



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

ANNUAL REPORT 2024



Important Notice

I. The board of directors (the “Board”), the supervisory committee and the directors (the “Directors”) (except the Director Liu Shuguang), supervisors (the “Supervisors”) and senior management of the Company hereby warrant the truthfulness, accuracy and completeness of the contents of the annual report, guarantee that there are no false representations, misleading statements or material omissions contained in this annual report, and are jointly and severally responsible for the liabilities of the Company. As the Director Liu Shuguang could not be contacted, he did not participate in the audit of the annual report or issue opinions thereon.

II. Directors who were not present at the Board meeting

Title of absent Director	Name of absent Director	Reason of absence	Name of proxy
Director	Liu Shuguang	Inability to contact	Nil

III. BDO China Shu Lun Pan Certified Public Accountants LLP issued a standard unqualified audit report for the Company.

IV. Qiao Dewei, an officer of the Company; Yi Zhiyong, the Chief Financial Officer; and Zhao Linbin, the Chief Accountant, declare that they warrant the truthfulness, accuracy and completeness of the financial statements in the annual report.

V. 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 RMB0.2 (before tax) for every share to all shareholders based on the aggregate share capital on the share-based equity registration date. The remaining undistributed profits will be carried forward to the next year. In 2024, the Company did not convert capital reserve into share capital and did not issue bonus shares. This proposal needs to be submitted to the Company’s shareholders’ general meeting for consideration.

VI. 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 investment risks.

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

No

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

No

IX. Whether there were more than half of the Directors who cannot guarantee the authenticity, accuracy and completeness of the annual report disclosed by the Company

No

X. Major risk alerts

Certain risks that may exist have been described in this report in details. Please refer to the “Potential Risks” in Part VI “Discussion and Analysis of the Company’s Future Development” in Section IV “Management Discussion and Analysis” herein.

XI. Others

Applicable Not applicable

The contents of this annual report are in compliance with all the disclosure requirements in relation to annual report under the Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2 – Contents and Formats of Annual Reports (Amended in 2021) (《公開發行證券的公司信息披露內容與格式準則第2號—年度報告的內容與格式(2021年修訂)》), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. In addition, this annual report has been simultaneously published in Mainland China and Hong Kong. This report has been prepared in Chinese and English. Should there be any discrepancies between the Chinese and English versions, the Chinese version shall prevail.

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I. Definitions

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

Common words

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





I. Definitions (Continued)

Yichun Company	Yichun Dynagreen Renewable Energy Co., Ltd. (宜春綠色動力再生能源有限公司)
Fengcheng Company	Fengcheng Dynagreen Environmental Protection Co., Ltd. (豐城綠色動力環保有限公司)
Huizhou Phase II Company	Huizhou Dynagreen Renewable Energy Co., Ltd. (惠州綠色動力再生能源有限公司)
Yongjia Phase II Company	Wenzhou Dynagreen Environmental Energy Co., Ltd. (溫州綠動環保能源有限公司)
Longhui Company	Longhui Dynagreen Renewable Energy Co., Ltd. (隆回綠色動力再生能源有限公司)
Pingyao Company	Pingyao Dynagreen Renewable Energy Co., Ltd. (平遙縣綠色動力再生能源有限公司)
Qingdao Company	Qingdao Dynagreen Renewable Energy Co., Ltd. (青島綠色動力再生能源有限公司)
Shenzhen Jingxiu	Shenzhen Jingxiu Environmental Engineering Technology Limited Company (深圳景秀環境工程技術有限公司) (formerly known as Zhejiang Dongyang Fuli Construction Limited Company (浙江省東陽市富力建設有限公司))
Dengfeng Company	Dengfeng Dynagreen Renewable Energy Co., Ltd. (登封綠色動力再生能源有限公司)
Haining Expansion Company	Haining Dynagreen Haiyun Environmental Protection Energy Co., Ltd. (海寧綠動海雲環保能源有限公司)
Shishou Company	Shishou Dynagreen Renewable Energy Co., Ltd. (石首綠色動力再生能源有限公司)
Guangdong Promising Company	Guangdong Promising Environmental Protection Company Limited (廣東博海昕能環保有限公司)
Guangyuan Company	Guangyuan Boneng Renewable Energy Co., Ltd. (廣元博能再生能源有限公司)
Jiamusi Company	Jiamusi Bohai Environmental Protection and Electricity Company Limited (佳木斯博海環保電力有限公司)
Zhaoqing Company	Zhaoqing Boneng Renewable Energy Power Generation Co., Ltd. (肇慶市博能再生能源發電有限公司)
Shulan Company	Shulan Boneng Environmental Protection Company Limited (舒蘭市博能環保有限公司)
Zhangye Company	Zhangye Boneng Environmental Protection Company Limited (張掖博能環保有限公司)
Dongguan Company	Dongguan Changneng Clean Energy and Greening Service Co., Ltd. (東莞市長能清潔能源綠化服務有限公司)
Jinsha Company	Guizhou Jinsha Green Energy Co., Ltd. (貴州金沙綠色能源有限公司)
Pingyang Phase II Company	Pingyang Dynagreen Environmental Energy Co., Ltd. (平陽綠動環保能源有限公司)
Jingxi Company	Baise Dynagreen Environmental Protection Co., Ltd. (百色綠動環保有限公司)
Enshi Company	Enshi Green Power Renewable Energy Co., Ltd. (恩施綠色動力再生能源有限公司)
Huludao Hazardous Waste Company	Lvyi (Huludao) Environmental Services Limited (綠益(葫蘆島)環境服務有限公司)
Huludao Power Generation Company	Huludao Dynagreen Environment Co., Ltd. (葫蘆島綠動環保有限公司)
Huizhou Three-in-One Company	Huizhou Dynagreen Environmental Services Co., Ltd. (惠州綠色動力環境服務有限公司)
Shantou Sludge Company	Shantou Dynagreen Environmental Services Co., Ltd. (汕頭市綠色動力環境服務有限公司)





I. Definitions (Continued)

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)
Wuhan Transfer Company	Wuhan Dynagreen Environment Co., Ltd. (武漢綠色動力環保有限公司)
Changzhou Project	a municipal solid waste incineration thermoelectric project in Wujin District, Changzhou City, Jiangsu (江蘇常州市武進區生活垃圾焚燒熱電項目)
Wuhan Project	Xinghuo Waste-to-Energy Plant project in Wuhan, Hubei (湖北武漢星火垃圾焚燒發電廠項目)
Huizhou Project	Lanzilong municipal solid waste-to-energy project in Huiyang District, Huizhou City, Guangdong (廣東惠州市惠陽區欖子壟生活垃圾焚燒發電項目)
Tongzhou Project	a renewable energy power plant in Tongzhou District, Beijing (北京市通州區再生能源發電廠)
Shantou Project	a municipal waste-to-energy plant in Chaoyang District, Shantou City, Guangdong (廣東汕頭市潮陽區生活垃圾焚燒發電廠)
Huizhou Phase II Project	phase II of a municipal waste-to-energy PPP project in Huiyang Environmental Park (惠陽環境園), Guangdong (廣東惠陽環境園生活垃圾焚燒二期PPP項目)
Dengfeng Project	a municipal waste-to-energy BOT project in Dengfeng City, Henan (河南登封市生活垃圾焚燒發BOT項目)
Haining Expansion Project	a municipal waste-to-energy plant expansion project in Haining City, Zhejiang (浙江海寧市生活垃圾焚燒發電廠擴建項目)
Jingxi Project	a municipal waste-to-energy project in Jingxi, Guangxi (廣西靖西市生活垃圾焚燒發電項目)
Enshi Project	a municipal solid waste-to-energy project in Enshi, Hubei (湖北恩施城市生活垃圾焚燒發電項目)
Huludao Hazardous Waste Project	Liaoning Huludao Industrial Waste Treatment and Disposal Center project (遼寧葫蘆島工業廢物處理處置中心項目)
Huludao Waste-to-energy Project	a municipal waste-to-energy project of Liaoning Huludao East Waste-to-Energy Power Plant (遼寧葫蘆島東部垃圾焚燒發電綜合處理廠生活垃圾焚燒發電項目)
Shuozhou Project	the concession project of the Nanshan enviro-energy project (including the municipal solid waste-to-energy project and the kitchen waste treatment project) in Shuozhou, Shanxi Province (山西朔州南山環境能源項目(生活垃圾焚燒發電項目和餐廚垃圾處理項目)特許經營項目)
Zhangqiu Phase II Project	the Municipal Solid Waste-to-Energy Project Phase II and the Venous Industrial Park Project in Zhangqiu District, Ji'nan City, Shandong Province (山東濟南市章丘區生活垃圾焚燒發電項目二期工程暨靜脈產業園項目)
Wuhan Phase II Project	the reconstruction and expansion project of Xinghuo Waste-to-Energy Plant project in Wuhan, Hubei (湖北武漢星火垃圾焚燒發電廠項目改擴建工程)





I. Definitions (Continued)

The Reporting Period	1 January 2024 to 31 December 2024
The end of the Reporting Period	31 December 2024
RMB or RMB'0,000 or RMB'00,000,000	Renminbi or Renminbi ten thousand or Renminbi hundred million
PRC or Mainland China	the People's Republic of China, for the purposes of this report, excluding Hong Kong, the Macau Special Administrative Region and Taiwan Province
Company Law	the Company Law of the PRC
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
CSRC	the China Securities Regulatory Commission
Stock Exchange	The Stock Exchange of Hong Kong Limited
Stock Exchange Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
SSE	The Shanghai Stock Exchange
SSE Listing Rules	The Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
PRC Accounting Standards	the China Accounting Standards for Business Enterprises formulated and promulgated by the Ministry of Finance of the PRC
BOT	Build-Operate-Transfer
Auditor	the accounting firm which provides audit services
National Subsidies	national renewable energy subsidies, the main source of funding of which is the national renewable energy tariff surcharge, which is paid by the power grid to eligible renewable energy power generation enterprises
Green Certificate	renewable energy green power certificate, 1 green certificate unit corresponds to 1,000kWh of renewable energy power





II. Company Profile and Key Financial Indicators

I. COMPANY PROFILE

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

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board/ Joint company secretary	Joint company secretary	Securities Affairs Representative
Name	Zhu Shuguang	Yuen Wing Yan, Winnie	Li Jian
Correspondence address	2nd Floor, Jiuzhou Electronic Building, Keji South 12th Street, Nanshan District, Shenzhen	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. BASIC INFORMATION

Registered office of the Company	2nd Floor, Northeastern Wing, Jiuzhou Electronic Building, Keji South 12th Street, Nanshan District, Shenzhen
Principal place of business	2nd Floor, Jiuzhou Electronic Building, Keji South 12th Street, Nanshan District, Shenzhen
Postal code of principal place of business	518057
Principal place of business in Hong Kong	1st Floor, Xiu Ping Commercial Building, 104 Jervois Street, Hong Kong
Company's website	www.dynagreen.com.cn
E-mail address	ir@dynagreen.com.cn

IV. INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

Name and website of the media for disclosure of the annual report of the Company	Shanghai Securities News: www.cnstock.com Securities Times: www.stcn.com
Website of stock exchanges for publishing the annual report	SSE: www.sse.com.cn Stock Exchange: www.hkexnews.hk
Place for inspection of the annual report	2nd Floor, Jiuzhou Electronic Building, Keji South 12th Street, Nanshan District, Shenzhen



