24			4,821,494.75
Total	23,029,897.72	542,275.24	168,226.00		23,403,946.96

(5) There were no accounts receivables actually written off in current period

(6) Receivables by nature

Nature	Book balance at the end of the period	Book balance at the end of the last year
Compensation receivable for assets	12,550,215.00	12,550,215.00
Receivable current accounts of former shareholders	12,961,261.85	12,961,261.85
VAT refunds receivable and other tax refunds receivable	17,362,144.13	17,144,447.45
Others	29,336,340.07	25,230,668.51
Total	72,209,961.05	67,886,592.81

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VI) Other receivables (Continued)

1. Other receivables (Continued)

(7) Top five other receivables according to closing balance of debtors

Name of unit	Nature of payment	Closing balance	Aging	Percentage of total closing balance of other receivables (%)	Closing balance of allowance for bad debts
Huludao City Land Reserve Center	Compensation receivable for assets	12,550,215.00	Over 3 years	17.38	1,255,021.50
Xixiu District Environmental Health Management Office of Anshun City	Receivable advance payments made for others	7,544,638.98	Within 1 year	10.45	377,231.95
Shenzhen Hanyang Holdings Company	Receivable current accounts of former shareholders	6,988,073.50	Over 3 years	9.68	6,988,073.50
Dynagreen Environment Investment Limited	Receivable current accounts of former shareholders	5,160,600.00	Over 3 years	7.15	5,160,600.00
Yongledian Tax Office, Tongzhou District Tax Bureau, Beijing (北京市通州區稅務局永樂店稅務所)	VAT refunds receivable and other tax refunds receivable	4,651,120.93	Within 1 year	6.44	
Total		36,894,648.41		51.10	13,780,926.95

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VII) Inventories

1. Categories of inventories

Category	Closing balance			Balance at the end of the previous year		
	Book balance	Provision for impairment of inventories/ provision for contract performance costs	Carrying amount	Book balance	Provision for impairment of inventories/ provision for contract performance costs	Carrying amount
Turnover materials	48,157,773.40		48,157,773.40	49,795,449.07		49,795,449.07
Total	48,157,773.40		48,157,773.40	49,795,449.07		49,795,449.07

(VIII) Contract assets

1. Contract assets

Item	Closing balance			Balance at the end of the previous year		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Contract assets generated by electricity sales contract	243,738,803.02	1,764,309.82	241,974,493.20	212,419,196.31	1,537,602.04	210,881,594.27
PPP project construction services	6,452,821,790.43	53,097,623.29	6,399,724,167.14	6,532,020,545.69	50,530,020.09	6,481,490,525.60
Sub-total	6,696,560,593.45	54,861,933.11	6,641,698,660.34	6,744,439,742.00	52,067,622.13	6,692,372,119.87
Less: Contract assets included in other non-current assets	6,283,558,063.03	51,960,145.84	6,231,597,917.19	6,370,918,642.43	49,510,617.52	6,321,408,024.91
Total	413,002,530.42	2,901,787.27	410,100,743.15	373,521,099.57	2,557,004.61	370,964,094.96

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VIII) Contract assets (Continued)

2. Disclosure based on classification of impairment provision method for contract assets

Category	Closing balance					Balance at the end of the previous year				
	Book balance		Provision for impairment		Carrying amount	Book balance		Provision for impairment		Carrying amount
	Amount	Proportion (%)	Amount	Proportion ratio (%)		Amount	Proportion (%)	Amount	Proportion ratio (%)	
Provision for impairment on individual basis										
Total provision for bad debts on credit risk characteristic group basis	6,696,560,593.45	100.00	54,861,933.11	0.82	6,641,698,660.34	6,744,439,742.00	100.00	52,067,622.13	0.77	6,692,372,119.87
Total	6,696,560,593.45	100.00	54,861,933.11	0.82	6,641,698,660.34	6,744,439,742.00	100.00	52,067,622.13	0.77	6,692,372,119.87

Total provision for bad debts on credit risk characteristic group basis:

Items for which allowance is made on group basis:

Name	Contract assets	Closing balance Allowance for bad debts	Provision ratio (%)
Contract assets generated by electricity sales contract	243,738,803.02	1,764,309.82	0.72
PPP project construction services	6,452,821,790.43	53,097,623.29	0.82
Total	6,696,560,593.45	54,861,933.11	0.82

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VIII) Contract assets (Continued)

3. Particulars of impairment provision for contract assets in the period

Item	Balance at the end of the previous year	Changes in the current period			Closing balance
		Provision in the period	Reversed in the period	Charged off/ written off in the period	
Contract assets generated by					
electricity sales contract	1,537,602.04	226,707.78			1,764,309.82
PPP project construction services	50,530,020.09	2,567,603.20			53,097,623.29
Total	52,067,622.13	2,794,310.98			54,861,933.11

4. Contract assets actually written off during the period

No contract assets were actually written off during the period

(IX) Current portion of non-current assets

Item	Closing balance	Balance at the end of the previous year
Current portion of long-term receivables	46,454,709.89	46,454,709.89
Total	46,454,709.89	46,454,709.89

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(X) Other current assets

Item	Closing balance	Balance at the end of the previous year
Input VAT to be deducted and others	152,855,810.19	200,537,444.73
Total	152,855,810.19	200,537,444.73

(XI) Long-term receivables

1. Long-term receivables

Item	Closing balance			Balance at the end of the previous year		
	Book balance	Allowance for bad debts	Carrying amount	Book balance	Allowance for bad debts	Carrying amount
Receivables of BT projects	73,359,064.98	26,904,355.09	46,454,709.89	73,359,064.98	26,904,355.09	46,454,709.89
Performance bond	36,000,000.00	402,015.31	35,597,984.69	36,000,000.00	107,065.90	35,892,934.10
Sub-total	109,359,064.98	27,306,370.40	82,052,694.58	109,359,064.98	27,011,420.99	82,347,643.99
Less: Due within one year	73,359,064.98	26,904,355.09	46,454,709.89	73,359,064.98	26,904,355.09	46,454,709.89
Total	36,000,000.00	402,015.31	35,597,984.69	36,000,000.00	107,065.90	35,892,934.10

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XI) Long-term receivables (Continued)

2. Long-term receivables disclosed according to the method of provision for bad debts

Category	Closing balance					Balance at the end of the previous year				
	Book balance		Allowance for bad debts		Carrying amount	Book balance		Allowance for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion ratio (%)		Amount	Proportion (%)	Amount	Proportion ratio (%)	
Provision for bad debts on an individual basis										
Total provision for bad debts on credit risk characteristic group basis	109,359,064.98	100.00	27,306,370.40	24.97	82,052,694.58	109,359,064.98	100.00	27,011,420.99	24.70	82,347,643.99
Total	109,359,064.98	100.00	27,306,370.40	24.97	82,052,694.58	109,359,064.98	100.00	27,011,420.99	24.70	82,347,643.99

Total provision for bad debts on credit risk characteristic group basis:

Items for which allowance is made on group basis:

Name	Long-term receivables	Closing balance Allowance for bad debts	Proportion ratio (%)
Receivables of BT projects	73,359,064.98	26,904,355.09	36.67
Performance bond	36,000,000.00	402,015.31	1.12
Total	109,359,064.98	27,306,370.40	24.97

3. Provision for bad debts of long-term receivables

Category	Balance at the end of the previous year	Changes in the current period				Closing balance
		Provision	Recovered or reversed	Charged off or written off	Other changes	
Receivables of BT projects	26,904,355.09					26,904,355.09
Performance bond	107,065.90	294,949.41				402,015.31
Total	27,011,420.99	294,949.41				27,306,370.40

4. Long-term receivables actually written off during the period

No long-term receivables were actually written off during the period.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XII) Fixed assets

1. Fixed assets and disposal of fixed assets

Item	Closing balance	Balance at the end of the previous year
Fixed assets	248,733,204.44	255,311,964.44
Disposal of fixed assets		
Total	248,733,204.44	255,311,964.44

2. Fixed assets

Item	Buildings	Machinery and equipment	Motor vehicles	Others	Total
1. Original carrying amount					
(1) Balance at the end of the previous year	231,589,010.38	105,754,498.54	39,298,652.31	45,719,089.36	422,361,250.59
(2) Increase in the period			1,453,873.66	729,810.06	2,183,683.72
– Purchase			1,453,873.66	729,810.06	2,183,683.72
– Transferred from construction in progress					
(3) Decrease in the period			9,939.51	49,780.59	59,720.10
– Disposal or retirement			9,939.51	49,780.59	59,720.10
– Others					
(4) Closing balance	231,589,010.38	105,754,498.54	40,742,586.46	46,399,118.83	424,485,214.21
2. Accumulated depreciation					
(1) Balance at the end of the previous year	19,230,733.30	28,193,518.88	22,137,527.29	33,913,353.40	103,475,132.87
(2) Increase in the period	1,683,269.26	2,832,884.56	2,300,532.39	1,942,771.51	8,759,457.72
– Provision	1,683,269.26	2,832,884.56	2,300,532.39	1,942,771.51	8,759,457.72
(3) Decrease in the period			9,442.53	47,291.57	56,734.10
– Disposal or retirement			9,442.53	47,291.57	56,734.10
(4) Closing balance	20,914,002.56	31,026,403.44	24,428,617.15	35,808,833.34	112,177,856.49
3. Provision for impairment					
(1) Balance at the end of the previous year	46,424,851.10	17,149,302.18			63,574,153.28
(2) Increase in the period					
– Provision					
(3) Decrease in the period					
– Disposal or retirement					
(4) Closing balance	46,424,851.10	17,149,302.18			63,574,153.28
4. Carrying amount					
(1) Carrying amount at the end of the period	164,250,156.72	57,578,792.92	16,313,969.31	10,590,285.49	248,733,204.44
(2) Carrying amount at the end of the previous year	165,933,425.98	60,411,677.48	17,161,125.02	11,805,735.96	255,311,964.44

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XII) Fixed assets (Continued)

3. Fixed assets with pending certificates of ownership

Item	Carrying amount	Reasons for not obtaining certificates of ownership
Dongguan Company	12,313,391.96	The land occupied by Dongguan Company's aforementioned buildings, was owned and provided free of charge by the Chang'an Town People's Government and the Yongtuo Community Residents Committee of Chang'an Town, Dongguan City. Thus, it is impossible for Dongguan Company to obtain a House Title Certificate. However, management believes that the Group can effectively use the above fixed assets, and it will not have a significant impact on its operation.

4. Impairment test of fixed assets

The Group conducted an impairment test on the asset group of Huludao hazardous waste treatment project. As at 30 June 2025, the long-term asset group included fixed assets, intangible assets, etc. The Group determined the recoverable amount of the relevant asset group based on the asset group of the business of Huludao Hazardous Waste Company. 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.

According to the test, the recoverable amount of the relevant asset group as determined based on the present value of the estimated future cash flows is higher than the carrying amount of the relevant asset group. Therefore, it is not required to make further provision for impairment based on the provision for impairment made in 2024.

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.