II. Company Profile and Key Financial Indicators (Continued)

V. BASIC INFORMATION OF THE COMPANY'S SHARES

Basic Information of the Company's Shares

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

VI. OTHER RELATED INFORMATION

Auditors appointed by the Company (Domestic)	Name	BDO China Shu Lun Pan Certified Public Accountants LLP
	Office address	17/F, Block A, Zhongtuo International Business Center, No. 1061 Xiangmei Road, Futian District, Shenzhen
	Names of signing accountants	Qin Jinli Zhang Yinna
Sponsor institution responsible for continuous supervision during the Reporting Period	Name	China Securities Co., Ltd.
	Office address	43/F, Kaihua International Center, No. 5 Xiancun Road, Tianhe District Guangzhou City, Guangdong Province
	Name of sponsor representative authorized as signatory	Fang Chunjiang Zhao Xu
	Continuous supervision period	From 4 August 2021 to 31 December 2023, and continuous supervision was conducted for the matters related to unused proceeds since 1 January 2024
Legal advisers appointed by the Company (Domestic)	Name	Beijing Kangda Law Firm
Legal advisers appointed by the Company (Foreign)	Name	Jingtian & Gongcheng LLP
Share registrar of the Company (Domestic)	Name	China Securities Depository and Clearing Corporation Limited Shanghai Branch
Share registrar of the Company (Foreign)	Name Office address	Tricor Investor Services Limited 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Principal bankers	Name	China Merchants Bank Co., Ltd. Bank of Beijing Co., Ltd. HSBC Bank (China) Company Limited Postal Savings Bank of China Industrial and Commercial Bank of China Limited





II. Company Profile and Key Financial Indicators (Continued)

VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE LAST THREE YEARS

(I) Major Accounting Data

Unit: RMB

Major accounting data	2024	2023	Increase/decrease for the current period over the corresponding period last year (%)	2022
	Revenue	3,398,572,272.66	3,955,548,511.61	-14.08
Net profit attributable to shareholders of the Company	585,082,147.27	629,281,357.74	-7.02	744,767,290.31
Net profit excluding extraordinary gain and loss attributable to the shareholders of the Company	578,600,321.04	617,906,499.99	-6.25	732,667,024.03
Net cash flows from operating activities	1,438,470,488.62	977,677,149.93	47.13	1,209,581,828.27
	As at the end of 2024	As at the end of 2023	Increase/decrease for the end of the current period over the end of the corresponding period last year (%)	As at the end of 2022
Net assets attributable to shareholders of the Company	8,052,817,092.46	7,807,439,716.26	3.14	7,330,237,121.56
Total assets	21,988,772,935.44	22,537,265,642.95	-2.43	22,677,440,152.69

(II) Key financial indicators

Key financial indicators	2024	2023	Increase/decrease for the current period over the corresponding period last year (%)	2022
Basic earnings per share (RMB/share)	0.42	0.45	-6.67	0.53
Diluted earnings per share (RMB/share)	0.41	0.43	-4.65	0.48
Basic earnings per share excluding extraordinary gain and loss (RMB/share)	0.42	0.44	-4.55	0.53
Weighted average return on net assets (%)	7.32	8.31	Decreased by 0.99 percentage point	10.64
Weighted average return on net assets excluding extraordinary gain and loss (%)	7.24	8.16	Decreased by 0.92 percentage point	10.47

Explanations on the major accounting information and financial indicators of the Company for the past three years before the end of the Reporting Period

Applicable Not Applicable





II. Company Profile and Key Financial Indicators (Continued)

VIII. ACCOUNTING DATA DIFFERENCES BETWEEN DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

(I) **Difference Arising from the Net Profit and Net Assets Attributable to Shareholders of the listed Company in the Financial Statements Disclosed Simultaneously Pursuant to the International Accounting Standards and the Domestic Accounting Standards**

Applicable Not Applicable

(II) **Difference Arising from the Net Profit and Net Assets Attributable to Shareholders of the listed Company in the Financial Statements Disclosed Simultaneously Pursuant to the Overseas Accounting Standards and the Domestic Accounting Standards**

Applicable Not Applicable

(III) **Explanation on Difference between Overseas and Domestic Accounting Standards:**

Applicable Not Applicable

IX. KEY FINANCIAL INDICATORS OF 2024 BY QUARTER

Unit: RMB

	Q1 (January to March)	Q2 (April to June)	Q3 (July to September)	Q4 (October to December)
Revenue	804,876,678.42	855,630,061.90	883,455,617.64	854,609,914.70
Net profit attributable to shareholders of the Company	138,851,431.42	164,174,586.88	200,612,765.88	81,443,363.09
Net profit excluding extraordinary gain and loss attributable to the shareholders of the Company	137,986,348.36	163,494,005.50	198,710,461.23	78,409,505.95
Net cash flows from operating activities	223,971,977.34	319,399,449.80	511,360,358.47	383,738,703.01

Explanation on Difference between Quarterly Results and Information Disclosed in Periodic Reports

Applicable Not Applicable





II. Company Profile and Key Financial Indicators (Continued)

X. EXTRAORDINARY GAINS AND LOSSES ITEMS AND AMOUNTS

Applicable Not Applicable

Unit: RMB

Extraordinary gains and losses items	Amount for 2024	Note (if applicable)	Amount for 2023	Amount for 2022
Gains and losses from disposal of non-current assets, including the written-off portion of the asset impairment provision	3,497.54		4,308,372.32	-5,853,019.64
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	5,284,855.08		6,028,661.69	16,215,330.55
Fund usage fees received from non-financial institutions recognised in profit or loss				707,216.97
Reversal of impairment of the receivables on individually impairment test				2,000,000.00
Other non-operating income and expenses besides items above	2,145,056.85		3,078,578.69	1,522,405.63
Other gains and losses within the definition of non-recurring gains and losses	264,196.41		315,883.17	370,110.06
Less: Effects on income tax	1,081,243.85		2,231,795.59	1,651,693.01
Effects on non-controlling shareholders (after tax)	134,535.80		124,842.53	1,210,084.28
Total	6,481,826.23		11,374,857.75	12,100,266.28

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

XI. ITEMS MEASURED AT FAIR VALUE

Applicable Not applicable

XII. OTHERS

Applicable Not applicable





III. Chairman's Statement

Dear Shareholders,

I am pleased to present to the shareholders of Dynagreen Environmental Protection Group Co., Ltd. (the "Company", together with its subsidiaries, the "Group") with the Company's business review for the year 2024 and its business prospects for the year 2025.

The year 2024 was a crucial year for fulfilling the goals and tasks of the "14th Five-Year" Plan. Despite the complexity, severity, and uncertainties in the external environment, the Chinese economy remained generally stable and made steady progress, achieving new advancements in high-quality development. In 2024, centered around the Group's development objectives for the "14th Five-Year" period and with its core waste-to-energy business as the focus, all employees of Dynagreen collaborated closely and forged ahead bravely. They achieved new breakthroughs in innovation and development, as well as made remarkable progress in enhancing quality and efficiency. The Group's treatment capacity exceeded 40,000 tons per day. Moreover, the amount of domestic waste treated, the amount of on-grid electricity and the amount of steam supplied all reached record highs. In 2024, the Group took multiple measures to strengthen projects under operation to improve quality and efficiency, and continue to further tap the potential of combined heat and power generation business. Changzhou Project developed a new model of mobile heating, and Changzhou Project and Zhangqiu Phase II Project successfully carried out green certificate trading; the Group proactively implemented cost reduction and efficiency enhancement and significantly increased the proportion of centralized procurement, to reduce procurement costs; financial costs were reduced through loan replacement and interest rate reduction, etc. In 2024, the Group recorded RMB3.399 billion in revenue. With the further optimization of the revenue structure, the operation-related income accounted for nearly 100% of the revenue; net profit attributable to the shareholders of the Company amounted to RMB585 million. As cash flow continued to improve, asset structure remained sound.

As a company dual-listed in Shanghai and Hong Kong, the Group has always accorded top priority to compliance in its corporate governance and daily operations. It rigorously adheres to relevant laws, regulations, and regulatory requirements, upholds the principles of "authenticity, accuracy, completeness, timeliness and fairness" in information disclosure, and is dedicated to the continuous enhancement of the effectiveness and transparency of information disclosures. In 2024, the Group stepped up its efforts in market value management. By adhering to a combined strategy of "going global" and "ushering in", it took the initiative to expand external communication channels and construct a multi-level and multi-modal communication platform, thereby enabling it to widely solicit opinions and suggestions from investors. Demonstrating a high level of concern for shareholder returns, the Group carried out interim cash dividend distribution for the first time and formulated the Shareholders' Return Plan for the Next Three Years (2024-2026), clarifying dividend expectations. With the establishment and refinement of the long-term incentive mechanism, the Group proposed to implement the restricted A-share incentive scheme, aiming to closely align the interests of key personnel with the long-term prospects of the Company. This move was designed to galvanize the team's innovative spirit and working enthusiasm, ultimately generating greater value for the Company.

At present, China's economic and social development has entered a stage of accelerating green, low-carbon, and high-quality development. The green transformation of economic development has emerged as an irresistible trend. Waste-to-energy, as an interdisciplinary industry possessing the dual characteristics of environmental protection and energy generation, serves as a crucial safeguard for achieving reduction, recycling, and harmless treatment of waste. It is also a significant driving force behind carbon and pollution reduction, enlarging green and growth. Although the sustainable development of the industry encounters numerous challenges, its prospects remain promising. In the future, the Company will persist in upholding its corporate mission of creating a better living environment and unwaveringly focus on developing its core waste-to-energy business. It will concentrate on refined operation, strive to enhance quality and efficiency, and further deepen technological innovation. By doing so, it aims to continuously augment the Group's core competitiveness, generate greater value for shareholders, and make more substantial contributions to the sustainable development of society.

Last, I, on behalf of the Board, would like to express my sincere respect and heartfelt thanks to all the shareholders for their continuous care and support for the healthy development of the Company and also my gratitude to all the employees of the Group for their hard work in the last year!

Qiao Dewei
Chairman

Shenzhen, the PRC
28 March 2025





IV. Management Discussion and Analysis

I. DISCUSSION AND ANALYSIS OF OPERATIONS

(I) 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 construction of ecological civilization, 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 and 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.

(II) Business review

For details of the principal businesses of the Company, please refer to “III. Operations of the Company during the Reporting Period” in this section. During the Reporting Period, the principal businesses of the Company have no major change. The business review, the discussion and analysis of significant factors relating to results and financial position, the major risks and the future business development of the Company are set out in Section III and this section of this annual report, respectively. The above discussion is part of the Report of Directors.

In 2024, despite the complexity, severity and uncertainties of the external environment, the Chinese economy was stable on the whole and made steady advancement, and new progress was achieved in high-quality development. The Group adhered to the corporate mission of “creating a better living environment” and focused on the development goal of the Group for the “14th Five-Year” period, as well as the main waste-to-energy business. All employees of the Group cooperated and forged ahead to promote various work in a solid way. Continuous efforts were exerted to enhance the quality and efficiency of projects under operation and comprehensively promote refined management. As a result, all projects were in safe, efficient and stable operation, and the key indicators of production and operation hit a new high; the Group proactively promoted technological innovation, and achieved initial results in digital transformation; the continued enhancement of market value management substantially increased cash returns to shareholders.





IV. Management Discussion and Analysis (Continued)

Affected by the decrease in the number of projects under construction and other factors, in 2024, the Company recorded RMB3.399 billion in revenue, representing a year-on-year decrease of 14.08% as compared to the same period last year, and RMB585 million in net profit attributable to the shareholders of the Company, representing a year-on-year decrease of 7.02% as compared to the same period last year; as at 31 December 2024, the total assets of the Group amounted to RMB21,989 million and net assets attributable to the shareholders of the Company amounted to RMB8,053 million. Asset structure remained steady.

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

At the beginning of 2024, Jingxi Project was put into operation, resulting in an increase in the treatment capacity of 800 tons/day. Thus, the treatment capacity of the Company exceeded 40,000 tons/day. The Group continues to focus on the operation philosophy of “safety, environmental protection, civilization and efficiency”, to firmly establish the awareness of safety and environmental protection red line and strengthen supervision and management of safety and environmental protection, and no major safety and environmental protection accidents occurred. Throughout 2024, the Company treated 14.3824 million tons of municipal waste, representing a year-on-year increase of 6.96%, generated on-grid electricity of 4,260.9073 million kWh, representing a year-on-year increase of 9.42%; supplied 563,600 tons of steam, representing a year-on-year increase of 31.49%; and operating income amounted to RMB2.964 billion, representing a year-on-year increase of 8.02%. The main operating indicators maintained steady growth.

Major operating data of the Company in each region in 2024

Region	Item	2024
East China	Waste input volume ('0,000 tons)	566.47
	Electricity generation volume ('0,000 kWh)	203,194.07
	On-grid electricity volume ('0,000 kWh)	168,346.33
North China	Waste input volume ('0,000 tons)	182.14
	Electricity generation volume ('0,000 kWh)	59,110.64
	On-grid electricity volume ('0,000 kWh)	47,253.17
South China	Waste input volume ('0,000 tons)	291.12
	Electricity generation volume ('0,000 kWh)	108,198.02
	On-grid electricity volume ('0,000 kWh)	89,701.87
Central China	Waste input volume ('0,000 tons)	224.11
	Electricity generation volume ('0,000 kWh)	88,262.24
	On-grid electricity volume ('0,000 kWh)	74,728.92
Southwest China	Waste input volume ('0,000 tons)	94.96
	Electricity generation volume ('0,000 kWh)	33,208.91
	On-grid electricity volume ('0,000 kWh)	27,834.80
Northeast China	Waste input volume ('0,000 tons)	79.44
	Electricity generation volume ('0,000 kWh)	22,750.69
	On-grid electricity volume ('0,000 kWh)	18,225.64





IV. Management Discussion and Analysis (Continued)

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

The Group continued to tap the potential of combined heat and power generation. Changzhou Company carried out mobile energy storage heating to develop a new heating mode, and Bengbu Company successfully expanded the steam supply business and biogas purification business. The Group has 10 projects engaged in heating and steam supply business. The Group successfully won the bid for Wuhan Donghu Waste Transfer Project and ensured the stable production of Wuhan Company. At the beginning of 2024, Changzhou Company, a subsidiary of the Group, was granted the first Green Power Certificate in the waste-to-energy industry in China and became the first enterprise in the industry to be listed on the Green Power Certificate trading platform in China; in July 2024, Zhangqiu Phase II Company completed the first green certificate trading. As of the end of 2024, the Group has applied for more than 495,300 Green Certificates, and sold 253,300 Green Certificates. The Group proactively implemented cost reduction and efficiency enhancement and significantly increased the proportion of centralized procurement, to reduce procurement costs; financial costs were reduced through loan replacement and interest rate reduction, etc.

3. Continuous promotion of technological innovation and achievement of initial results in digital transformation

During the Reporting Period, the Company continued to deepen technological innovation, proactively expanded scientific research cooperation channels, and promoted the transformation and application of a number of scientific and technological achievements, injecting a strong impetus for the Company's high-quality development and further consolidating the Company's competitive advantage in the industry. The research and development project of integrated ultra-low emission of waste incineration flue gas successfully completed test in the first try in Rushan Company, a subsidiary of the Company. All emission indicators reached ultra-low emission standards and the operation effects were remarkable, indicating a major breakthrough of the Company in the field of flue gas treatment of waste incineration industry. The Company proactively proceeded with digital transformation, striving to improve operational efficiency and management level. Through cooperation with Aliyun and other units, the artificial intelligence technology of waste incineration was applied in Tongzhou Project, to carry out digital and intelligent management of waste incineration, flue gas treatment and waste storage management through big data analysis, machine deep learning, artificial intelligence management, etc. As a result, the operation efficiency of Tongzhou Project was greatly improved, and Tongzhou Project recorded significant economic benefits and won the first prize of scientific and technological progress granted by China Association of Urban Environmental Sanitation in 2024. Various designs of small incinerator (100-200 tons) have been completed. In close cooperation with relevant scientific research institutions and enterprises, the Company proactively promoted the cooperative research and development test of mixed burning of sludge reinjection incinerator and jointly overcame technical problems, to ensure the smooth progress of the test. To continuously promote "industry-university-research" cooperation, the Company cooperated with well-known universities and institutions such as China University of Mining and Technology to carry out technology research and development of ash and coke removal and operations in limited space by robots, and sign an industry-university-research cooperation agreement with Peking University Shenzhen Graduate School. As of the end of 2024, the Company has obtained a total of 80 patents (including 19 invention patents).





IV. Management Discussion and Analysis (Continued)

4. Focus on value enhancement and strengthening market value management

During the Reporting Period, the Company focused on value enhancement and strengthening market value management. On the one hand, the Company continued to deepen quality and efficiency improvement and promote technological innovation, to constantly enhance the core competitiveness of the Company and consolidate the intrinsic value foundation. On the other hand, with great importance paid to the cash return of shareholders, the Company implemented the concept of sharing development results with shareholders and carried out the interim cash dividends distribution for the first time, to effectively enhance the sense of gain of shareholders, and formulated the Shareholders' Return Plan for the Next Three Years (2024-2026) to further clarify dividends expectations, highlighting the confidence in the Company's long-term and steady development; meanwhile, the Group proposes to implement the restricted A share incentive scheme to deeply bind the key personnel with the long-term interests of the Company, so as to stimulate the team's innovation vitality and work enthusiasm and create greater value for the Company.

II. INDUSTRY SITUATION OF THE COMPANY DURING THE REPORTING PERIOD

1. Industry Overview and Macro Policy

The municipal waste-to-energy industry is an important component of urban environmental infrastructure, an important guarantee for the realization of reduction, recycling, and harmless treatment of waste, and an important part to advance the comprehensive green transformation of economic and social development and promote carbon and pollution reduction, enlarging green and growth. With the rapid economic development, residents' living standards and consumption power continue to improve and the transfer volume of municipal domestic waste in China has increased year by year. In light of the overall goal of ecological civilization construction and the background of "peak carbon dioxide emissions and carbon neutrality", the demand for harmless treatment of domestic waste is increasingly strong, and the waste-to-energy industry is developing rapidly with the support of policies.

According to the Statistical Yearbook of Urban and Rural Construction and the automatic monitoring data open platform for domestic waste-to-energy plants of the Ministry of Ecology and Environment, the number of domestic waste-to-energy plants in the PRC have increased from 167 in 2012 to the current 1,058. The goal of national urban domestic waste incineration capacity reaching about 800,000 tons/day under the "14th Five-Year" Plan has been achieved in advance. The future waste-to-energy industry will continue to penetrate into the county market, and domestic waste incineration capacity is expected to achieve full coverage in qualified county-level areas.

The waste-to-energy industry in China has entered a stable development period, and adjustments to the policy on tariff of electricity from waste-to-energy plants and the green certificate trading policy have been implemented. As settlement of National Subsidies has not been normalized, the settlement period of waste treatment fees in certain areas has been extended. Quality and efficiency enhancement has become a key task for the sustainable development of enterprises in the waste-to-energy industry.





IV. Management Discussion and Analysis (Continued)

Major policies related to the industry are as follows:

Time	Promulgating organisation	Policy	Main contents
March 2012	The National Development and Reform Commission	Notice on Improving the Pricing Policy of Waste Incineration Power Generation from the NDRC (《國家發展改革委關於完善垃圾焚燒發電價格政策的通知》)	For waste-to-energy projects using domestic waste as raw materials, the settlement is conducted through conversion of the volume of waste treatment received in the plants into on-grid electricity with a temporary conversion ratio of 280 kWh per ton of municipal waste, and the unified national waste-to-energy benchmark price adopted is RMB0.65 per kWh (inclusive of tax); the part that exceeds the abovementioned amount of electricity is subject to the on-grid tariff for the local coal-fired generating units.
September 2020	The Ministry of Finance, the National Development and Reform Commission, the National Energy Administration	Supplementary Notice on the Several Opinions on Promoting the Healthy Development of Non-Hydro Renewable Energy Power Generation (《關於有關事項的補充通知》)	For biomass power generation projects, including waste-to-energy, the number of rational utilization hours in the whole life cycle is 82,500 hours; for projects included in the list of renewable energy power generation subsidy in accordance with the provisions of Cai Jian (2020) No. 5, after a biomass power generation projects has been connected to the grid for 15 years, regardless of whether the project has reached the amount of electricity entitled to full life cycle subsidies, it no longer enjoys the financial subsidy funds from the central government, and the Green Certificate will be issued to allow engagement in the Green Certificate trading.
May 2021	The National Development and Reform Commission, the Ministry of Housing and Urban Rural Development	The “14th Five-year” Development Plan for Urban Domestic Waste Classification and Treatment Facilities (《「十四五」城鎮生活垃圾分類和處理設施發展規劃》)	China will speed up the establishment of a domestic waste treatment system integrating sorted release, sorted collection, sorted transportation, and sorted treatment. By the end of 2025, the national urban domestic waste incineration capacity will reach about 800,000 tons per day, and the municipal solid waste incineration treatment capacity will account for about 65%.
August 2021	The National Development and Reform Commission, the Ministry of Finance, the National Energy Administration	The Notice on Printing and Distributing the Work Plan for the Construction of Biomass Power Generation Projects in 2021 (《關於印發〈2021年生物質發電項目建設工作方案〉的通知》)	The projects for which all units were completed and connected to the grid in the current year after 20 January 2020 (inclusive) but which were not included in the subsidy scope of 2020 and the projects for which the construction was commenced by the end of 2020 and all units were completed and connected to the grid by the end of 2021 are non-competitive configuration projects; The projects for which the construction was commenced in the current year after 1 January 2021 (inclusive) are competitive configuration projects.