As at 30 June 2025, the key assumptions used by the Group in applying the discounted future cash flow method are as follows:

Item	30 June 2025
Compound income growth rate	3.67%
EBIT margin	-19.70%-29.39%
Pre-tax discount rate	7.32%

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XIII) Construction in progress

1. Construction in progress and construction materials

Item	Closing balance			Balance at the end of the previous year		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Construction in progress	5,712,685.50		5,712,685.50	1,542,278.08		1,542,278.08
Total	5,712,685.50		5,712,685.50	1,542,278.08		1,542,278.08

(XIV) Right-of-use assets

1. Right-of-use assets

Item	Buildings	Motor vehicles	Others	Total
1. Original carrying amount				
(1) Balance at the end of the previous year	7,789,914.18	1,634,427.76	1,681,228.25	11,105,570.19
(2) Increase in the period	1,236,373.30			1,236,373.30
(3) Decrease in the period	1,035,875.70			1,035,875.70
(4) Closing balance	7,990,411.78	1,634,427.76	1,681,228.25	11,306,067.79
2. Accumulated depreciation				
(1) Balance at the end of the previous year	2,679,618.54	866,043.95	278,642.72	3,824,305.21
(2) Increase in the period	1,772,507.34	393,285.21	29,926.86	2,195,719.41
(3) Decrease in the period	1,035,875.70			1,035,875.70
(4) Closing balance	3,416,250.18	1,259,329.16	308,569.58	4,984,148.92
3. Provision for impairment				
(1) Balance at the end of the previous year				
(2) Increase in the period				
(3) Decrease in the period				
(4) Closing balance				
4. Carrying amount				
(1) Carrying amount at the end of the period	4,574,161.60	375,098.60	1,372,658.67	6,321,918.87
(2) Carrying amount at the end of the previous year	5,110,295.64	768,383.81	1,402,585.53	7,281,264.98

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XV) Intangible assets

1. Intangible assets

Item	BOT concession rights	Land use rights	Software	Others	Total
1. Original carrying amount					
(1) Balance at the end of the previous year	13,445,592,180.59	71,446,558.44	6,512,317.08	6,529,123.58	13,530,080,179.69
(2) Increase in the period	26,627,001.46		562,264.14		27,189,265.60
– Purchase	26,627,001.46		562,264.14		27,189,265.60
(3) Decrease in the period					
– Disposal					
(4) Closing balance	13,472,219,182.05	71,446,558.44	7,074,581.22	6,529,123.58	13,557,269,445.29
2. Accumulated amortisation					
(1) Balance at the end of the previous year	2,479,792,607.73	8,918,292.01	2,557,931.23	3,396,442.65	2,494,665,273.62
(2) Increase in the period	245,550,975.88	548,091.08	302,614.83		246,401,681.79
– Provision	245,550,975.88	548,091.08	302,614.83		246,401,681.79
(3) Decrease in the period					
– Disposal					
(4) Closing balance	2,725,343,583.61	9,466,383.09	2,860,546.06	3,396,442.65	2,741,066,955.41
3. Provision for impairment					
(1) Balance at the end of the previous year	358,151,440.18	14,560,635.29		3,132,680.93	375,844,756.40
(2) Increase in the period					
– Provision					
(3) Decrease in the period					
– Disposal					
(4) Closing balance	358,151,440.18	14,560,635.29		3,132,680.93	375,844,756.40
4. Carrying amount					
(1) Carrying amount at the end of the period	10,388,724,158.26	47,419,540.06	4,214,035.16		10,440,357,733.48
(2) Carrying amount at the end of the previous year	10,607,648,132.68	47,967,631.14	3,954,385.85		10,659,570,149.67

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XV) Intangible assets (Continued)

2. Impairment test of intangible assets

As at 30 June 2025, Laizhou Company, a subsidiary of the Company, showed signs of impairment due to consecutive losses during the operating period, and the present value of the estimated future cash flows was used to determine the recoverable amount of the concession rights. According to test, the present value of the estimated future cash flow was greater than the carrying value, 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:

Item	30 June 2025 Laizhou Company
Compound income growth rate	1.18%
EBIT margin	37.70%
Pre-tax discount rate	9.18%

For details of impairment test of Huludao hazardous waste project, please refer to Note V(XII) 4. Impairment test of fixed assets.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XVI) Goodwill

1. Changes in goodwill

Name of the investee or matters forming goodwill	Balance at the end of the previous year	Increase in the period	Decrease in the period	Closing balance
Original carrying amount Huludao Hazardous Waste Company	43,910,821.67			43,910,821.67
Sub-total	43,910,821.67			43,910,821.67
Provision for impairment Huludao Hazardous Waste Company	43,910,821.67			43,910,821.67
Sub-total	43,910,821.67			43,910,821.67
Carrying amount	0.00			0.00

(XVII) Long-term prepaid expenses

Item	Balance at the end of the previous year	Increase in the period	Amortisation in the period	Other decreases	Closing balance
Royalties of emission right and others	3,935,477.65	554,040.69	1,109,553.85		3,379,964.49
Total	3,935,477.65	554,040.69	1,109,553.85		3,379,964.49

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XVIII) Deferred tax assets and deferred tax liabilities

1. Deferred tax assets before offsetting

Item	Closing balance		Balance at the end of the previous year	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deferred income	9,618,013.29	2,404,502.96	9,816,565.23	2,454,140.99
Provision for impairment	232,686,821.04	40,088,136.69	183,778,782.97	30,078,942.24
Unrealised profits	1,038,507,493.40	238,907,843.90	1,048,105,395.79	246,630,375.73
Deductible losses	72,988,937.05	16,061,333.35	72,988,937.10	18,247,234.28
Total	1,353,801,264.79	297,461,816.90	1,314,689,681.09	297,410,693.24

2. Deferred tax liabilities before offsetting

Item	Closing balance		Balance at the end of the previous year	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Temporary difference from concession rights and contract assets	2,043,255,669.42	510,813,917.35	2,022,379,811.85	505,607,987.14
Asset revaluation gain from business combination not under common control	134,124,039.18	33,531,009.80	137,830,480.00	34,457,619.99
Total	2,177,379,708.60	544,344,927.15	2,160,210,291.85	540,065,607.13

3. Deferred tax assets or liabilities presented on a net basis after offsetting

Item	End of the period		End of the previous year	
	Amount offset of deferred tax assets or liabilities	Balance of deferred tax assets or liabilities after offsetting	Amount offset of deferred tax assets or liabilities	Balance of deferred tax assets or liabilities after offsetting
Deferred tax assets	55,378,746.25	242,083,070.65	47,340,357.31	250,070,335.93
Deferred tax liabilities	55,378,746.25	488,966,180.90	47,340,357.31	492,725,249.82

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. Breakdown of unrecognised deferred tax assets

Item	Closing balance	Balance at the end of the previous year
Deductible temporary differences	394,116,643.12	400,000,250.25
Deductible losses	221,575,308.00	198,321,931.57
Total	615,691,951.12	598,322,181.82

5. Deductible losses that are not recognised as deferred tax assets will be expired in following years

Year	Closing balance	Balance at the end of the previous year	Note
2025		102,014.88	
2026	98,123.36	203,778.85	
2027	51,377,804.86	60,650,770.94	
2028	64,657,422.89	75,124,347.18	
2029	57,364,798.17	62,241,019.72	
2030	48,077,158.72		
Total	221,575,308.00	198,321,931.57	

(XIX) Other non-current assets

Item	Closing balance			Balance at the end of the previous year		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
PPP project construction services	6,283,558,063.03	51,960,145.84	6,231,597,917.19	6,370,918,642.43	49,510,617.52	6,321,408,024.91
Prepayments for projects and equipment	22,738,603.20		22,738,603.20	34,822,935.12		34,822,935.12
Input VAT to be deducted	254,349,409.99		254,349,409.99	295,313,509.87		295,313,509.87
Total	6,560,646,076.22	51,960,145.84	6,508,685,930.38	6,701,055,087.42	49,510,617.52	6,651,544,469.90

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XX) Assets with restricted ownerships or right to use

Item	Carrying amount	Closing balance		Balance at the end of the previous period		
		Restricted type	Restricted situation	Carrying amount	Restricted type	Restricted situation
Other monetary funds	6,824,000.00	Freezing	Litigation freezing			
Notes receivables	65,728.11	Endorsed or discounted	Endorsed and discounted notes receivables that have not yet matured and have not been derecognized			
Accounts receivables	1,960,727,745.85	Pledge	Used for pledged borrowings	1,733,445,921.40	Pledge	Used for pledged borrowings
Contract assets	333,351,383.83	Pledge		297,894,159.93	Pledge	
Other non-current assets	4,105,306,973.77	Pledge		4,154,508,984.18	Pledge	
Intangible assets	5,773,448,436.16	Pledge		5,901,317,945.15	Pledge	
Total	12,179,724,267.72			12,087,167,010.66		

(XXI) Short-term borrowings

1. Categories of short-term borrowings

Item	Closing balance	Balance at the end of the previous year
Guaranteed borrowings		34,029,088.87
Unsecured borrowings	293,173,822.22	511,776,315.78
Total	293,173,822.22	545,805,404.65

As at 30 June 2025, guaranteed borrowings of RMB0.00 (31 December 2024: RMB34,000,000.00) represented bank borrowings of subsidiaries guaranteed by the Company of RMB0.00 (31 December 2024: RMB34,000,000.00)

2. Outstanding overdue short-term borrowings

There were no outstanding overdue short-term borrowings.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXII) Accounts payables

1. Presentation of accounts payables

Item	Closing balance	Balance at the end of the previous year
Payables for engineering, equipment and others	518,874,867.79	661,561,718.22
Total	518,874,867.79	661,561,718.22

Explanation: As at 30 June 2025 and 31 December 2024, the balance of accounts payable of the Group aged over one year based on their recording dates was RMB237,744,318.53 and RMB303,379,368.50, 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.

(XXIII) Contract liabilities

1. Contract liabilities

Item	Closing balance	Balance at the end of the previous year
Tariff and waste treatment fees received in advance	2,601,872.32	1,780,465.71
Total	2,601,872.32	1,780,465.71

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXIV) Employee benefits payable

1. Presentation of employee benefits payable

Item	Balance at the end of the previous year	Increase in the period	Decrease in the period	Closing balance
Short-term employee benefits	107,045,200.28	225,933,186.32	278,473,542.47	54,504,844.13
Post-employment Benefits – Defined Contribution Plans	2,150,621.03	27,247,869.10	27,359,796.57	2,038,693.56
Termination benefits	80,000.00	177,257.77	257,257.77	
Total	109,275,821.31	253,358,313.19	306,090,596.81	56,543,537.69

2. Presentation of short-term employee benefits

Item	Balance at the end of the previous year	Increase in the period	Decrease in the period	Closing balance
(1) Wages and salaries, bonus, allowances and subsidies	104,094,556.84	173,798,605.60	226,197,360.68	51,695,801.76
(2) Staff welfare	173,117.19	13,047,767.09	13,134,884.78	85,999.50
(3) Social insurance	353,438.99	14,128,211.57	14,177,123.30	304,527.26
Including: Medical insurance	308,667.28	12,397,740.39	12,446,257.36	260,150.31
Work injury insurance	28,226.89	1,233,183.85	1,233,395.26	28,015.48
Maternity insurance	16,544.82	497,287.33	497,470.68	16,361.47
(4) Housing funds	131,910.04	20,263,754.57	20,265,477.37	130,187.24
(5) Union running costs and employee education costs	2,292,177.22	4,345,457.36	4,349,306.21	2,288,328.37
(6) Other short-term employee benefits		349,390.13	349,390.13	
Total	107,045,200.28	225,933,186.32	278,473,542.47	54,504,844.13