IV. Management Discussion and Analysis (Continued)

Time	Promulgating organisation	Policy	Main contents
November 2022	The National Development and Reform Commission, the Ministry of Housing and Urban Rural Development, the Ministry of Ecology and Environment, the Ministry of Finance, the People's Bank of China	The Guiding Opinions on Strengthening the Construction of Municipal Waste Incineration Treatment Facilities in County-level Areas (《關於加強縣級地區生活垃圾焚燒處理設施建設的指導意見》)	By 2025, a domestic waste classification and treatment system that is compatible with economic and social development will be basically formed in county-level areas across the country, and qualified county-level areas in the Beijing-Tianjin-Hebei region, the Yangtze River Delta, and the Guangdong-Hong Kong-Macao Greater Bay Area will basically realize full coverage of incineration treatment capacity. Domestic waste incineration treatment facilities will be built as much as possible in the Yangtze River Economic Belt, the Yellow River Basin, key cities for domestic waste classification, "zero waste city" construction areas and other qualified county-level areas and harmless treatment of domestic waste should be achieved through landfill and other means in the county-level areas which do not meet the conditions to build incineration treatment facilities. By 2030, the supply capacity and level of domestic waste classification and treatment facilities in county-level areas across the country will be further improved, and the technology and business model of small domestic waste incineration treatment facilities will be further matured. Except for a few special areas that do not have the conditions, the nationwide county-level incineration capacity will basically meet the treatment needs.
December 2022	The National Development and Reform Commission, the Ministry of Housing and Urban Rural Development	The Notice on Accelerating the Implementation Plan on Tackling the Shortcomings and Weaknesses of Municipal Waste Incineration Treatment Facilities in County-level Areas (《關於加快補齊縣級地區生活垃圾焚燒處理設施短板弱項的實施方案》)	Evaluation and demonstration will be strengthened for domestic waste incineration treatment facilities in county-level areas, and no new domestic waste incineration treatment facilities will be built in principle in county-level areas where the annual load rate of existing incineration treatment facilities is less than 70%. In county-level areas where there is a gap in incineration capacity, if the daily volume of domestic waste is greater than 300 tons, it is necessary to accelerate the construction of domestic waste incineration treatment facilities to realize "zero landfill" of raw waste as soon as possible; in the areas with the daily volume of domestic waste in the range of 200-300 tons, the conditions for collaborative treatment of agricultural and forestry waste, livestock and poultry manure, and solid waste in parks, and economical efficiency, incineration treatment facilities can be constructed separately; in county-level areas where the daily volume of domestic waste is less than 200 tons, under the premise of ensuring the safe and effective treatment of domestic waste, the construction of incineration treatment facilities can be promoted in an orderly manner in combination with small incineration pilot projects. Within the economic radius of transportation, if the total daily volume of domestic waste in adjacent areas is greater than 300 tons, shared incineration treatment facilities can be jointly built.





IV. Management Discussion and Analysis (Continued)

Time	Promulgating organisation	Policy	Main contents
February 2023	The National Development and Reform Commission, the Ministry of Finance, the National Energy Administration	The Notice on Matters in relation to Participation Of Green Electricity Projects Enjoying Central Subsidies in Green Electricity Trading (《關於享受中央補貼的綠電項目參與綠電交易有關事項的通知》)	It is clarified that green electricity premium and subsidies from the central government cannot be both enjoyed. For green power enjoying the national renewable energy subsidies, the premium income over the benchmark tariff of coal power implemented for the project participating in green electricity trading will offset the national renewable energy subsidies in an equivalent amount or belong to the state; if a power generation enterprise gives up subsidies, all the income from participation in green electricity trading shall belong to the power generation enterprise.
July 2023	The National Development and Reform Commission, the Ministry of Finance, the National Energy Administration	The Notice on Promoting the Full Coverage of Renewable Energy Green Electricity Certificates to Promote the Consumption of Renewable Energy Electricity (《關於做好可再生能源綠色電力證書全覆蓋工作促進可再生能源電力消費的通知》)	The scope of application of Green Certificate is clarified, and Green Certificate will be issued to all the electricity produced by the national wind power (including distributed wind power and offshore wind power), solar power (including distributed photovoltaic power generation and photothermal power generation), conventional hydropower, biomass power generation, geothermal power generation, ocean power generation and other renewable energy power projects that have been documented, to achieve full coverage of Green Certificate.
February 2024	The National Energy Administration	Regulatory Measures for Guaranteed Full Purchase of Renewable Energy Electricity (《全額保障性收購可再生能源電量監管辦法》)	The guaranteed full purchase of renewable energy electricity by relevant members in the electricity market will be standardized and the on-grid electricity of biomass power generation projects will be effectively guaranteed in the electricity trading market.





IV. Management Discussion and Analysis (Continued)

Time	Promulgating organisation	Policy	Main contents
August 2024	The State Council	Opinions on Accelerating the Comprehensive Green Transformation of Economic and Social Development (《關於加快經濟社會發展全面綠色轉型的意見》)	<p>The construction of urban domestic waste treatment facilities will be speed up to make up for weaknesses in respect of waste incineration treatment capacity in county-level areas. In compliance with relevant laws and regulations, environmental and safety standards, the coordinated disposal of certain solid wastes by domestic waste incineration facilities will be promoted in an orderly way.</p> <p>Investment within the central budget will be proactively arranged to support the construction of environmental infrastructures such as domestic waste incineration in county-level areas, and support the pilot small-scale incineration of domestic waste. New domestic waste-to-energy projects will be preferentially included in green electricity trading. The domestic waste charging system will be improved, and differentiated charging policies will be explored and promoted, to seek for innovative collection methods.</p> <p>The construction model of parks will be popularized and it is encouraged to construct venous industry bases in county-level areas, and carry out collaborative disposal of solid waste such as domestic waste and agricultural and forestry waste, sludge, etc., so as to realize the sharing of treatment capacity.</p>

2. Industrial characteristics

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.





IV. Management Discussion and Analysis (Continued)

- (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.

III. OPERATIONS OF THE COMPANY DURING THE REPORTING PERIOD

(I) Background and 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 31 December 2024, in respect of the municipal waste-to-energy sector, the Company had 37 projects under operation. The waste treatment capacity of the projects under operation reached 40,300 tons/day and the installed capacity was 857MW, placing the Company in a leading position in the industry in terms of the number of projects and waste treatment capacity.

(II) 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 environmental protection consumables 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.

During the Reporting Period, there was no significant change in the Company's main business and main business model.

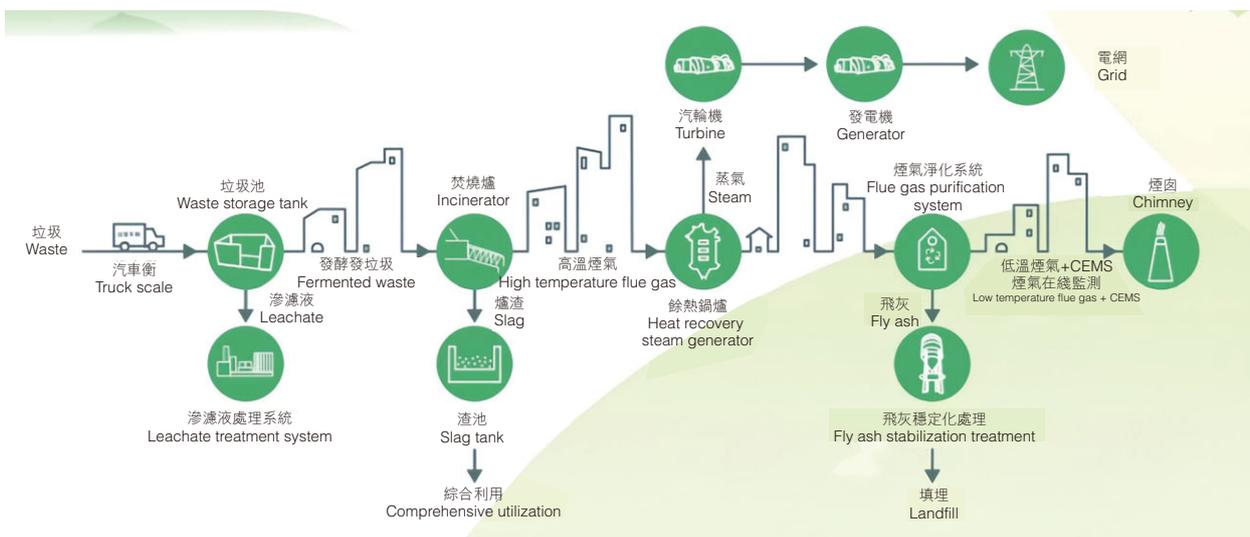




IV. Management Discussion and Analysis (Continued)

(III) Processes and technologies

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



The core equipment of the waste incineration power generation system is incinerator. The Company mainly uses the self-developed three-drive expeller grate waste 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.





IV. Management Discussion and Analysis (Continued)

(II) 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 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.

(III) 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.





IV. Management Discussion and Analysis (Continued)

(IV) Experienced management team

The management team of the Company has been engaged in business management, market development, technology development and construction and operation of waste-to-energy plants over the years. The Chairman of the Company, Mr. Qiao Dewei, was recognised as one of the “Top 100 Industry Leaders in Shenzhen” for five consecutive times and appointed as the special invited observer of ecological environment by the Ministry of Ecology and Environment in 2023 and was granted the award of scientific and technological achievement by China Association of Urban Environmental Sanitation in 2024, proving his social influence and charisma, and the management team under his leadership has nearly 20 years of experience in cooperation and in-depth understanding of the industry. Under the guidance of the management team, the project construction and operation team can adopt targeted strategies for the changes in the waste treatment technology and management and operation of waste-to-energy plants in a timely manner, while the marketing team can actively develop potential regional markets according to the future development planning of the Company. Such an experienced team of the Company helps to enhance the operating efficiency and warrants the quality of the projects.

V. MAJOR OPERATIONAL PARTICULARS DURING THE REPORTING PERIOD

In 2024, the Company achieved an revenue of RMB3,398,572,272.66 and net profit of RMB600,743,364.00. As at 31 December 2024, the Company’s total assets and total liabilities amounted to RMB21,988,772,935.44 and RMB13,459,982,502.46 respectively. The total equity amounted to RMB8,528,790,432.98 and the gearing ratio (calculated as total liabilities over total assets) was 61.21%, and the net asset value per share attributable to the shareholders of the parent company was RMB5.78.