3. Presentation of defined contribution plans

Item	Balance at the end of the previous year	Increase in the period	Decrease in the period	Closing balance
Basic pensions	2,133,618.08	26,207,558.88	26,316,845.19	2,024,331.77
Unemployment insurance	17,002.95	1,040,310.22	1,042,951.38	14,361.79
Total	2,150,621.03	27,247,869.10	27,359,796.57	2,038,693.56

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXV) Taxes payable

Tax item	Closing balance	Balance at the end of the previous year
Enterprise income tax	54,255,140.60	50,746,255.31
Property tax	13,338,925.77	10,850,976.15
VAT	9,309,392.56	8,817,202.64
Urban land use tax	5,391,282.43	5,365,850.46
City maintenance and construction tax	565,108.21	556,823.28
Individual income tax	217,661.86	281,348.15
Others	2,029,356.62	1,416,151.42
Total	85,106,868.05	78,034,607.41

(XXVI) Other payables

Item	Closing balance	Balance at the end of the previous year
Dividends payable	317,290,629.80	1,400,000.00
Other payables	161,888,197.29	151,750,819.25
Total	479,178,827.09	153,150,819.25

1. Dividends payable

Item	Closing balance	Balance at the end of the previous year
Dividends payable to minority shareholders	38,600,000.00	1,400,000.00
Dividends payable to ordinary shareholders	278,690,629.80	
Total	317,290,629.80	1,400,000.00

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXVI) Other payables (Continued)

2. Other payables

(1) Presentation by nature

Item	Closing balance	Balance at the end of the previous year
Deposits and guarantees payable	70,741,648.61	62,450,280.22
Management fee payable to Urban Construction Bureau	20,297,713.02	25,147,268.22
Refund of tariff	32,281,484.53	25,722,341.44
Fees payable	23,570,373.72	25,541,373.38
Payable for purchase of equity	1,234,620.00	1,234,620.00
Others	13,762,357.41	11,654,935.99
Total	161,888,197.29	151,750,819.25

Other explanations: other payables aged over one year are mainly deposits and guarantees payable

(XXVII) Current portion of non-current liabilities

Item	Closing balance	Balance at the end of the previous year
Current portion of long-term borrowings	886,333,196.59	1,082,903,535.74
Current portion of debentures payable	12,258,402.83	12,064,461.98
Current portion of long-term payables	10,145,988.80	9,811,153.15
Current portion of lease liabilities	4,012,800.24	3,989,788.05
Total	912,750,388.46	1,108,768,938.92

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXVIII) Long-term borrowings

Item	Closing balance	Balance at the end of the previous year
Guaranteed and pledged borrowings	7,090,849,238.70	7,387,774,009.80
Unsecured borrowings	1,510,623,024.16	1,223,541,542.75
Sub-total	8,601,472,262.86	8,611,315,552.55
Less: Current portion of long-term borrowings	886,333,196.59	1,082,903,535.74
Including: Guaranteed and pledged borrowings	837,215,672.43	825,512,992.99
Unsecured borrowings	49,117,524.16	257,390,542.75
Total	7,715,139,066.27	7,528,412,016.81

As at 30 June 2025, pledged borrowings of RMB6,317,961,425.89 (31 December 2024: RMB6,562,753,659.04) 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 2025, pledged borrowings of RMB85,000,000.00 (31 December 2024: RMB95,000,000.00) were in relation to the financial leasing contract entered into between Huizhou Dynagreen Environment Co., Ltd. (Huizhou Company) and BOC Financial Leasing Co., Ltd., pursuant to which BOC Financial Leasing Co., Ltd. purchased the relevant equipment of Lanzilong domestic waste-to-energy project in Huiyang District, Huizhou City, Guangdong Province and leased it to Huizhou Company.

As at 30 June 2025, the Group's guaranteed borrowings of RMB679,179,693.83 (31 December 2024: RMB719,890,804.94) included the bank borrowings of RMB679,179,693.83 (31 December 2024: RMB719,890,804.94) from subsidiaries only guaranteed by the Company.

Explanations on classification of long-term borrowings:

Other explanations including the range of interest rate: as at 30 June 2025, the Group had no overdue long-term borrowings and the range of interest rate was from 2.40% to 3.80%.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXIX) Debentures payable

1. Details of debentures payable

Item	Closing balance	Balance at the end of the previous year
Convertible bonds	2,386,489,389.83	2,354,143,208.17
Total	2,386,489,389.83	2,354,143,208.17

2. Changes in debentures payable (excluding preference shares, perpetual bonds and other financial instruments classified as financial liabilities)

Name	Par value	Coupon rate	Issue date	Term	Issue amount	Balance at the end of the previous year	Issue in the period	Interest at par value	Interest amortisation	Conversion in the period	Repayment in the period	Interests on current portion of debentures payable	Closing balance	Default or not
Convertible bonds	2,360,000,000.00	0.2%-2%	2022/2/25	6 years	2,360,000,000.00	2,354,143,208.17		14,353,208.26	32,349,198.56	3,016.90	2,094,805.43	12,258,402.83	2,386,489,389.83	No
Total					2,360,000,000.00	2,354,143,208.17		14,353,208.26	32,349,198.56		2,094,805.43	12,258,402.83	2,386,489,389.83	

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXIX) Debentures payable (Continued)

3. Explanations on convertible corporate bonds

The Company publicly issued convertible bonds totalling RMB2.36 billion on 25 February 2022. The convertible bonds 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 bonds can exercise the right to convert the convertible bonds 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 bonds that have not been converted at 109% of the par value of such convertible bonds (including the final installment 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 bonds at par value of the convertible bonds plus the current accrued interest. During the last two interest bearing years of the convertible bonds 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 bonds shall have the right to sell all or part of the convertible bonds 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 bonds at par value of the bonds plus the current accrued interest if the balance of the outstanding convertible bonds is less than RMB30 million.

Such convertible bonds 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-rights 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 bonds into shares), allotment of shares and distribution of cash dividends. During the duration of the convertible bonds 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 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.

On 19 November 2024, due to the distribution of cash dividends for 2023, the Company adjusted the conversion price to RMB9.35.

As at 30 June 2025, convertible bonds with a total par value of RMB3,000.00 have been converted into shares. As a result, the Company's share capital increased by RMB318.00 and the capital reserve increased by RMB2,986.88.

As at 30 June 2025, convertible bonds with an accumulated par value of RMB127,000.00 have been converted into shares. As a result, the Company's share capital accumulatively increased by RMB13,043.00 and the capital reserve accumulatively increased by RMB118,040.18.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXX) Lease liabilities

Item	Closing balance	Balance at the end of the previous year
Lease liabilities	6,536,916.88	7,511,712.37
Less: Reclassification to current portion of non-current liabilities	4,012,800.24	3,989,788.05
Total	2,524,116.64	3,521,924.32

(XXXI) Long-term payables

Item	Closing balance	Balance at the end of the previous year
Long-term payables for leachate treatment stations	242,017,552.15	246,923,128.75
Less: Current portion of long-term payables	10,145,988.80	9,811,153.15
Total	231,871,563.35	237,111,975.60

(XXXII) Estimated liabilities

Item	Balance at the end of the previous year	Increase in the period	Decrease in the period	Closing balance
Decommissioning costs of hazardous waste landfill	14,273,331.60	321,149.93		14,594,481.53
Total	14,273,331.60	321,149.93		14,594,481.53

Explanation: 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.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXIII) Deferred income

Item	Balance at the end of the previous year	Increase in the period	Decrease in the period	Closing balance
Government grants	171,417,020.67	500,000.00	3,596,112.50	168,320,908.17
Total	171,417,020.67	500,000.00	3,596,112.50	168,320,908.17

(XXXIV) Share capital

Item	Balance at the end of the previous year	Increase (+) or (-) in the period					Closing balance
		New issue	Bonus issue	Shares converted from reserves	Others	Sub-total	
RMB ordinary shares	989,092,933.00				318.00	318.00	989,093,251.00
Overseas listed foreign shares	404,359,792.00						404,359,792.00
Total	1,393,452,725.00				318.00	318.00	1,393,453,043.00

Other explanation:

For details of increase in share capital, please refer to Note V(XXIX)

(XXXV) Other equity instruments

Item	Opening balance	Increase in the period	Conversion in the period	Others	Closing balance
Convertible bonds	217,557,451.40		276.57		217,557,174.83
Total	217,557,451.40		276.57		217,557,174.83

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXVI) Capital surplus

Item	Balance at the end of the previous year	Increase in the period	Decrease in the period	Closing balance
Capital premium (share premium)	2,412,108,859.03	2,986.88		2,412,111,845.91
Total	2,412,108,859.03	2,986.88		2,412,111,845.91

Other explanations, including changes in the current period, reasons for the changes:

(1) For details in increase in capital surplus, please refer to Note V(XXIX)

(XXXVII) Other comprehensive income

Item	Balance at the end of the previous year	Amount for the period						Closing balance
		Amount before income tax for the period	Less: Amount transferred to profit or loss for the period for those previously included in other comprehensive income	Less: Income tax expenses	Attributable to the parent after tax	Attributable to the minority shareholders after tax	Less: Amount transferred from other comprehensive income to retained profit for the period	
1. Other comprehensive income that cannot be reclassified to profit or loss								
2. Other comprehensive income that will be reclassified to profit or loss								
Including: Other comprehensive income that may be reclassified to profit or loss under equity method								
Exchange differences from translation of foreign currency financial statements	2,079,875.32							2,079,875.32
Total other comprehensive income	2,079,875.32							2,079,875.32

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXVIII) Special reserve

Item	Balance at the end of the previous year	Increase in the period	Decrease in the period	Closing balance
Safety production expenses	25,723,632.46	24,577,130.77	16,317,251.31	33,983,511.92
Total	25,723,632.46	24,577,130.77	16,317,251.31	33,983,511.92

(XXXIX) Surplus reserve

Item	Balance at the end of the previous year	Increase in the period	Decrease in the period	Closing balance
Statutory surplus reserve	340,338,359.75			340,338,359.75
Total	340,338,359.75			340,338,359.75

(XL) Undistributed profits

Item	Amount for the period	Amount for the previous period
Undistributed profits at end of last year before adjustment	3,661,556,189.50	3,424,837,011.73
Adjustment for undistributed profits at beginning of year ("+" for plus; "-" for less)		
Undistributed profits at beginning of year after adjustment	3,661,556,189.50	3,424,837,011.73
Add: net profit attributable to owners of the parent for the period	377,232,320.56	303,026,018.30
Less: Appropriation of statutory surplus reserve		
Dividends payable on ordinary shares	278,690,629.80	209,017,781.70
Undistributed profits at end of period	3,760,097,880.26	3,518,845,248.33

In accordance with the resolution at the shareholders' meeting, dated 25 June 2025, the Company proposed a cash dividend to the shareholders at RMB0.2 per share, amounting to approximately RMB278,690,600 calculated by 1,393,453,000 issued shares.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLI) Revenue and operating costs

1. Revenue and operating costs

Item	Amount for the period		Amount for the previous period	
	Revenue	Costs	Revenue	Costs
Principal businesses	1,636,414,234.92	849,088,883.66	1,613,181,796.19	918,565,147.29
Other businesses	47,459,647.68	766,114.72	47,324,944.13	873,710.31
Total	1,683,873,882.60	849,854,998.38	1,660,506,740.32	919,438,857.60

Presentation of revenue from principal businesses:

Item	Amount for the period		Amount for the previous period	
	Revenue	Costs	Revenue	Costs
Waste treatment, power generation and steam supply business	1,416,679,658.68	829,793,260.76	1,346,141,833.88	863,083,400.80
Interest income from PPP projects	194,176,402.86		197,234,894.63	
Others	25,558,173.38	19,295,622.90	69,805,067.68	55,481,746.49
Total	1,636,414,234.92	849,088,883.66	1,613,181,796.19	918,565,147.29

Revenue and cost of sale from other operations:

Item	Amount for the period		Amount for the previous period	
	Revenue	Costs	Revenue	Costs
Revenue from sludge and others	47,459,647.68	766,114.72	47,324,944.13	873,710.31
Total	47,459,647.68	766,114.72	47,324,944.13	873,710.31

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLI) Revenue and operating costs (Continued)

2. Disaggregated of revenue and operating costs

The revenue generated by customer contracts in the period is as follows:

Category	January – June 2025	January – June 2024
Revenue from main operations		
Including: Waste treatment fees	263,205,777.37	235,109,204.46
Revenue from power generation and steam supply	1,153,473,881.31	1,111,032,629.42
Interest income	194,176,402.86	197,234,894.63
Others	25,558,173.38	69,805,067.68
Revenue from other operations	47,459,647.68	47,324,944.13
Total	1,683,873,882.60	1,660,506,740.32

Category	January – June 2025	January – June 2024
Revenue from main operations		
Including: Recognised at a point in time	1,203,450,546.38	1,157,883,238.00
Recognised over a period of time	238,787,285.68	258,063,663.56
Interest income	194,176,402.86	197,234,894.63
Revenue from other operations	47,459,647.68	47,324,944.13
Total	1,683,873,882.60	1,660,506,740.32

3. There were no material changes in contracts or material adjustments to transaction prices

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLII) Taxes and surcharges

Item	Amount for the period	Amount for the previous period
Property tax	22,996,028.69	22,261,368.14
Land use tax	6,123,616.23	6,110,742.36
City maintenance and construction tax	3,242,650.41	2,433,360.03
Educational surcharge (including local)	2,550,610.99	1,853,315.85
Others	3,283,859.33	1,928,674.65
Total	38,196,765.65	34,587,461.03

(XLIII) Selling expenses

Item	Amount for the period	Amount for the previous period
Employee benefits	480,657.82	574,161.30
Depreciation and amortisation	2,529.87	3,953.07
Others	77,658.56	61,477.62
Total	560,846.25	639,591.99

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLIV) General and administrative expenses

Item	Amount for the period	Amount for the previous period
Employee benefits	62,455,554.02	59,148,243.36
External labour costs	8,818,905.47	8,750,896.24
Depreciation and amortisation	4,504,331.69	3,154,925.62
Intermediary service fees	2,260,653.07	2,322,990.21
General office and communication expenses	1,585,789.24	1,804,187.58
Transportation expenses	2,430,024.27	3,139,726.84
Business entertainment expenses	2,754,659.17	2,254,248.14
Utilities and leasing expenses	1,367,478.66	2,541,980.07
Others	19,047,213.06	17,106,414.42
Total	105,224,608.65	100,223,612.48

(XLV) Research and development expenses

Item	Amount for the period	Amount for the previous period
Employee benefits	2,131,665.29	2,073,173.66
Depreciation and amortisation	92,102.16	13,122.22
Utilities and property expenses	20,391.14	18,585.09
Travel expenses	123,501.45	170,157.88
Intermediary service fees	68,266.97	100,052.83
Others	28,052.35	94,705.89
Total	2,463,979.36	2,469,797.57

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLVI) Financial capitalisation

Item	Amount for the period	Amount for the previous period
Interest expenses	193,144,259.39	238,810,018.85
Including: Interest expenses on lease liabilities	143,598.13	103,386.49
Less: Interest capitalisation		260,029.72
Net interest expenses	193,144,259.39	238,549,989.13
Less: Interest income	2,911,970.55	4,521,909.59
Exchange gains or losses	12,144.20	640,748.14
Handling fees and others	955,177.93	1,537,268.38
Total	191,199,610.97	236,206,096.06

(XLVII) Other income

Item	Amount for the period	Amount for the previous period
VAT refund income	44,144,915.63	32,625,497.67
Handling fee for withholding individual income tax	349,634.21	264,196.41
Amortisation of deferred income	3,596,112.50	3,492,152.48
Others	1,146,596.92	571,382.47
Total	49,237,259.26	36,953,229.03

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLVIII) Credit impairment losses

Item	Amount for the period	Amount for the previous period
Losses on bad debts of accounts receivables	-46,202,867.74	-14,003,810.09
Losses on bad debts of other receivables	-374,049.24	-306,830.65
Losses on bad debts of long-term receivables	-294,949.41	
Total	-46,871,866.39	-14,310,640.74

(XLIX) Impairment losses on assets

Item	Amount for the period	Amount for the previous period
Impairment losses on contract assets	-2,794,310.98	429,493.57
Total	-2,794,310.98	429,493.57

(L) Gains on disposal of assets

Item	Amount for the period	Amount for the previous period	Amount included in non-recurring gains and losses items for the current period
Gains on disposal of fixed assets	-53.01	322.20	-53.01
Total	-53.01	322.20	-53.01

(LI) Non-operating income

Item	Amount for the period	Amount for the previous period	Amount included in non-recurring gains and losses items for the current period
Gains on destroy or scrap of non-current assets	1,093.81	1,477.57	1,093.81
Others	807,710.13	1,226,548.20	807,710.13
Total	808,803.94	1,228,025.77	808,803.94

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LII) Non-operating expenses

Item	Amount for the period	Amount for the previous period	Amount included in non-recurring gains and losses items for the current period
Losses on destroy or scrap of non-current assets	1,103.77	1,603.49	1,103.77
Others	423,665.13	181,166.79	423,665.13
Total	424,768.90	182,770.28	424,768.90

(LIII) Income tax expenses

1. List of income tax expenses

Item	Amount for the period	Amount for the previous period
Income tax expenses for the current period	93,523,058.51	56,565,800.17
Deferred income tax expenses	4,228,196.36	10,759,580.99
Total	97,751,254.87	67,325,381.16

2. Reconciliation of accounting profit and income tax expenses

Item	Amount for the period
Total profit	496,328,137.26
Enterprise income tax calculated based on the statutory tax rate	124,082,034.32
Effect of change in the tax rates and preferential tax rates	-49,934,061.50
Non-deductible expenses	18,489,577.23
Effect of temporary differences for which no deferred tax assets were recognised	-1,470,901.78
Effect of tax losses for which no deferred tax assets was recognised	12,019,289.68
Reversal and utilisation of tax losses for which deferred tax assets were recognised in prior years	2,185,900.92
Utilisation of tax losses of deferred tax assets not recognised of previous years	-3,140,401.70
Credit for investment in special equipment	-3,594,500.76
Reconciliation of filing difference	700,927.29
Non-taxable income	-814,025.13
Additional deduction on research and development expenses	-588,910.47
Others	-183,673.23
Income tax expenses	97,751,254.87

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LIV) Earnings per share

1. Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net profit attributable to holders of ordinary shares of the parent company by weighted average number of ordinary shares in issue of the Company:

Item	Amount for the period	Amount for the previous period
Consolidated net profit attributable to holders of ordinary shares of the parent company	377,232,320.56	303,026,018.30
Weighted average number of ordinary shares in issue of the Company	1,393,452,901.86	1,393,451,273.43
Basic earnings per share	0.27	0.22
Including: Basic earnings per share relating to continuing operations	0.27	0.22
Basic earnings per share relating to discontinued operations		

2. Diluted earnings per share

Diluted earnings per share is calculated by consolidated net profit attributable to holders of ordinary shares of the parent company (diluted) by the weighted average number of ordinary shares in issue of the Company (diluted):

Item	Amount for the period	Amount for the previous period
Consolidated net profit attributable to holders of ordinary shares of the parent company (diluted)	420,346,425.32	346,878,935.36
Weighted average number of ordinary shares in issue of the Company (diluted)	1,645,845,880.08	1,639,273,129.83
Diluted earnings per share	0.26	0.21
Including: Diluted earnings per share relating to continuing operations	0.26	0.21
Diluted earnings per share relating to discontinued operations		

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LV) Supplementary information of income statement classification of expenses by nature

Operating costs, selling expenses, general and administrative expenses, and research and development expenses in income statement classified by nature were set out as follows:

Item	Amount for the period	Amount for the previous period
Depreciation and amortisation expenses	258,448,988.59	254,856,980.12
Employee benefits	257,173,410.24	248,746,645.31
Environmental protection expenses	113,725,495.38	124,054,780.07
Fuel expenses	111,379,846.24	103,187,386.08
Maintenance expenses	62,788,976.11	72,894,825.31
Materials expenses	31,450,133.42	39,258,248.84
Waste transfer costs	36,256,378.34	29,316,644.72
Safety production expenses	25,821,928.73	24,158,776.84
External labour costs	21,608,787.24	20,252,211.50
Utilities	11,715,868.76	14,735,711.46
Professional fees	2,350,146.46	2,465,495.87
Others	25,384,473.13	88,844,153.52
Total	958,104,432.64	1,022,771,859.64

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LVI) Statement of cash flows

1. Cash relating to operating activities

(1) Cash received relating to other operating activities

Item	Amount for the period	Amount for the previous period
Government grants	1,639,405.03	2,064,770.19
Refund of income tax	10,521,758.99	14,298,780.36
Deposits	11,429,082.39	10,551,027.63
Others	3,867,118.94	5,432,731.01
Total	27,457,365.35	32,347,309.19

(2) Cash paid relating to other operating activities

Item	Amount for the period	Amount for the previous period
Payment of deposits	3,322,086.48	3,565,402.06
Restricted deposits	6,824,000.00	
Others	41,041,343.66	34,958,202.99
Total	51,187,430.14	38,523,605.05

2. Cash relating to investing activities

(1) Cash received relating to other investing activities

There was no cash received relating to other investing activities in the period

(2) Cash paid relating to other investing activities

There was no cash paid relating to other investing activities in the period

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LVI) Statement of cash flows (Continued)

3. Cash relating to financing activities

(1) Cash received relating to other financing activities

There was no cash received relating to other financing activities in the period.