(I) Analysis of main businesses

1. Analysis of changes in relevant items in income statement and cash flow statement

Unit: RMB

Item	Amount for the current period	Amount for the corresponding period last year	Change (%)
Revenue	3,398,572,272.66	3,955,548,511.61	-14.08
Operating cost	1,854,415,615.88	2,431,798,308.92	-23.74
Selling expenses	1,315,666.37	1,394,043.52	-5.62
Administrative expenses	232,864,434.58	215,861,892.82	7.88
Finance costs	447,553,539.09	472,951,735.08	-5.37
Research and development expenditure	7,097,412.89	7,372,735.78	-3.73
Net cash flow generated from operating activities	1,438,470,488.62	977,677,149.93	47.13
Net cash flow generated from investing activities	-357,166,567.06	-689,075,952.80	N/A
Net cash flow generated from financing activities	-1,246,045,791.12	-1,120,553,730.82	N/A
Losses on asset impairment	-126,501,452.00	-27,862,366.22	N/A





IV. Management Discussion and Analysis (Continued)

Explanation on changes in revenue:	Mainly due to that as the projects under construction and the investment in construction in the period decreased, resulting in a decrease in the construction revenue by RMB778 million as compared with the same period last year.
Explanation on changes in operating cost:	The reason is the same as that for the changes in revenue. The construction cost decreased by RMB714 million as compared with the same period last year.
Explanation on changes in selling expenses:	Minor changes.
Explanation on changes in administrative expenses:	Mainly due to the commencement of operation of Jingxi Project and the operation of Shuozhou Project, Huludao Waster-to-energy Project, Wuhan Phase II Project, Zhangqiu Phase II Project, etc., which were put into production in 2023, throughout 2024, resulting in an increase in administrative expenses.
Explanation on changes in finance costs:	Mainly due to a decrease in interests on bank borrowings, resulting in a decrease in interest expenditures.
Explanation on changes in research and development expenditure:	Minor changes.
Explanation on changes in net cash flow generated from operating activities:	Mainly due to an increase in tariff and collections in the period, an increase in collection of accounts receivables from National Subsidies for previous years in the period as compared with the same period last year, an increase in cash received from the sale of goods and rendering of services as compared with the same period last year, and a decrease in construction expenditure of PPP projects included in cash outflow from operating activities as a result of a decrease in the investment in construction during the period as compared with the same period last year.
Explanation on changes in net cash flow generated from investing activities:	Mainly due to a decrease in the investment in construction during the period as compared with the same period last year and a decrease in cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets.
Explanation on changes in net cash flow generated from financing activities:	mainly due to an increase in the amount of dividends distributed and paid by the Company during the period.
Explanation on changes in losses on asset impairment:	Mainly due to provision of RMB129 million for losses on asset impairment of Huludao Hazardous Waste Project.

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

Applicable Not Applicable





IV. Management Discussion and Analysis (Continued)

2. Analysis of the revenue and costs

✓ Applicable □ Not Applicable

During the Reporting Period, the Company achieved an revenue of RMB3,398,572,272.66 (corresponding period in 2023: RMB3,955,548,511.61), representing a decrease of 14.08% as compared to the corresponding period in 2023. In particular, revenue of projects under operation amounted to RMB2,964,042,084.33 (corresponding period in 2023: RMB2,744,064,456.51), representing an increase of 8.02% as compared to the corresponding period in 2023. Construction revenue was recognized for BOT projects in an amount of RMB37,326,307.19 during the construction period in accordance with the Accounting Standards for Business Enterprises No. 14 (corresponding period in 2023: RMB815,496,845.88), representing a decrease of 95.42% as compared to the corresponding period in 2023, mainly due to a decrease in projects under construction in the period as compared to the corresponding period last year, resulting in a decrease in investment accordingly. Interest income amounted to RMB397,203,881.14 (corresponding period in 2023: RMB395,987,209.22), representing an increase of 0.31% as compared to the corresponding period in 2023.

Gross profit and gross profit margin

During the Reporting Period, the gross profit of the Company increased by 6.92% to RMB1,544,156,656.78 (corresponding period in 2023: RMB1,523,750,202.69) and the gross profit margin was 45.44% (corresponding period in 2023: 38.52%). The increase in gross profit margin was mainly due to the low gross profit margin of construction revenue, resulting in a decrease in the proportion of construction revenue to the total revenue in the period by 19.52% as compared to the corresponding period of last year, and an increase in the proportion of operating income to the total revenue as compared with the same period last year.

Total profit

During the Reporting Period, the total profit of the Company amounted to RMB706,139,517.29, representing a decrease of RMB70,946,542.66 as compared to corresponding period in 2023, mainly due to a substantial decrease in construction revenue and a significant increase in losses on asset impairment.

(1). Performance of main businesses by segment, product, region and sales model

Unit: RMB

By segment	Revenue	Operating cost	Gross profit margin (%)	Main businesses by segment		
				Increase/decrease in revenue as compared to last year (%)	Increase/decrease in operating costs as compared to last year (%)	Increase/decrease in gross profit margin as compared to last year (%)
Environmental protection service	3,398,572,272.66	1,854,415,615.88	45.44	-14.08	-23.74	Increased by 6.92 percentage points





IV. Management Discussion and Analysis (Continued)

Main businesses by product						
By product	Revenue	Operating cost	Gross profit margin (%)	Increase/decrease in revenue as compared to last year (%)	Increase/decrease in operating costs as compared to last year (%)	Increase/decrease in gross profit margin as compared to last year (%)
Solid waste treatment	3,361,245,965.47	1,820,119,424.92	45.85	7.04	8.13	Decreased by 0.54 percentage point
PPP project construction service	37,326,307.19	34,296,190.96	8.12	-95.42	-95.42	Decreased by 0.10 percentage point

Main businesses by region						
By region	Revenue	Operating cost	Gross profit margin (%)	Increase/decrease in revenue as compared to last year (%)	Increase/decrease in operating costs as compared to last year (%)	Increase/decrease in gross profit margin as compared to last year (%)
East China	1,239,284,908.42	641,289,509.53	48.25	-12.56	-23.48	Increased by 7.38 percentage points
South China	826,667,817.50	423,964,571.14	48.71	-19.63	-28.95	Increased by 6.73 percentage points
North China	421,579,580.97	248,996,136.63	40.94	-7.60	4.27	Decreased by 6.72 percentage points
Central China	497,347,144.02	277,417,512.06	44.22	-22.39	-39.97	Increased by 16.34 percentage points
Southwest China	241,415,949.34	122,283,665.76	49.35	14.66	5.95	Increased by 4.16 percentage points
Others	172,276,872.41	140,464,220.76	18.47	-14.76	-22.27	Increased by 7.87 percentage points

Explanation on the main businesses by segment, product, region and sales model

Environmental protection services mainly refer to the construction and operation of waste-to-energy projects, solid waste treatment mainly refers to the operation of waste incineration power generation projects, and PPP project construction services mainly refer to the construction of waste-to-energy projects.





IV. Management Discussion and Analysis (Continued)

- (2). Analysis of production and sales
 Applicable Not Applicable

- (3). Performance of material procurement and sales contracts
 Applicable Not Applicable





IV. Management Discussion and Analysis (Continued)

(4). Cost analysis table

Unit: RMB

By segment	Item relating to cost composition	Amount in the current period	Particulars by segment			Percentage changes in the amount for the period as compared to that of the corresponding period	Explanation
			Percentage to the total cost for the period (%)	Amount for the corresponding period last year	Percentage of the total cost for the corresponding period last year (%)		
Environmental protection service	Staff cost	384,465,154.13	20.73	359,749,152.83	14.79	6.87	Mainly due to an increase in operating projects in period, and the operation of projects which were put into production in 2023 throughout the year
Environmental protection service	Environmental protection fee	256,765,448.66	13.85	279,749,822.62	11.50	-8.22	Mainly due to a decrease in the unit price of certain environmental protection consumables through centralized procurement, a decrease in unit consumption through refined management, and a decrease in the unit price of fly ash treatment fees of certain projects during the period
Environmental protection service	Amortization of intangible assets	486,450,720.57	26.23	443,802,233.54	18.25	9.61	Mainly due to an increase in operating projects in period, and the operation of projects which were put into production in 2023 throughout the year
Environmental protection service	Material fee	340,343,324.97	18.35	258,304,964.61	10.62	31.76	Mainly due to an increase in fuel purchase costs
Environmental protection service	Overhaul and other maintenance costs	135,486,566.52	7.31	131,554,568.29	5.41	2.99	Minor changes
Environmental protection service	Construction costs	34,296,190.96	1.85	748,474,510.63	30.78	-95.42	Decrease in the number of projects under construction and construction investment





IV. Management Discussion and Analysis (Continued)

By product	Item relating to cost composition	Amount in the current period	Particulars by product			Percentage changes in the amount for the period as compared to that of the corresponding period last year (%)	Explanation
			Percentage to the total cost for the period (%)	Amount for the corresponding period last year	Percentage of the total cost for the corresponding period last year (%)		
Solid waste treatment	Staff cost	384,465,154.13	20.73	359,749,152.83	14.79	6.87	Mainly due to an increase in operating projects in period, and the operation of projects which were put into production in 2023 throughout the year
Solid waste treatment	Environmental protection fee	256,765,448.66	13.85	279,749,822.62	11.50	-8.22	Mainly due to a decrease in the unit price of certain environmental protection consumables through centralized procurement, a decrease in unit consumption decreased through refined management, and a decrease in the unit price of fly ash treatment fees of certain projects during the period
Solid waste treatment	Amortization of intangible assets	486,450,720.57	26.23	443,802,233.54	18.25	9.61	Mainly due to an increase in operating projects in period, and the operation of projects which were put into production in 2023 throughout the year
Solid waste treatment	Material fee	340,343,324.97	18.35	258,304,964.61	10.62	31.76	Mainly due to an increase in fuel purchase costs
Solid waste treatment	Overhaul and other maintenance costs	135,486,566.52	7.31	131,554,568.29	5.41	2.99	Minor changes
PPP project construction service	Construction costs	34,296,190.96	1.85	748,474,510.63	30.78	-95.42	Decrease in the number of projects under construction and construction investment

Description of other situations of cost analysis

Nil





IV. Management Discussion and Analysis (Continued)

- (5). Changes in the scope of consolidation due to changes in the equity of major subsidiaries during the Reporting Period

Applicable Not Applicable

- (6). Significant changes in or adjustments to the Company's business, products or services during the Reporting Period

Applicable Not Applicable

- (7). Major customers and suppliers of the Company

- A. Major customers of the Company
 Applicable Not Applicable

The customers of the Company mainly comprise the municipal administrative authorities of the local governments and power grid companies. Pursuant to the "Concession Agreement" entered into between the Group and the municipal administrative authorities of the local governments, the Company provides waste treatment service to the municipal administrative authorities and receives waste treatment fee. The amount of processed waste is measured with the equipment monitored by both parties, and the waste treatment standards are in line with the relevant technical and emission standards. The "Concession Agreement" stipulates the waste treatment fee, which will be reviewed and adjusted on a regular basis, and settled monthly or every several months. The Company is dedicated to provide quality and professional waste treatment service to municipal administrative authorities of the local governments, so as to improve urban environment and establish a brand image.

Pursuant to the "Electricity Sale and Purchase Agreement" entered into by the Company and the power grid companies, the Company sells the electricity it generated (net of those for self-consumption) to the power grid companies and receives sales revenue. The unit price of electricity is price set by the National Development and Reform Commission. The on-grid electricity is measured by electric meters approved by both parties and the fee will be settled monthly or every several months.

Sales to the Group's largest customer amounted to RMB304.9289 million, accounting for 9.07% of the total sales for the year.

Sales to the Group's five largest customers amounted to RMB964.5239 million, accounting for 28.70% of the total sales for the year, in which sales to related parties was nil, accounting for 0% of the total sales for the year.

Circumstances in which the proportion of sales to a single customer exceeded 50% of the total sales, there were new customers among the top 5 customers, or the Company was heavily dependent on a small number of customers

Applicable Not Applicable





IV. Management Discussion and Analysis (Continued)

- B. Major suppliers of the Company
 Applicable Not Applicable

The Company mainly procures various kinds of equipment, construction and installation services and consumables. The Company maintains a database of suppliers and, in accordance with the procurement procedures and policies it established, selects suppliers publicly based on their merits through bidding and other procedures as permitted by laws. The Company will enter into procurement contracts with the selected suppliers and make payment according to the time the suppliers provide products or services. The Company values the relationship with suppliers and has established long term cooperation with them based on the principles of “fairness and mutual benefits”.