(2) Cash paid relating to other financing activities

Item	Amount for the period	Amount for the previous period
Cash repayments of principal and interest of lease liabilities	2,354,766.92	615,825.64
Total	2,354,766.92	615,825.64

(3) Changes in liabilities arising from financing activities

Item	Balance at the end of the previous year	Increase in the period		Decrease in the period		Closing balance
		Cash movement	Non-cash movement	Cash movement	Non-cash movement	
Borrowings (including those due within one year)	9,157,120,957.20	1,207,344,589.09	137,696,014.07	1,607,515,475.28		8,894,646,085.08
Debentures payable (including those due within one year)	2,366,207,670.15		46,702,395.41	14,159,256.00	3,016.90	2,398,747,792.66
Lease liabilities (including those due within one year)	7,511,712.37		1,379,971.43	2,354,766.92		6,536,916.88
Dividends payable	1,400,000.00		331,890,629.80	16,000,000.00		317,290,629.80
Total	11,532,240,339.72	1,207,344,589.09	517,669,010.71	1,640,029,498.20	3,016.90	11,617,221,424.42

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LVII) Supplementary information to the cash flow statement

1. Supplementary information to the cash flow statement

Supplementary information	Amount for the period	Amount for the previous period
1. Reconciliation from net profit to cash flows from operating activities		
Net profit	398,576,882.39	323,733,601.98
Add: Credit impairment losses	46,871,866.39	14,310,640.74
Losses on asset impairment	2,794,310.98	-429,493.57
Depreciation of fixed assets	8,742,033.54	9,752,575.33
Depletion of oil and gas assets		
Depreciation of right-of-use assets	2,195,719.41	720,823.51
Amortisation of intangible assets	246,401,681.79	243,283,261.48
Amortisation of long-term prepaid expenses	1,109,553.85	1,100,319.80
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain is represented by “-”)	53.01	-322.20
Losses on scrap of fixed assets (gain is represented by “-”)	9.96	125.92
Loss on changes in fair value (gain is represented by “-”)		
Financial expenses (gain is represented by “-”)	185,282,092.81	231,003,219.29
Investment losses (gain is represented by “-”)		
Decrease in deferred tax assets (increase is represented by “-”)	7,987,265.28	13,280.36
Increase in deferred tax liabilities (decrease is represented by “-”)	-3,759,068.92	10,746,300.63
Changes in restricted deposits	-6,824,000.00	
Decrease in inventories (increase is represented by “-”)	1,637,675.67	8,093,569.06
Decrease in operating receivables (increase is represented by “-”)	-221,774,436.42	-58,122,379.33
Increase in operating payables (decrease is represented by “-”)	-45,563,713.33	-253,262,938.32
Others	8,566,136.62	12,428,842.46
Net cash flows from operating activities	632,244,063.03	543,371,427.14
2. Major investment and financing activities not involving cash receipts and payments		
Conversion of debts to capital		
Convertible corporate bonds due within one year		
Right-of-use assets acquired by assuming lease liabilities		
3. Net changes in cash and cash equivalents		
Closing balance of cash	910,019,296.52	1,017,250,170.59
Less: Opening balance of cash	867,810,323.28	1,032,534,956.93
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	42,208,973.24	-15,284,786.34

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

2. Composition of cash and cash equivalents

Item	Closing balance	Balance at the end of the previous year
I. Cash	910,019,296.52	867,810,323.28
Including: Cash on hand	40.00	1,210.00
Bank deposits readily available for payment	910,019,256.52	867,809,113.28
II. Cash and cash equivalents		
Including: Bond investments due within three months		
III. Cash and cash equivalents at the end of the period	910,019,296.52	867,810,323.28
Including: Cash and cash equivalents held but not used by the parent company or subsidiaries within the Group		

(LVIII) Foreign currency items

1. Foreign currency items

Item	Closing foreign currency balance	Exchange rate	Closing balance in RMB
Cash at bank and on hand			790,020.71
Including: USD	285.28	7.16	2,042.21
JPY	11.00	0.05	0.55
HKD	864,058.29	0.91	787,977.95

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LIX) Leases

1. As lessee

Item	Amount for the period	Amount for the previous period
Interest expenses of lease liabilities	143,598.13	103,386.49
Simplified short-term lease expenses included in the related cost of assets or current profit and loss	839,098.33	2,417,802.21
Total cash outflow related to leases	3,193,865.25	3,033,627.85

(LX) PPP project contract

The Company enters into a PPP project contract with the government and its authorized implementing agency (contract grantor) in accordance with relevant procedures to participate in the construction and operation of the project in the mode of concession rights. The Company 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 in the period as stipulated in the contract. The government party controls or regulates the type, object and price of public goods and services that the Company provides when using the PPP project assets; 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.

The accounting treatment related to PPP project contracts is as follows:

- (1) If the Company provides construction services (including construction, renovation and expansion, the same below) or outsource the services to other parties, etc., it is required to determine whether its identity is the main responsible person or agent, and carry out accounting treatment and recognize contract assets in accordance with the Accounting Standards for Business Enterprises No. 14 – Revenue.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LX) PPP project contract (Continued)

- (2) If the Company provides multiple services according to the PPP project contract, in accordance with the Accounting Standards for Business Enterprises No. 14 – Revenue, it is required to identify individual performance obligations under the contract, and the transaction price shall be allocated to performance obligations according to the relative proportion of the stand-alone selling price of each performance obligation.
- (3) Borrowing costs incurred during the construction of PPP project assets shall be accounted for by the Company in accordance with the requirements of the Accounting Standards for Business Enterprises No. 17 – Borrowing Costs. The Company shall capitalise the part of the borrowing costs recognised as intangible assets when the relevant borrowing costs meet the conditions for capitalisation and shall carry forward to intangible assets when the assets of the PPP project reach the predetermined usable state. Borrowing costs other than those mentioned above shall be expensed.
- (4) According to the PPP project contracts, the Company has the right to charge fees to those who obtain public goods and services during the operation of the project. However, if the amount of fees is uncertain, this right does not constitute an unconditional right to receive cash. The consideration amount of relevant PPP project assets or the recognized construction revenue amount shall be recognized as intangible assets when the PPP project assets reach the predetermined usable state, and accounting treatment shall be carried out in accordance with the Accounting Standards for Business Enterprises No. 6 – Intangible Assets.
- (5) According to the PPP project contracts, during the operation of project, the conditions for the right to receive cash (or other financial assets) in an identifiable amount shall be recognized as receivables when the Company has the right to receive the consideration (which is only dependent on the factors of the passage of time), and accounting treatment shall be carried out in accordance with the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments. When the PPP project assets reach the predetermined usable state, the Company shall recognize the difference between the consideration amount of the relevant PPP project assets or the recognized construction revenue amount and the cash (or other financial assets) which is entitled to receive the ascertainable amount as intangible assets.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LX) PPP project contract (Continued)

- (6) The PPP project assets of the Company in accordance with the provisions of this interpretation are not recognised as fixed assets.
- (7) According to the PPP project contracts, if the Company obtains other assets from the government that form part of the contract consideration payable by the government, the Company shall conduct accounting treatment in accordance with the provisions of the Accounting Standards for Business Enterprises No. 14 – Revenue, and shall not be regarded as government grants.
- (8) After the PPP project assets reach the predetermined usable state, the Company recognizes revenue related to operating services in accordance with the Accounting Standard for Business Enterprises No. 14 – Revenue.
- (9) In order to maintain a certain service capacity of PPP project assets or maintain a certain state of use before handing over the assets to the government, if the services provided by the Company under the PPP project contract do not constitute a single performance obligation, accounting treatment shall be carried out for the estimated expenditure in accordance with the Accounting Standards for Business Enterprises No. 13 – Contingencies.

VI. RESEARCH AND DEVELOPMENT EXPENDITURES

(I) Research and development expenditures

Item	Amount for the period	Amount for the previous period
Employee benefits	2,131,665.29	2,073,173.66
Depreciation and amortisation	92,102.16	13,122.22
Utilities and property fees	20,391.14	18,585.09
Travel expenses	123,501.45	170,157.88
Intermediary service fees	68,266.97	100,052.83
Others	28,052.35	94,705.89
Total	2,463,979.36	2,469,797.57
Including: Expensed research and development expenditure	2,463,979.36	2,469,797.57
Capitalized research and development expenditure		

VII. CHANGES IN SCOPE OF COMBINATION

There were no changes in scope of combination in the period.

VIII. INTERESTS IN OTHER ENTITIES

(I) Equity in subsidiaries

1. Composition of the Group

Subsidiaries	Company type	Registered capital	Major business location	Place of registration	Nature of business	Shareholding (%)		Method of acquisition
						Direct	Indirect	
Changzhou Dynagreen Environmental and Thermolectric Co., Ltd. (Changzhou Company)	Limited liability company	138.40 million	Changzhou, Jiangsu	Changzhou, Jiangsu	Waste treatment and power generation	75.00	25.00	Business combination under common control
Haining Dynagreen Renewable Energy Co., Ltd. (Haining Company)	Limited liability company	100.00 million	Haining, Zhejiang	Haining, Zhejiang	Waste treatment and power generation	100.00		Business combination not under common control
Yongjia Dynagreen Renewable Energy Co., Ltd. (Yongjia Company)	Limited liability company	100.00 million	Yongjia, Zhejiang	Yongjia, Zhejiang	Waste treatment and power generation	100.00		Establishment
Pingyang Dynagreen Renewable Energy Co., Ltd. (Pingyang Company)	Limited liability company	100.00 million	Pingyang, Zhejiang	Pingyang, Zhejiang	Waste treatment and power generation	100.00		Establishment
Wuhan Company	Limited liability company	279.4843 million	Wuhan, Hubei	Wuhan, Hubei	Waste treatment and power generation	100.00		Business combination under common control
Taizhou Dynagreen Renewable Energy Co., Ltd. (Taizhou Company)	Limited liability company	180.00 million	Taizhou, Jiangsu	Taizhou, Jiangsu	Waste treatment and power generation	100.00		Establishment
Rushan Dynagreen Renewable Energy Co., Ltd. (Rushan Company)	Limited liability company	100.88 million	Rushan, Shandong	Rushan, Shandong	Waste treatment and power generation	100.00		Establishment
Anshun Company	Limited liability company	100.00 million	Anshun, Guizhou	Anshun, Guizhou	Waste treatment and power generation	100.00		Establishment
Jurong Dynagreen Renewable Energy Co., Ltd. (Jurong Company)	Limited liability company	100.00 million	Jurong, Jiangsu	Jurong, Jiangsu	Waste treatment and power generation	100.00		Establishment
Zhangqiu Dynagreen Renewable Energy Co., Ltd. ("Zhangqiu Company")	Limited liability company	172.94 million	Zhangqiu, Shandong	Zhangqiu, Shandong	Waste treatment and power generation	100.00		Establishment
Hong Kong Dynagreen	Limited liability company	HK\$739.329 million	Hong Kong	Hong Kong	Investment holding	100.00		Business combination under common control
Pingyao Company	Limited liability company	100.00 million	Pingyao, Shanxi	Pingyao, Shanxi	Waste treatment and power generation	100.00		Establishment
Huizhou Dynagreen Environment Co., Ltd. (Huizhou Company)	Limited liability company	220.00 million	Huizhou, Guangdong	Huizhou, Guangdong	Waste treatment and power generation	100.00		Establishment

VIII. FINANCIAL REPORT (CONTINUED)

VIII. INTERESTS IN OTHER ENTITIES (Continued)

(I) Equity in subsidiaries (Continued)