Purchases from the largest supplier amounted to RMB32.2041 million, accounting for 2.57% of the total purchases for the year.

Purchases from the Group’s five largest suppliers amounted to RMB118.3899 million, accounting for 9.45% of the total purchases for the year, in which purchases from related parties was nil, accounting for 0% of the total purchases for the year.

Circumstances in which the proportion of procurement from a single supplier exceeded 50% of the total sales, there were new suppliers among the top 5 suppliers, or the Company was heavily dependent on a small number of suppliers
 Applicable Not Applicable

Other Explanation:

None of the Directors or any of their close associates or any substantial shareholders of the Company (which, to the best knowledge of the Directors, own 5% or above of the Company’s issued share capital) had any beneficial interest in the Company’s five largest customers and five largest suppliers.

3. Expenses

- Applicable Not Applicable

(1) *Administrative expenses*

During the Reporting Period, the administrative expenses of the Company amounted to RMB232,864,434.58 (corresponding period in 2023: RMB215,861,892.82), representing a year-on-year increase of 7.88%, which accounted for approximately 6.85% (corresponding period in 2023: 5.46%) of the revenue of Company, mainly due to the commencement of operation of Jingxi Project and the operation of Shuozhou Project, Huludao Power Generation Project, Wuhan Phase II Project, Zhangqiu Phase II Project, etc. which were put into production in 2023, throughout 2024, resulting in an increase in administrative expenses.

(2) *Finance costs*

During the Reporting Period, the finance costs for the Group amounted to RMB447,553,539.09, representing a decrease of approximately RMB25,398,195.99 or 5.37% over the previous year, mainly due to a decrease in interests on bank borrowings, resulting in a decrease in interest expenditures.

(3) *Income tax expenses*

During the Reporting Period, the income tax expenses of the Group amounted to RMB105,396,153.29 (corresponding period in 2023: RMB113,614,410.62), accounting for approximately 14.93% (corresponding period in 2023: 14.62%) of total profit of the Group. The proportion of income tax expenses and total profits is basically stable.





IV. Management Discussion and Analysis (Continued)

4. R&D investment

(1). *Table of R&D investment*

Applicable Not Applicable

Unit: RMB

Expense-type research and development expenses for the current period	7,097,412.89
Capitalised research and development expenses for the current period	0
Total R&D expenditures	7,097,412.89
Proportion of total research and development expenses to the revenue (%)	0.21
Percentage of capitalised R&D investment (%)	0

(2). *Table of R&D staff*

Applicable Not Applicable

Unit: person

Number of R&D staff	14
Percentage of R&D staffs to the total staffs of the Company (%)	0.42

Educational structure of R&D staff

Category of educational structure	Number of staff
Doctor	0
Master	1
Bachelor	8
Junior college	5
High school and below	0

Age structure of R&D staff

Category of age structure	Number of staff
Under 30 (excluding 30)	1
30-40 (including 30, excluding 40)	1
40-50 (including 40, excluding 50)	7
50-60 (including 50, excluding 60)	5
60 and above	0

(3). *Explanation*

Applicable Not Applicable

(4). *Reasons for material changes in the composition of R&D staff and the impact on the future development of the Company*

Applicable Not Applicable





IV. Management Discussion and Analysis (Continued)

5. Cash flows

✓ Applicable Not Applicable

Unit: RMB

Item	From the beginning of the year to the end of the Reporting Period (January to December)	Corresponding period last year	Amount of change	Change (%)	Main reason
Cash received from sale of goods, rendering of services	3,332,180,504.57	2,999,544,479.41	332,636,025.16	11.09	Mainly due to an increase in tariff and collections in the period, an increase in collection of accounts receivables from National Subsidies for previous years in the period as compared with the same period last year
Cash paid from sale of goods, rendering of services	973,308,507.21	955,728,788.38	17,579,718.83	1.84	Minor changes
Other cash payments related to the construction of PPP projects	137,724,359.79	358,366,153.93	-220,641,794.14	-61.57	A decrease in investment in construction
Cash paid to and for employees	541,147,329.71	500,102,931.53	41,044,398.18	8.21	Mainly due to an increase in operation projects and wages
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	370,135,830.21	722,133,011.80	-351,997,181.59	-48.74	A decrease in investment in construction
Cash received from borrowings	3,942,104,400.05	2,008,449,588.30	1,933,654,811.75	96.28	An increase in bank borrowings in the period
Cash paid for repayment of loans	4,453,243,766.41	2,500,968,040.73	1,952,275,725.68	78.06	Mainly due to additional repayment of borrowings from BSAM in an amount of RMB1.2 billion in the period
Cash paid for distribution of dividends and profit or payment of interests	731,473,022.92	625,027,013.18	106,446,009.74	17.03	Mainly due to an increase in the amount of dividends distributed and paid by the Company in the period





IV. Management Discussion and Analysis (Continued)

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

Applicable Not Applicable

(III) Analysis of assets and liabilities

Applicable Not Applicable

1. Assets and liabilities

Unit: RMB

Item	Amount as at the end of the current period	Percentage of amount as at the end of the current period to total assets (%)	Amount as at the end of the prior period	Percentage of amount as at the end of the prior period to total assets (%)	Change of amount as at the end of the current period to amount as at the end of the prior period (%)	Explanation
Cash at bank and on hand	867,810,323.28	3.95	1,034,574,136.93	4.59	-16.12	Mainly due to the net outflow from investment activities and financing activities greater than the net inflow from operating activities in the period
Accounts receivable	2,512,178,004.57	11.42	1,973,420,906.89	8.76	27.30	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 due to the inclusion of Shihui Phase I Project, Shantou Project and Bobai Project in the catalogue of national renewable energy subsidies in the period
Contract assets	370,964,094.96	1.69	406,969,089.65	1.81	-8.85	Mainly due to the transfer of accumulated balance of National Subsidies to accounts receivables due to the inclusion of Shihui Phase I Project, Shantou Project and Bobai Project in the catalogue of national renewable energy subsidies in the period
Intangible assets	10,659,570,149.67	48.48	11,115,558,991.16	49.32	-4.10	Minor changes
Other non-current assets	6,651,544,469.90	30.25	6,916,184,337.26	30.69	-3.83	Minor changes
Short-term borrowings	545,805,404.65	2.48	516,440,084.96	2.29	5.69	Minor changes
Accounts payable	661,561,718.22	3.01	1,014,132,043.06	4.50	-34.77	Mainly due to the decrease in construction in progress and successive final payments for projects newly put into production
Current portion of non-current liabilities	1,108,768,938.92	5.04	2,138,535,085.14	9.49	-48.15	Mainly due to the repayment of borrowings from BSAM in an amount of RMB1.2 billion which became due in the period
Long-term borrowings	7,528,412,016.81	34.24	7,033,566,028.80	31.21	7.04	Mainly due to debt restructuring and replacement of current portion of non-current liabilities with new long-term borrowings
Bonds payable	2,354,143,208.17	10.71	2,275,489,512.51	10.10	3.46	Minor changes





IV. Management Discussion and Analysis (Continued)

Other explanation:

Nil

2. Overseas assets

Applicable Not Applicable

(1) *Asset size*

Including: overseas assets 34,508,968.46 (Unit: RMB), accounting for 0.16% of total assets.

(2) *Explanation on the relatively high proportion of overseas assets*

Applicable Not Applicable

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

Applicable Not Applicable

Item	Carrying amount at the end of the period (RMB)	Carrying amount at the beginning of the period (RMB)	Reason for restriction
Cash at bank and on hand	0	2,039,180.00	Used for issuing performance bond
Other non-current assets	4,154,508,984.18	4,007,336,391.53	Used for pledged borrowings
Intangible assets	5,901,317,945.15	5,228,829,544.18	Used for pledged borrowings
Accounts receivable	1,733,445,921.40	1,319,752,710.62	Used for pledged borrowings
Contract assets	297,894,159.93	341,067,032.77	Used for pledged borrowings
Total	12,087,167,010.66	10,899,024,859.10	

4. Other explanation

Applicable Not Applicable

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 31 December 2024, the Company had cash and cash equivalents of approximately RMB867,810,323.28, representing a decrease of RMB164,724,633.65 as compared to RMB1,032,534,956.93 at the end of 2023. The vast majority of the Group's cash and cash equivalents are held in Renminbi. As at 31 December 2024, the Company's gearing ratio decreased from 63.29% at the end of 2023 to 61.21%.





IV. Management Discussion and Analysis (Continued)

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. In 2024, the Company's strategy remained unchanged from 2023. As at 31 December 2024 and 31 December 2023, the gearing ratios of the Company were 61.21% and 63.29%, respectively.

Loans and pledge of assets

As at 31 December 2024, the Company had total outstanding borrowings of RMB9,145,064,463.98, representing a decrease of RMB511,139,366.36 as compared to RMB9,656,203,830.34 at the end of 2023. The borrowings included pledged loans of RMB6,657,753,659.04 and unpledged loans of RMB2,487,310,804.94. The Company's borrowings were denominated in Renminbi and Hong Kong dollars. Most of the Company's borrowings were at floating rates. As at 31 December 2024, the Company had composite banking credit facilities in the amount of RMB15.860 billion, of which RMB3.598 billion 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 RMB12,087,167,010.66 as at 31 December 2024.

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 31 December 2024 and 31 December 2023 under the guarantees was the credit facility drawn down by the subsidiaries of RMB6,893,302,079.34 and RMB7,242,311,708.86, respectively.

Commitments

As at 31 December 2024 and 31 December 2023, the Company's outstanding purchase commitments in relation to the construction contracts which had not been provided for in the Company's financial statements were RMB0 and RMB50,169,327.38, respectively.





IV. Management Discussion and Analysis (Continued)

(IV) Analysis of industrial operation information

✓ Applicable □ Not Applicable

For details, please refer to “III. Operations of the Company during the Reporting Period” in this section of this report and the contents below.

1. Solid waste treatment

Project name	Place	Type of solid waste	Total investment	Designed capacity	Capacity utilization rate	Date of operation commencement	Term of concession rights	Criteria for waste treatment fees
Tongzhou Project	Tongzhou, Beijing	Municipal waste	1,240,000,000	2,250 tons/day	84.92%	August 2018	27 years	RMB152/ton
Shantou Project	Shantou, Guangdong	Municipal waste	1,040,000,000	2,250 tons/day	97.75%	March 2019 (phase I) September 2020 (phase II)	30 years	RMB90/ton
Huizhou Phase II Project	Huizhou, Guangdong	Municipal waste	1,790,000,000	3,400 tons/day	75.50%	May 2020 (phase I) August 2021 (phase II)	29 years	RMB74.3/ton

Note: Unless otherwise specified, the term of the concession rights includes the construction period, the same applies below.

2. Power generation business

Project name	Installed power (MW)	Electricity generation volume ('0,000 kWh)	On-grid tariff (RMB/kWh)	Subsidy policy	Term of concession rights
Tongzhou Project	50	25,945.05	0.65	Note	27 years
Shantou Project	60	34,283.35	0.65	Note	30 years
Huizhou Phase II Project	85	33,407.04	0.65	Note	29 years

Note: According to the Notice on Improving the Pricing Policy of Waste Incineration Power Generation from the NDRC (Fa Gai Jia Ge [2012] No. 801) (《國家發展改革委關於完善垃圾焚燒發電價格政策的通知》(發改價格[2012]801號)), for waste-to-energy projects using municipal waste as raw materials, the portion not exceeding on-grid electricity of 280 kWh per ton of municipal waste implements a national waste-to-energy benchmark on-grid price of RMB0.65 per kWh (inclusive of tax). The portion of waste-to-energy benchmark price exceeding on-grid benchmark tariff of local desulfurization coal-fired electricity generation units is subject to two-tier sharing. Of which, the local provincial power grid bears at a rate of RMB0.1 per kWh, being the “provincial subsidies”; while the remaining portion is included in the nationally collected additional subsidies for renewable energy tariff, being the “national subsidies”.





IV. Management Discussion and Analysis (Continued)

3. Equipment

Project name	Incineration equipment	Power equipment	Flue gas treatment system
Tongzhou Project	3X750 expeller grate waste incinerator	2X25MW Turbine generators	Denitration, semi-dry lime deacidification, dry deacidification, activated carbon injection device, bag filter and SCR denitration in SNCR furnace
Shantou Project	3X750 expeller grate waste incinerator	1X35MW+1X25MW Turbine generators	Denitration, semi-dry lime deacidification, dry deacidification, activated carbon injection device and bag filter in SNCR furnace
Huizhou Phase II Project	4X850 expeller grate waste incinerator	1X40MW+1X45MW Turbine generators	Denitration, semi-dry lime deacidification, dry deacidification, activated carbon injection device, bag filter and SCR + wet denitration in SNCR furnace

4. Market share

According to the latest information disclosed in the 2023 Statistical Yearbook of China Urban and Rural Construction, the urban waste incineration capacity in 2023 was 251,928,400 tons in China. In 2023, the Company's waste incineration treatment was 13,446,800 tons, accounting for 5.34% of the total treatment amount.

(V) Investment analysis

Overall analysis of external equity investments

Applicable Not Applicable

Investments during the Reporting Period (RMB)	Investments during the corresponding period last year (RMB)	Change (%)
148,074,600	530,000,000	-72.06

1. *Material equity investments*
 Applicable Not Applicable
2. *Material non-equity investments*
 Applicable Not Applicable





IV. Management Discussion and Analysis (Continued)

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. *Specific progress of major asset restructuring and integration during the Reporting Period*

Applicable Not Applicable

5. *Details of future material investment or capital assets plan*

As at 31 December 2024, save for the investment or construction of the waste-to-energy projects won by the Company through tender as announced in prior announcements and described in this annual report, the 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. Please refer to previous announcements for the expected funding sources.





IV. 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

RMB'0,000

Name of company	Principal business	Registered		Total			Revenue	Operating profit
		capital	Shareholding	assets	Net assets	Net profit		
Tongzhou Company	Waste treatment and power generation	37,500	100%	146,710.50	58,474.70	5,712.29	20,775.53	7,620.28
Shantou Company	Waste treatment and power generation	21,000	100%	115,982.65	47,560.72	7,859.43	19,928.20	9,059.16
Haining Expansion Company	Waste treatment and power generation	39,000	60%	113,929.74	60,172.74	8,290.72	17,710.41	8,958.75
Huizhou Phase II Company	Waste treatment and power generation	45,000	100%	146,141.15	78,590.94	12,816.61	28,569.06	13,966.66
Wuhan Company	Waste treatment and power generation	27,948.428	100%	119,473.53	47,820.76	6,713.81	22,205.10	7,066.91

As at the end of the Reporting Period, the total assets of Tongzhou Company represented 6.67% of the total assets of the Company, the total assets of Shantou Company represented 5.27% of the total assets of the Company, the total assets of Haining Expansion Company represented 5.18% of the total assets of the Company, the total assets of Huizhou Phase II Company represented 6.65% of the total assets of the Company, and the total assets of Wuhan Company represented 5.43% of the total assets of the Company. For the performance of each of the above investments during the Reporting Period, please refer to “Net profit” and “Operating profit” in the above table; for the Company’s discussion on the investment strategies for the above investments, please refer to “5. Details of future material investment or capital assets plans” under “(V) Investment analysis” in the section.

(VIII) Structured entities controlled by the Company

Applicable Not Applicable





IV. Management Discussion and Analysis (Continued)

VI. DISCUSSION AND ANALYSIS OF THE COMPANY'S FUTURE DEVELOPMENT

(I) Industry pattern and trends

Applicable Not Applicable

Waste-to-energy industry 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. China 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, and the existing projects focus on refined management to strengthen quality and efficiency enhancement and consumption reduction of projects.

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.

(II) Company development strategy

Applicable Not Applicable

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





IV. Management Discussion and Analysis (Continued)

(III) Business plan

Applicable Not Applicable

The year 2025 is the last year for Dynagreen to achieve the goals and tasks under the “14th Five-Year Plan”. The Company will continue to center on the Group’s strategic plan for the “14th Five-Year” period, strengthen quality improvement, cost reduction and efficiency enhancement, and continuously develop non-electric business including heating and steam supply. It will proactively participate in Green Certificate trading, vigorously expand all types of solid waste, and strengthen the collection of accounts receivable while promoting “digital” construction of projects. Safety and environmental protection management will be intensified to ensure stable, safe, environmentally friendly and high efficient operation of projects under operation; the Company will strengthen market expansion efforts and focus on mergers and acquisitions opportunities in the industry, to seek for high-quality mergers and acquisitions targets; the restricted stock grants will be completed to boost the Company’s high-quality development.

(IV) Potential risks

Applicable Not Applicable

1. Risk of industry policies

The waste-to-energy industry is greatly affected by industry policies. Pursuant to the Renewable Energy Law of the PRC (《中華人民共和國可再生能源法》) (as amended in 2009), the government implements a full coverage purchase system for renewable energy power generation. Pursuant to the Notice on Improving the Pricing Policy of Waste Incineration Power Generation from the NDRC (Fa Gai Jia Ge [2012] No. 801) (《國家發展改革委關於完善垃圾焚燒發電價格政策的通知》) (發改價格[2012]801號) issued by the NDRC on 28 March 2012, the waste-to-energy projects are converted into on-grid electricity 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 NDRC, 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 into noncompetitive 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.





IV. Management Discussion and Analysis (Continued)

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.

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.





IV. Management Discussion and Analysis (Continued)

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.





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

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

(V) Others

Applicable Not Applicable





VII. DESCRIPTION ABOUT THE SITUATION AND THE CAUSE FOR THE COMPANY'S NOT DISCLOSING PURSUANT TO RELEVANT RULES DUE TO NON-APPLICABLE RULES, NATIONAL SECRETS OR SPECIAL REASONS

Applicable Not Applicable

VIII. OTHER DISCLOSURE (DISCLOSURE PURSUANT TO THE REQUIREMENTS OF THE STOCK EXCHANGE LISTING RULES)

(I) Total comprehensive income attributable to the shareholders of the Company

During the Reporting Period, the Group's total comprehensive income attributable to the shareholders of the Company was RMB585,082,147.27 (corresponding period in 2023: RMB629,281,357.74). The decrease was mainly due to a decrease in net profit.

(II) 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.

(III) Use of proceeds

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





IV. Management Discussion and Analysis (Continued)

(IV) Final dividend

The Board proposed to pay a dividend of RMB0.2 (before tax) per share for the year ended 31 December 2024 (“2024 Final Dividend”), totaling approximately RMB278,690,500. According to the Articles of Association of the Company, the dividend shall be denominated and declared in Renminbi. The proposed Final Dividend is subject to approval by shareholders at the forthcoming annual general meeting (“AGM”). Dividend on domestic shares of the Company will be paid in Renminbi while dividend on H shares will be paid in Hong Kong dollars. The exchange rate shall be the average central parity rate of the applicable foreign exchange rate announced by the People’s Bank of China for the seven days before and including the date of the AGM. The payment of 2024 Final Dividend is subject to the consideration and approval by shareholders at the AGM, which is expected to be paid by 30 July 2025. Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No. 124) (《國家稅務總局關於印發〈非居民享受稅收協定待遇管理辦法(試行)〉的通知》(國稅發[2009]124號)), the Notice of the State Administration of Taxation on the Questions Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), other relevant laws and regulations and other regulatory documents, the Company shall, as a withholding agent, withhold and pay individual income tax for the individual holders of H shares in respect of the dividend to be distributed to them. However, the individual holders of H shares may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled and the tax arrangements between Mainland China and Hong Kong (or Macau). For the individual holders of H shares in general, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H shares in the distribution of the dividend. However, the tax rates applicable to individual holders of H shares overseas may vary depending on the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled, and the Company will withhold and pay individual income tax on behalf of the individual holders of H shares in the distribution of the dividend accordingly.

For non-resident enterprise holders of H shares, i.e., any shareholders who hold the Company’s shares in the name of non-individual shareholders, including but not limited to HKSCC Nominee Limited, other nominees, trustees, or holders of H shares registered in the name of other groups and organisations, the Company will withhold and pay the enterprise income tax at the tax rate of 10% for such holders of H shares pursuant to the Notice of the State Administration of Taxation on the Issues Concerning Withholding the Enterprises Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Who Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)). Should the holders of H shares of the Company have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in Mainland China, Hong Kong and other countries (regions) on the possession and disposal of the H shares of the Company.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual holders of H shares and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual holders of H shares or any disputes over the withholding mechanism or arrangements.





IV. Management Discussion and Analysis (Continued)

(V) AGM

The notice of the AGM will be published and dispatched to shareholders of the Company in the manner as stipulated on the Articles of Association and the Stock Exchange Listing Rules when appropriate.

(VI) Closure of register of members

In order to determine the shareholders entitled to the 2024 Final Dividend, the register of holders of H shares of the Company will be closed from Thursday, 10 July 2025 to Tuesday, 15 July 2025, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the entitlement to the 2024 Final Dividend (subject to approval by shareholders at the AGM), 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 Wednesday, 9 July 2025, being the last share registration date.

(VII) Professional tax advice recommended

If the shareholders of the Company have any doubt about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the shares of the Company, they are advised to consult an expert.

(VIII) Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the PRC (the jurisdiction in which the Company was established) which would oblige the Company to offer new shares on a pro rata basis to the existing shareholders.

(IX) Fixed assets

Details of movements in the fixed assets of the Company during the Reporting Period are set out in Note V(XI) to the financial statements.

(X) Reserve

Details of movements in the reserve of the Company during the Reporting Period are set out in the consolidated statement of changes in equity in the financial statements of this report.

(XI) Distributable reserve

During the Reporting Period, the Company's reserve available for distribution as dividends, calculated in accordance with the relevant rules and regulations, amounted to RMB1,511,674,690.45. In addition, none of the Company's share premium account is available for distribution as dividends by way of capitalization issues.

(XII) Permitted indemnity provision

The Company did not have any arrangement with a term providing for indemnity against liability incurred by the Director during their tenure as such. During the Reporting Period, the Company has taken out liability insurance for the Directors, Supervisors and senior management.



IV. Management Discussion and Analysis (Continued)

(XIII) Charitable donation

During the Reporting Period, the Company did not make any charitable donation.

(XIV) Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

(XV) Equity-linked agreement

During the Reporting Period, the Company did not enter into any equity-linked agreements.

(XVI) Competing business

During the Reporting Period, none of the Directors, Supervisors, chief executive or the shareholders of the Company or their respective associates engage in or are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Company.