1. Composition of the Group (Continued)

Subsidiaries	Company type	Registered capital	Major business location	Place of registration	Nature of business	Shareholding (%)		Method of acquisition
						Direct	Indirect	
Jizhou Company	Limited liability company	120.00 million	Jizhou, Tianjin	Jizhou, Tianjin	Waste treatment and power generation	60.00	40.00	Establishment
Tianjin Dynagreen Environmental Energy Co., Ltd. (Ninghe Company)	Limited liability company	150.00 million	Ninghe, Tianjin	Ninghe, Tianjin	Waste treatment and power generation	100.00		Establishment
Shenzhen Jingxiu Environmental Engineering Technology Limited Company (Shenzhen Jingxiu)	Limited liability company	20.80 million	Shenzhen, Guangdong	Shenzhen, Guangdong	Construction engineering	100.00		Business combination not under common control
Beijing Dynagreen Environment Co., Ltd. (Tongzhou Company)	Limited liability company	375.00 million	Tongzhou, Beijing	Tongzhou, Beijing	Waste treatment and power generation	100.00		Establishment
Hong'an Company	Limited liability company	100.00 million	Hong'an, Hubei	Hong'an, Hubei	Waste treatment and power generation	100.00		Establishment
Longhui Company	Limited liability company	100.00 million	Longhui, Hunan	Longhui, Hunan	Waste treatment and power generation	100.00		Establishment
Shantou Company	Limited liability company	210.00 million	Shantou, Guangdong	Shantou, Guangdong	Waste treatment and power generation	75.00	25.00	Establishment
Bobai Company	Limited liability company	100.00 million	Bobai, Guangxi	Bobai, Guangxi	Waste treatment and power generation	75.00	25.00	Establishment
Bengbu Dynagreen Renewable Energy Co., Ltd. (Bengbu Company)	Limited liability company	166.00 million	Bengbu, Anhui	Bengbu, Anhui	Waste treatment and power generation	100.00		Establishment
Beijing Dynagreen Renewable Energy Co., Ltd. (Miyun Company)	Limited liability company	120.00 million	Miyun, Beijing	Miyun, Beijing	Waste treatment and power generation	100.00		Establishment
Yichun Company	Limited liability company	165.00 million	Yichun, Jiangxi	Yichun, Jiangxi	Waste treatment and power generation		60.00	Establishment
Wenzhou Dynagreen Environmental Energy Co., Ltd. (Yongjia Phase II Company)	Limited liability company	100.00 million	Yongjia, Zhejiang	Yongjia, Zhejiang	Waste treatment and power generation	51.00	49.00	Establishment
Huludao Hazardous Waste Company	Limited liability company	100.00 million	Huludao, Liaoning	Huludao, Liaoning	Hazardous waste treatment	80.00		Business combination not under common control
Fengcheng Company	Limited liability company	135.375 million	Fengcheng, Jiangxi	Fengcheng, Jiangxi	Waste treatment and power generation	51.00		Business combination not under common control

VIII. INTERESTS IN OTHER ENTITIES (Continued)

(I) Equity in subsidiaries (Continued)

1. Composition of the Group (Continued)

Subsidiaries	Company type	Registered capital	Major business location	Place of registration	Nature of business	Shareholding (%)		Method of acquisition
						Direct	Indirect	
Huizhou Phase II Company	Limited liability company	450.00 million	Huizhou, Guangdong	Huizhou, Guangdong	Waste treatment and power generation	100.00		Establishment
Dengfeng Company	Limited liability company	100.00 million	Dengfeng, Henan	Dengfeng, Henan	Waste treatment and power generation	100.00		Establishment
Haining Expansion Company	Limited liability company	390.00 million	Haining, Zhejiang	Haining, Zhejiang	Waste treatment and power generation	60.00		Establishment
Shishou Company	Limited liability company	100.00 million	Shishou, Hubei	Shishou, Hubei	Waste treatment and power generation	100.00		Establishment
Jinsha Company	Limited liability company	160.00 million	Bijie, Guizhou	Bijie, Guizhou	Garbage transfer, treatment and power generation	100.00		Business combination not under common control
Pingyang Phase II Company	Limited liability company	110.00 million	Pingyang, Zhejiang	Pingyang, Zhejiang	Waste treatment and power generation	100.00		Establishment
Jingxi Company	Limited liability company	120.00 million	Jingxi, Guangxi	Jingxi, Guangxi	Waste treatment and power generation	100.00		Establishment
Enshi Company	Limited liability company	200.00 million	Enshi, Hubei	Enshi, Hubei	Waste treatment and power generation	100.00		Establishment
Huludao Power Generation Company	Limited liability company	122.6575 million	Huludao, Liaoning	Huludao, Liaoning	Waste treatment and power generation	100.00		Establishment
Laizhou Company	Limited liability company	200.00 million	Laizhou, Shandong	Laizhou, Shandong	Waste treatment and power generation		87.50	Business combination not under common control
Shuozhou Company	Limited liability company	195.00 million	Shuozhou, Shanxi	Shuozhou, Shanxi	Waste treatment and power generation	98.00		Establishment
Zhangqiu Phase II Company	Limited liability company	255.00 million	Jinan, Shandong	Jinan, Shandong	Waste treatment and power generation		100.00	Establishment
Shantou Sludge Company	Limited liability company	13.00 million	Shantou, Guangdong	Shantou, Guangdong	Sludge treatment	100.00		Establishment

VIII. FINANCIAL REPORT (CONTINUED)

VIII. INTERESTS IN OTHER ENTITIES (Continued)

(I) Equity in subsidiaries (Continued)

1. Composition of the Group (Continued)

Subsidiaries	Company type	Registered capital	Major business location	Place of registration	Nature of business	Shareholding (%)		Method of acquisition
						Direct	Indirect	
Huizhou Three-in-One Company	Limited liability company	63.00 million	Huizhou, Guangdong	Huizhou, Guangdong	Collection, storage, transportation and disposals of kitchen waste (including gutter oil and swill oil), municipal sludge and excrement	80.00		Establishment
Shantou Kitchen Waste Company	Limited liability company	32.72 million	Shantou, Guangdong	Shantou, Guangdong	Disposal of kitchen waste and municipal domestic waste operational services	80.00		Establishment
Wuhan Transfer Company	Limited liability company	10.00 million	Wuhan, Hubei	Wuhan, Hubei	Garbage transfer	100.00		Establishment
Guangdong Promising Environmental Protection Company Limited (Guangdong Promising Company)	Limited liability company	584.50 million	Dongguan, Guangdong	Dongguan, Guangdong	Environmental protection industry and new energy investment	100.00		Business combination not under common control
Dongguan Company	Limited liability company	10.00 million	Dongguan, Guangdong	Dongguan, Guangdong	Garbage transfer		100.00	Business combination not under common control
Guangyuan Boneng Renewable Energy Co., Ltd. (Guangyuan Company)	Limited liability company	140.00 million	Guangyuan, Sichuan	Guangyuan, Sichuan	Waste treatment and power generation	100.00		Business combination not under common control
Jiamusi Company	Limited liability company	209.00 million	Jiamusi, Heilongjiang	Jiamusi, Heilongjiang	Waste treatment and power generation		100.00	Business combination not under common control
Zhaoqing Boneng Renewable Energy Power Generation Co., Ltd. ("Zhaoqing Company")	Limited liability company	225.00 million	Sihui, Guangdong	Sihui, Guangdong	Waste treatment and power generation	100.00		Business combination not under common control
Shulan Boneng Environmental Protection Company Limited (Shulan Company)	Limited liability company	90.00 million	Shulan, Jilin	Shulan, Jilin	Waste treatment and power generation		100.00	Business combination not under common control
Zhangye Company	Limited liability company	6.00 million	Zhangye, Gansu	Zhangye, Gansu	Garbage transfer		100.00	Business combination not under common control

VIII. INTERESTS IN OTHER ENTITIES (Continued)

(I) Equity in subsidiaries (Continued)

2. Significant non-wholly-owned subsidiaries

The Group has no significant non-wholly-owned subsidiaries.

IX. Government grants

(I) Types, amounts and presentation items for government grants

1. Government grants recognized in the profit or loss during the period

Government grants related to assets

Items presented in the balance sheet	Government grants	Amount recorded in current profit or loss or offsetting relevant costs or losses		
		Amount for the period	Amount for the previous period	Items recorded in current profit or loss or offsetting relevant costs or losses
Infrastructure subsidies for the Anshun WTE project	33,200,000.00	592,588.86	592,588.86	Other income
Subsidies for ecological civilisation construction of Zhangqiu	15,290,000.00	274,670.64	274,670.64	Other income
Specific fund for ecological civilisation construction of the Finance Bureau of Hong'an County	30,000,000.00	514,691.88	514,691.88	Other income
Specific fund for ecological civilisation construction of Shishou	17,780,000.00	298,258.44	298,258.44	Other income
Enshi special financial subsidies	19,100,000.00	355,900.62	355,900.62	Other income
Laizhou ecological civilisation subsidies	17,500,000.00	316,265.04	316,265.04	Other income
Shuo Zhou City Human Settlement Improvement Award Supplementary Fund	14,340,000.00	263,926.38	263,926.38	Other income
Special fund for pollution control, energy conservation and carbon reduction of Zhangqiu	20,000,000.00	371,517.00	371,517.00	Other income
Special fund for ecological civilization construction of Dengfeng	10,000,000.00	200,424.54	200,424.54	Other income
Others	20,452,750.00	407,869.10	303,909.08	Other income
Total	197,662,750.00	3,596,112.50	3,492,152.48	

VIII. FINANCIAL REPORT (CONTINUED)

IX. Government grants (Continued)

(I) Types, amounts and presentation items for government grants (Continued)

1. Government grants recognized in the profit or loss during the period (Continued)

Income-related government grants

Items recorded in current profit or loss or offsetting relevant costs or losses	Government grants	Amount recorded in current profit or loss or offsetting relevant costs or losses	Amount for the previous period
		Amount for the period	
VAT refund income	44,144,915.63	44,144,915.63	32,625,497.67
Others	1,146,596.92	1,146,596.92	571,382.47
Total	45,291,512.55	45,291,512.55	33,196,880.14

2. Liabilities involving government grants

Liability	Balance as at the end of the previous year	Increase in grants in the period	Amount included in non-operating income in the period	Amount transferred to other income in the period	Costs offset in the period	Other changes	Closing balance	Assets/ income-related
Infrastructure subsidies for the Anshun WTE project	24,339,353.00			592,588.86		23,746,764.14		Assets-related
Subsidies for ecological civilisation construction of Zhangqiu	12,360,179.84			274,670.64		12,085,509.20		Assets-related
Specific fund for ecological civilisation construction of the Finance Bureau of Hong'an County	26,077,719.77			514,691.88		25,563,027.89		Assets-related
Specific fund for ecological civilisation construction of Shishou	15,559,147.84			298,258.44		15,260,889.40		Assets-related
Enshi special financial subsidies	17,439,130.44			355,900.62		17,083,229.82		Assets-related
Laizhou ecological civilisation subsidies	15,813,253.12			316,265.04		15,496,988.08		Assets-related
Shuozhou City Human Settlement Improvement Award Supplementary Fund	13,416,257.67			263,926.38		13,152,331.29		Assets-related
Special fund for pollution control, energy conservation and carbon reduction of Zhangqiu	19,009,288.00			371,517.00		18,637,771.00		Assets-related
Special fund for ecological civilization construction of Dengfeng	9,419,950.71			200,424.54		9,219,526.17		Assets-related
Others	17,982,740.28	500,000.00		407,869.10		18,074,871.18		Assets-related
Total	171,417,020.67	500,000.00		3,596,112.50		168,320,908.17		

X. RISK RELATING TO FINANCIAL INSTRUMENTS

(I) Categories of risks arising from financial instruments

The Group is confronted with various financial risks in its operation: credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risk.). The above financial risks and the risk management policies adopted by the Group to minimize such risks are listed as follows:

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

1. Credit risk

Credit risk refers to the risk that transaction counterparty fails to perform its obligations under the contract and causes financial losses to the Group.

Credit risk mainly arises from cash at bank and on hand, notes receivables, accounts receivables, receivables financing, contract assets, other receivables, etc. As at the balance sheet date, the carrying amount of the Group's financial assets represents their full credit risk exposure.

The Group's cash at bank and on hand is mainly cash at bank deposited at state-owned banks and other large and medium-sized listed banks with good reputation and a higher credit rating. The Company considers that there is no significant credit risk and will rarely cause significant losses due to default by the banks.

In addition, the Group develops relevant policies to limit the credit risk exposure on bills receivable, trade receivables, receivables financing, contract assets and other receivables, etc. The Group assesses the credit quality of and sets respective credit periods on its customers by considering their financial position, the availability of guarantee from third parties, their credit record and other factors such as current market conditions. The Group regularly monitors the credit record of the customers. For customers with a poor credit history, the Group will issue written demand to them, or shorten or cancel the credit periods, so as to ensure the overall credit risk of the Group is limited to a controllable extent.

X. RISK RELATING TO FINANCIAL INSTRUMENTS (Continued)

(I) Categories of risks arising from financial instruments (Continued)

2. 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.

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

Item	Within 1 year	1-2 years	Closing balance 2-5 years	Over 5 years	Total
Short-term borrowings	297,625,077.01				297,625,077.01
Accounts payables	518,874,867.79				518,874,867.79
Other payables	479,178,827.09				479,178,827.09
Long-term borrowings	1,124,269,540.04	2,125,447,132.91	3,375,991,888.17	2,986,630,693.09	9,612,339,254.21
Debentures payable	50,197,405.41	101,131,872.51	2,498,943,871.86		2,650,273,149.78
Lease liabilities	4,161,682.00	617,186.43	781,416.24	2,066,414.36	7,626,699.03
Long-term payables	26,373,334.15	26,373,334.15	79,120,002.45	273,921,509.81	405,788,180.56
Total	2,500,680,733.49	2,253,569,526.00	5,954,837,178.72	3,262,618,617.26	13,971,706,055.47

Item	Within 1 year	1-2 years	Balance at the end of the previous year 2-5 years	Over 5 years	Total
Short-term borrowings	549,275,845.83				549,275,845.83
Accounts payables	661,561,718.22				661,561,718.22
Other payables	153,150,819.25				153,150,819.25
Long-term borrowings	1,338,779,901.98	1,072,515,954.61	4,010,692,012.26	3,272,646,693.91	9,694,634,562.76
Debentures payable	14,198,048.50	35,398,140.00	2,614,742,608.00		2,664,338,796.50
Lease liabilities	4,253,405.37	1,780,970.43	457,254.24	2,066,414.36	8,558,044.40
Long-term payables	26,373,334.15	26,373,334.15	79,120,002.45	287,108,176.88	418,974,847.63
Total	2,747,593,073.30	1,136,068,399.19	6,705,011,876.95	3,561,821,285.15	14,150,494,634.59

X. RISK RELATING TO FINANCIAL INSTRUMENTS (Continued)

(I) Categories of risks arising from financial instruments (Continued)

3. Market risk

Market risk of financial instruments is the risk of fluctuation in the fair value of financial instruments or future cash flow arising from changes in market price. Market risk includes exchange rate risk, interest rate risk and other price risk.

(1) Interest rate risk

Interest rate risk is the risk of fluctuation in the fair value of financial instruments or future cash flow arising from changes in market interest rate.

Interest-bearing financial instruments at fixed rates and at floating rates expose the Group to fair value interest risk and cash flow interest rate risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate instruments. The Group will adopt interest rate swap instruments to hedge interest rate risk when necessary.

As at 30 June 2025, if other variables remain constant and the borrowing rate calculated at floating interest rates increases or decreases by 50 basis points, the Group's net profit will decrease or increase by approximately RMB32,200,000.00 (31 December 2024: approximately RMB32,250,000.00).

(2) Exchange rate risk

Exchange rate risk refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates.

As at 30 June 2025, the Group had only a small number of financial instruments and foreign currencies measured at fair value, and there was no significant risk of fluctuations due to changes in foreign exchange rates.

XI. DISCLOSURE OF FAIR VALUE

Inputs used in the fair value measurement are divided into three levels:

Level 1 inputs refer to quoted prices (unadjusted) in active markets for identical assets or liabilities available on the measurement date.

Level 2 inputs refer to inputs that are directly or indirectly observable for the relevant assets or liabilities other than Level 1 inputs.

Level 3 inputs refer to unobservable inputs of the relevant assets or liabilities.

Levels of the results of fair value measurement are decided by the lowest level of great significance in fair value measurement as a whole.

(I) Fair value of assets and liabilities measured at fair value as at the end of the period

As at 30 June 2025 and 31 December 2024, the Group had no assets and liabilities measured at fair value except for receivables financing.

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

As at 30 June 2025 and 31 December 2024, financial assets and financial liabilities measured at amortised cost mainly include cash at bank and on hand, notes receivables, accounts receivables, other receivables, contract assets (including contract assets included in other non-current assets), long-term receivables, short-term borrowings, payables, lease liabilities, long-term borrowings, debentures payable and long-term payables. Their carrying amount is a reasonable approximation of their fair value.

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(I) Information on the parent company of the Company

Name of the parent company	Type	Legal representative	Place of registration	Nature of Business	Registered Capital	Percentage of shareholding in the Company held by the parent company (%)	Percentage of voting rights in the Company held by the parent company (%)
BSAM	Limited liability company	Zhao Jifeng	Beijing	Investment management	10,000.00 million	42.63	42.63

Other explanations: 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 1.78% of the shares of the Company. BSAM is the ultimate controlling party of the Company.

(II) Information on the subsidiaries of the Company

Please refer to Note "VIII. Interests in other entities" for details of the information on the subsidiaries of the Company.

(III) Information on other related parties

Name of other related parties	Relationship between other related party and the Company
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 in the past 12 months
Bank of Beijing Co., Ltd. ("Bank of Beijing")	An associated company of the Company's ultimate controlling party
Beijing Rural Commercial Bank Co., Ltd. ("Beijing Rural Commercial Bank")	An associated company of the Company's ultimate controlling party

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(IV) Related party transactions

1. Related party transactions for purchase and sales of goods/provision and receipt of services

Purchase of goods/receipt of services

Name of related parties	Amount for the period	Amount for the previous period
Shenzhen CDT	25,000.00	2,102,685.00
Others	49,331.00	98,311.00
Total	74,331.00	2,200,996.00

2. Borrowings from related parties

(1) Interest expenses

Borrower	Amount for the period	Amount for the previous period
BSAM		23,495,416.67
Bank of Beijing	7,210,969.46	3,633,087.20
Beijing Rural Commercial Bank	2,620,017.80	7,666,924.52
Total	9,830,987.26	34,795,428.39

3. Remuneration of key management

Item	Amount for the period	Amount for the previous period
Remuneration of key management	3,968,501.24	3,832,940.09

4. Other related party transactions

As at 30 June 2025, the deposits with the Bank of Beijing amounted to RMB9,854,936.24 (2024: RMB8,124,990.52) and the deposits with the Rural Commercial Bank of Beijing amounted to RMB469,397.74 (2024: RMB1,263,432.08); the interests income from the deposits with the Bank of Beijing amounted to RMB25,048.27 (April-June 2024: RMB12,272.99) and the interests income from the deposits with the Rural Commercial Bank of Beijing amounted to RMB6,034.71 (January-June 2024: RMB36,629.34); handling fees for the transactions with the Bank of Beijing amounted to RMB290.00 (April-June 2024: RMB291.92) and handling fees for the transactions with the Rural Commercial Bank of Beijing amounted to RMB543.50 (January-June 2024: RMB1,693.87).

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(V) Outstanding projects such as receivables from and payables to related parties

1. Payables to related parties

Item	Related party	Book balance at the end of the period	Book balance at the end of the previous year
Accounts payables	Shenzhen CDT		2,461,250.08
Total			2,461,250.08

2. Long-term borrowings

Item	Related party	Book balance at the end of the period	Book balance at the end of the previous year
Long-term borrowings	Bank of Beijing	496,380,250.00	498,464,093.06
	Beijing Rural Commercial Bank	140,752,935.50	383,985,973.00
Total		637,133,185.50	882,450,066.06

XIII. COMMITMENTS AND CONTINGENCIES

(I) Important commitments

1. Important commitments as at the balance sheet date

As at the balance sheet date, the Company had no important commitments.

(II) Contingencies

1. Important contingencies as at the balance sheet date

As at the balance sheet date, the Company had no important contingencies.

XIV. POST BALANCE SHEET EVENTS

According to the resolution of the Board on 28 August 2025, 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 2025, it is proposed to distribute cash dividends of approximately RMB139,350,000.

XV. CAPITAL MANAGEMENT

The main objectives of the Group capital management are:

- To ensure the Group's ability to continue as a going concern so as to continuously provide returns to shareholders and other stakeholders;
- 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 2025 and 31 December 2024, the gearing ratios of the Group are shown as follows:

	Closing balance	Balance at the end of the previous year
Gearing ratio	60.82%	61.21%

XVI. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY

(I) Accounts receivables

1. Accounts receivables disclosed by aging based on their recording dates

Aging	Closing balance	Balance at the end of the previous year
Within 1 year	67,837,867.83	57,657,886.09
1 to 2 years	5,956,667.42	41,231,663.30
2 to 3 years	128,887,456.61	110,877,456.61
Over 3 years	113,083,454.05	93,093,454.05
Sub-total	315,765,445.91	302,860,460.05
Less: provision for bad debts		
Total	315,765,445.91	302,860,460.05

2. Accounts receivables disclosed according to the method of provision for bad debts

Category	Closing balance				Balance at the end of the previous year			
	Book balance		Allowance for bad debts		Book balance		Allowance for bad debts	
	Amount	Proportion (%)	Amount	Proportion ratio (%)	Amount	Proportion (%)	Amount	Proportion ratio (%)
Provision for bad debts on an individual basis								
Total provision for bad debts on credit risk characteristic group basis	315,765,445.91	100.00			302,860,460.05	100.00		
Including:								
Total outsourcing service fees and royalties receivable	315,765,445.91	100.00			302,860,460.05	100.00		
Total	315,765,445.91	100.00			302,860,460.05	100.00		

XVI. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(I) Accounts receivables (Continued)

3. Five largest accounts receivables and contract assets aggregated by debtors

Name	Closing balance of accounts receivables	Closing balance of contract assets	Closing balance of accounts receivables and contract assets	Percentage of total balance of accounts receivables and contract assets (%)	Closing balance of provision for bad debts of accounts receivables and provision for impairment of contract assets
Huizhou Phase II Company	96,192,500.00		96,192,500.00	30.46	
Shuozhou Company	38,000,000.00		38,000,000.00	12.03	
Bobai Company	35,976,000.00		35,976,000.00	11.39	
Dengfeng Company	34,960,000.00		34,960,000.00	11.07	
Tongzhou Company	32,691,794.62		32,691,794.62	10.35	
Total	237,820,294.62		237,820,294.62	75.32	

(II) Other receivables

Item	Closing balance	Balance at the end of the previous year
Interests receivable	92,176,139.30	81,492,210.51
Dividends receivable	2,214,450,000.00	1,256,550,000.00
Other receivables	893,812,040.40	540,807,861.82
Total	3,200,438,179.70	1,878,850,072.33

XVI. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(II) Other receivables (Continued)

1. Interests receivable

(1) Classification of interests receivable

Item	Closing balance	Balance at the end of the previous year
Interests on borrowings receivable from subsidiaries	92,176,139.30	81,492,210.51
Total	92,176,139.30	81,492,210.51

2. Dividends receivable

(1) Breakdown of dividends receivable

Item	Closing balance	Balance at the end of the previous year
Dividends receivable aged within 1 year	1,053,700,000.00	
Dividends receivable aged over 1 year	1,160,750,000.00	1,256,550,000.00
Total	2,214,450,000.00	1,256,550,000.00

3. Other receivables

(1) Disclosed by aging

Aging	Closing balance	Balance at the end of the previous year
Within 1 year	101,952,999.20	234,249,843.05
1 to 2 years	199,434,677.60	166,949,356.84
2 to 3 years	317,788,067.56	132,138,016.27
Over 3 years	285,275,261.86	17,707,253.20
Sub-total	904,451,006.22	551,044,469.36
Less: provision for bad debts	10,638,965.82	10,236,607.54
Total	893,812,040.40	540,807,861.82

VIII. FINANCIAL REPORT (CONTINUED)

XVI. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(II) Other receivables (Continued)

3. Other receivables (Continued)

(2) Disclosed according to the method of provision for bad debts

Category	Closing balance					Balance at the end of the previous year				
	Book balance		Allowance for bad debts		Carrying amount	Book balance		Allowance for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion ratio (%)		Amount	Proportion (%)	Amount	Proportion ratio (%)	
Provision for bad debts on an individual basis	8,641,676.53	0.96	8,641,676.53	100.00		8,641,676.53	1.57	8,641,676.53	100.00	
Total provision for bad debts on credit risk characteristic group basis	895,809,329.69	99.04	1,997,289.29	0.22	893,812,040.40	542,402,792.83	98.43	1,594,931.01	0.29	540,807,861.82
Total	904,451,006.22	100.00	10,638,965.82	1.18	893,812,040.40	551,044,469.36	100.00	10,236,607.54	1.86	540,807,861.82

Significant other receivables with provision for bad debts on an individual basis:

Name	Closing balance				Balance at the end of the previous year	
	Book balance	Allowance for bad debts	Proportion ratio (%)	Provision basis	Book balance	Allowance for bad debts
Dynagreen Environment Investment Limited	5,160,600.00	5,160,600.00	100.00	Had long ageing and risk on collection	5,160,600.00	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)	2,668,488.18	2,668,488.18	100.00	Had long ageing and risk on collection	2,668,488.18	2,668,488.18
Total	7,829,088.18	7,829,088.18	100.00		7,829,088.18	7,829,088.18

XVI. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(II) Other receivables (Continued)

3. Other receivables (Continued)

(2) Disclosed according to the method of provision for bad debts (Continued)

Total provision for bad debts on credit risk characteristic group basis:

Items for which allowance is made on group basis:

Name	Other receivables	Closing balance Allowance for bad debts	Proportion ratio (%)
Receivable from related parties	887,058,467.96		
Others	8,750,861.73	1,997,289.29	22.82
Total	895,809,329.69	1,997,289.29	0.22

(3) Provision for bad debts

Allowance for bad debts	Stage I ECL for the following 12 months	Stage II Lifetime ECL (without credit impairment)	Stage III Lifetime ECL (with credit impairment)	Total
Balance at the end of the previous year	1,594,931.01		8,641,676.53	10,236,607.54
Balance at the end of last year during the period				
– Transferred to Stage II				
– Transferred to Stage III				
– Reversed to Stage II				
– Reversed to Stage I				
Provision in the period	402,358.28			402,358.28
Reversed during the period				
Charged off during the period				
Written-off during the period				
Other changes				
Closing balance	1,997,289.29		8,641,676.53	10,638,965.82

XVI. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(II) Other receivables (Continued)

3. Other receivables (Continued)

(4) Allowances for bad debts made, reversed or recovered for the period

Category	Balance at the end of the previous year	Changes in the current period			Closing balance
		Provision	Recovered or reversed	Charged off or written off	
Provision on an individual basis	8,641,676.53				8,641,676.53
Others	1,594,931.01	402,358.28			1,997,289.29
Total	10,236,607.54	402,358.28			10,638,965.82

(5) Receivables by nature

Nature	Book balance at the end of the period	Book balance at the end of the previous year
Current accounts within the Group	887,058,467.96	535,762,639.78
Receivable current accounts of former shareholders	5,973,188.35	5,973,188.35
Others	11,419,349.91	9,308,641.23
Total	904,451,006.22	551,044,469.36

XVI. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(II) Other receivables (Continued)

3. Other receivables (Continued)

(6) Five largest other receivables aggregated by debtors

Name	Nature	Closing balance	Aging	Percentage of total closing balance of other receivables (%)	Closing balance of allowance for bad debts
Ninghe Company	Current accounts of subsidiaries within the Group	308,352,457.50	Within 1 year, 1-2 years, 2-3 years, 3-4 years, 4-5 years	34.09	
Jinsha Company	Current accounts of subsidiaries within the Group	195,963,058.62	Within 1 year, 1-2 years, 2-3 years, 3-4 years, 4-5 years, over 5 years	21.67	
Dengfeng Company	Current accounts of subsidiaries within the Group	165,522,950.60	Within 1 year, 1-2 years, 2-3 years	18.30	
Huludao Power Generation Company	Current accounts of subsidiaries within the Group	132,583,161.10	Within 1 year, 1-2 years, 2-3 years	14.66	
Wuhan Company	Current accounts of subsidiaries within the Group	31,841,500.00	1-2 years	3.52	
Total		834,263,127.82		92.24	

(III) Long-term equity investments

Item	Closing balance			Balance at the end of the previous year		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investment in subsidiaries	6,767,492,470.17	326,139,358.86	6,441,353,111.31	6,767,492,470.17	326,139,358.86	6,441,353,111.31
Investment in associates and joint ventures						
Total	6,767,492,470.17	326,139,358.86	6,441,353,111.31	6,767,492,470.17	326,139,358.86	6,441,353,111.31

VIII. FINANCIAL REPORT (CONTINUED)

XVI. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(III) Long-term equity investments (Continued)

1. Investment in subsidiaries

Investee	Balance at the end of the previous year	Balance of provision for impairment at the end of the previous year	Movements in the period					Balance of provision for impairment at the end of the period
			Increase in investment	Decrease in investment	Provision for impairment in the period	Others	Closing balance	
Changzhou Company	220,221,697.72						220,221,697.72	
Haining Company	86,000,000.00						86,000,000.00	
Yongjia Company	100,000,000.00						100,000,000.00	
Pingyang Company	100,000,000.00						100,000,000.00	
Wuhan Company	277,874,320.40						277,874,320.40	
Taizhou Company	180,000,000.00						180,000,000.00	
Rushan Company	100,880,000.00						100,880,000.00	
Anshun Company	102,083,479.98						102,083,479.98	
Jurong Company	100,026,752.87						100,026,752.87	
Zhangqiu Company	172,940,000.00						172,940,000.00	
Hong Kong Dynagreen	663,613,261.05						663,613,261.05	
Pingyao Company	20,017,204.55						20,017,204.55	
Huizhou Company	220,954,159.23						220,954,159.23	
Jizhou Company	72,000,000.00						72,000,000.00	
Ninghe Company	149,610,235.39	149,610,235.39					149,610,235.39	149,610,235.39
Shenzhen Jingxiu	27,047,295.00	6,529,123.47					27,047,295.00	6,529,123.47
Tongzhou Company	375,066,706.59						375,066,706.59	
Hong'an Company	100,029,152.08						100,029,152.08	
Longhui Company	20,000,000.00						20,000,000.00	
Shantou Company	157,500,000.00						157,500,000.00	
Bobai Company	75,000,000.00						75,000,000.00	
Bengbu Company	166,000,000.00						166,000,000.00	
Miyun Company	120,000,000.00						120,000,000.00	
Yongjia Phase II Company	51,000,000.00						51,000,000.00	
Huludao Hazardous Waste Company	170,000,000.00	170,000,000.00					170,000,000.00	170,000,000.00

XVI. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(III) Long-term equity investments (Continued)

1. Investment in subsidiaries (Continued)

Investee	Balance at the end of the previous year	Balance of provision for impairment at the end of the previous year	Movements in the period					Balance of provision for impairment at the end of the period
			Increase in investment	Decrease in investment	Provision for impairment in the period	Others	Closing balance	
Fengcheng Company	97,056,589.13						97,056,589.13	
Huizhou Phase II Company	450,000,000.00						450,000,000.00	
Dengfeng Company	100,000,000.00						100,000,000.00	
Haining Expansion Company	234,000,000.00						234,000,000.00	
Shishou Company	100,000,000.00						100,000,000.00	
Jinsha Company	162,360,400.00						162,360,400.00	
Pingyang Phase II Company	110,000,000.00						110,000,000.00	
Jingxi Company	120,000,000.00						120,000,000.00	
Enshi Company	200,000,000.00						200,000,000.00	
Huludao Power Generation Company	123,074,600.00						123,074,600.00	
Shuozhou Company	191,100,000.00						191,100,000.00	
Shantou Sludge Company	13,000,000.00						13,000,000.00	
Huizhou Three-in-One Company	50,400,000.00						50,400,000.00	
Shantou Kitchen Waste Company	2,400,000.00						2,400,000.00	
Wuhan Transfer Company	10,000,000.00						10,000,000.00	
Guangdong Promising Company	610,000,000.00						610,000,000.00	
Guangyuan Company	140,365,600.00						140,365,600.00	
Zhaoqing Company	225,871,016.18						225,871,016.18	
Total	6,767,492,470.17	326,139,358.86					6,767,492,470.17	326,139,358.86

XVI. NOTES TO MAJOR ITEMS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (Continued)

(IV) Revenue and operating costs

1. Revenue and operating costs

Item	Amount for the period		Amount for the previous period	
	Revenue	Cost	Revenue	Cost
Principal businesses	64,565,558.09	4,417,844.73	25,125,495.66	4,180,184.29
Other businesses	610,169.49		6,179,389.12	
Total	65,175,727.58	4,417,844.73	31,304,884.78	4,180,184.29

(V) Investment income

Item	Amount for the period	Amount for the previous period
Investment income from long-term equity investments under cost method	1,117,700,000.00	
Investment income from disposals of subsidiaries	1,689,427.04	
Interest income	25,421,552.52	22,623,663.77
Total	1,144,810,979.56	22,623,663.77

XVII. SUPPLEMENTAL INFORMATION

(I) Breakdown of non-recurring gains and losses items for the current period

Item	Amount	Note
Gains and losses from disposal of non-current assets, including the written-off portion of the asset impairment provision	-62.97	
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	1,146,596.92	
Other non-operating income and expenses apart from the aforesaid items	384,045.00	
Other gain or loss items meeting the definition of non-recurring gains or losses	349,634.21	
Sub-total	1,880,213.16	
Effect of income tax	-299,148.16	
Effect of non-controlling interests (after tax)	-136,471.53	
Total	1,444,593.47	

(II) Return on net assets and earnings per share

Profit for the Reporting Period	Weighted average return on net assets (%)	Earnings per share (RMB)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to holders of ordinary shares of the Company	4.57	0.27	0.26
Net profit attributable to holders of ordinary shares of the Company after deducting non-recurring profit or loss items	4.56	0.27	0.25

Dynagreen Environmental Protection Group Co., Ltd.

28 August 2025