(XVII) Remuneration for Directors and five highest paid employees

Details of the emoluments for Directors and five highest paid employees are set out in Note XII(IV).

During the Reporting Period, no Director waived or agreed to waive any emoluments.

(XVIII) Change of auditor

KPMG Huazhen LLP retired as auditor of the Company upon expiration of its current term of office on 17 June 2022. The Company appointed PricewaterhouseCoopers Zhong Tian LLP as the new auditor of the Company with effect from 17 June 2022.

In view of the recent public information and considering the Company's existing business situation and the demand for audit services, the Board meeting held on 30 October 2024 resolved to propose the appointment of BDO China Shu Lun Pan Certified Public Accountants LLP as new auditor of the Company for the year 2024. The general meeting of the Company held on 20 December 2024 passed the above proposed appointment. PricewaterhouseCoopers Zhong Tian LLP resigned as the auditor of the Company with effect from 30 October 2024.

Save as disclosed above, the Company did not change its auditors in the past three years.

(XIX) Significant events after the Reporting Period

For significant events after the Reporting Period, please refer to XII Financial Report Note to 2024 financial statements – XIV. Events after the Balance Sheet Date.

Chairman: Qiao Dewei

28 March 2025





V. Supervisory Committee's Report

To all shareholders of Dynagreen Environmental Protection Group Co., Ltd. (the "Company"),

During the year, the supervisory committee of the Company (the "Supervisory Committee") held eight meetings to keep abreast of the Company's production and operation and duly carried out its supervisory duties in a stringent manner to effectively protect the interests of the Company and its shareholders (the "Shareholder(s)") in accordance with the relevant provisions of the PRC Company Law and the requirement of the relevant laws and regulations of Hong Kong, the listing rules of the Shanghai Stock Exchange and articles of association of the Company (the "Articles").

On 28 March 2025, the Supervisory Committee convened a meeting, at which the 2024 financial statements of the Group and the auditor's report were reviewed and approved. The Supervisory Committee was of the opinion that the preparation and consideration procedures of the annual report were in line with the requirements under laws and regulations and the relevant provisions of the Stock Exchange and the Shanghai Stock Exchange and the annual report reflected the financial position and results of operations of the Group in a true, accurate, complete and fair manner.

The Supervisory Committee concluded that, during the year, all members of the Board and the senior management of the Group had, under the principles of diligence, fairness and honesty, duly performed the responsibilities stipulated in the Articles, and carefully implemented all resolutions of the general meetings and the Board, and did not identify any breach of law, regulations and the Articles. In the coming year, the Supervisory Committee shall continue to carry out its duties in accordance with the relevant provisions of the Articles, the Listing Rules of the Stock Exchange and the listing rules of the Shanghai Stock Exchange, and commit to perform supervisory duties honestly and diligently, with the aim of protecting the interests of the Company and its shareholders.

By Order of the Supervisory Committee
Dynagreen Environmental Protection Group Co., Ltd.

Chairman of the Supervisory Committee
Tian Yingying

Shenzhen, the PRC
28 March 2025





VI. Corporate Governance

I. CORPORATE GOVERNANCE

Applicable Not applicable

The Company complied with requirements under the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies and other laws, regulations, rules and regulatory documents and the Articles of Association, set up an established governance structure comprising of shareholders' meeting, the Board, the Supervisory Committee and senior management, and formulated rules of procedures of general meeting, the Board and the Supervisory Committee, the Working System for Independent Directors, the Working Rules of General Manager; the Working Rules of Secretary to the Board, as well as formed the Strategy Committee, the Audit and Risk Management Committee, the Nomination Committee and the Remuneration and Appraisal Committee under the Board. During the Reporting Period, the Company was not aware of any insider trading of the shares of the Company by taking advantage of inside information by the persons with insider information, and no investigation was conducted by regulatory authorities against insider trading of shares by the persons with insider information.

Does corporate governance significantly deviate from laws, administrative regulations and relevant CSRC provisions on governance of listed companies? If so, please explain the reason.

Applicable Not applicable

II. SPECIFIC MEASURES TAKEN BY THE CONTROLLING SHAREHOLDER AND BENEFICIAL CONTROLLER OF THE COMPANY TO ENSURE THE INDEPENDENCE OF THE COMPANY'S ASSETS, PERSONNEL, FINANCE, ORGANIZATION, BUSINESS, ETC., AND THE SOLUTIONS, WORK PROGRESS AND FOLLOW-UP WORK PLANS THAT AFFECT THE COMPANY'S INDEPENDENCE

Applicable Not applicable

Engagement in the business which is the same or similar to that of the Company by the controlling shareholder, beneficial controller or other units under their control, the impact of horizontal competition or major changes in horizontal competition on the Company, the resolution measures that have been taken, the progress of the resolution and the follow-up resolution plan

Applicable Not applicable





III. COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to achieving high corporate governance standards in order to safeguard the interests of shareholders and enhance corporate value and accountability of the Company. The Company has adopted the Code Provisions set out in the Corporate Governance Code (the “CG Code”) in Appendix C1 of the Listing Rules of the Stock Exchange as its own code of corporate governance. During the year ended 31 December 2024, save as disclosed in “X. Chairman and General Manager” and “XI. Special Committees under the Board-(I) Members of the special committees under the Board-Audit and Risk Management Committee” in this section, the Company has complied with the applicable code provisions as set out in Part 2 of the CG Code.

The Company did not adopt or implement any share incentive scheme during the year ended 31 December 2024, but the resolution in relation to the proposed adoption of the restricted A share incentive scheme was considered and approved at the fifth meeting of the fifth session of the Board of the Company held on 20 December 2024. The resolution is subject to consideration and approval at the general meeting of the Company. The Company has approved the amended working rules of the Remuneration and Appraisal Committee on 28 March 2025 to include the review and approval of the matters in relation to share scheme as described in Chapter 17 of the Stock Exchange Listing Rules in the terms of reference of the Remuneration and Appraisal Committee of the working rules of the Remuneration and Appraisal Committee. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.





VI. Corporate Governance (Continued)

IV. OVERVIEW OF GENERAL MEETINGS

Session of the meeting	Date of meeting	The enquiry index at designated websites where the resolutions were published	Disclosure date of the published resolutions	Resolutions of the meeting
2023 Annual General Meeting	29 April 2024	www.hkexnews.hk www.sse.com.cn	29 April 2024 30 April 2024	All resolutions of the meeting were approved
2024 first extraordinary general meeting	21 June 2024	www.hkexnews.hk www.sse.com.cn	21 June 2024 22 June 2024	All resolutions of the meeting were approved
2024 second extraordinary general meeting	20 September 2024	www.hkexnews.hk www.sse.com.cn	20 September 2024 21 September 2024	All resolutions of the meeting were approved
2024 third extraordinary general meeting	20 December 2024	www.hkexnews.hk www.sse.com.cn	20 December 2024 21 December 2024	All resolutions of the meeting were approved

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

Applicable Not applicable

Explanation of general meetings

Applicable Not applicable





V. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Information on the Change of Shareholdings and on the Remuneration of Current Directors, Supervisors and Senior Management, and of Directors, Supervisors and Senior Management Resigned during the Reporting Period

✓ Applicable □ Not applicable

Unit: share

Name	Position	Gender	Age	The beginning of the term	The end of the term	Number of shares at the beginning of the year	Number of shares at the end of the year	Increase/decrease in shareholding during the year	Reason for change in shareholding during the year	Total remuneration before tax received from the Company during the Reporting Period (RMB'0,000)	Whether received remuneration from the related parties of the Company
QIAO Dewei	Chairman	Male	58	2012-04-11	2027-09-19	0	0	0		208.02	No
YUE Peng	Director (Resigned)	Male	55	2023-06-16	2024-06-04	0	0	0		0	Yes
ZHAO Zhixiong	Director	Male	58	2024-06-21	2027-09-19	0	0	0		0	Yes
LIU Shuguang	Director	Male	56	2012-04-11	2027-09-19	0	0	0		0	Yes
	General Manager,										
ZHONG Xia	Director (Resigned)	Female	56	2021-05-14	2024-02-08	0	0	0		32.94	No
TONG Xiangyu	Director (Resigned)	Male	37	2023-06-16	2024-09-20	0	0	0		0	Yes
HU Tianhe	Director	Male	33	2024-09-20	2027-09-19	0	0	0		0	Yes
YAN Chunxu	Director	Male	52	2024-09-20	2027-09-19	0	0	0		0	No
HU Shengyong	Director	Male	55	2014-11-07	2027-09-19	0	0	0		160.20	No
	Independent Director										
FU Jie	(Resigned)	Female	46	2018-02-26	2024-04-29	0	0	0		3.63	No
	Independent Director										
XIE Lanjun	(Resigned)	Male	59	2018-10-19	2024-09-20	0	0	0		6.00	No
ZHOU Beihai	Independent Director	Male	61	2021-11-10	2027-09-19	0	0	0		8.00	No
OUYANG Jiejiao	Independent Director	Female	52	2024-04-29	2027-09-19	0	0	0		7.35	No
ZHENG Zhiming	Independent Director	Male	58	2024-09-20	2027-09-19	0	0	0		2.00	No
	Chairman of the Supervisory Committee										
LUO Zhaoguo	(Resigned)	Male	47	2013-06-19	2024-06-21	0	0	0		0	Yes
	Chairman of the Supervisory Committee										
TIAN Yingying	Committee	Female	46	2024-06-21	2027-09-19	0	0	0		0	Yes
YU Lijun	Supervisor	Female	39	2021-05-14	2027-09-19	0	0	0		25.53	No
	Employee Representative										
YAN Shiwen	Supervisor	Male	31	2021-11-10	2027-09-19	0	0	0		22.25	No
CHENG Suning	General manager	Male	40	2025-02-24	2027-09-19	0	0	0		0	No





VI. Corporate Governance (Continued)

Name	Position	Gender	Age	The beginning of the term	The end of the term	Number of shares at the beginning of the year	Number of shares at the end of the year	Increase/decrease in shareholding during the year	Reason for change in shareholding during the year	Total remuneration before tax received from the Company during the Reporting Period (RMB'0,000)	Whether received remuneration from the related parties of the Company
HUANG Jianzhong	Deputy General Manager	Male	58	2012-04-11	2027-09-19	0	0	0		140.76	No
ZHANG Yong	Deputy General Manager	Male	53	2017-01-01	2027-09-19	0	0	0		159.90	No
ZHU Shuguang	Deputy General Manager and Secretary to the Board	Male	49	2017-01-01	2027-09-19	0	0	0		150.48	No
HAO Jingli	Deputy General Manager	Male	57	2019-10-10	2027-09-19	0	3,000	3,000	Bid trading	155.34	No
XI Qiang	Deputy General Manager	Male	46	2019-10-10	2027-09-19	0	0	0		165.09	No
ZHANG Wei	Chief engineer	Male	57	2019-10-10	2027-09-19	0	0	0		140.44	No
YI Zhiyong	Chief Financial Officer	Male	50	2021-03-31	2027-09-19	0	0	0		155.34	No
LIU Lin	General manager assistant	Male	42	2023-12-20	2027-09-19	85,900	85,900	0		138.14	No
PI Siwei	General counsel	Male	53	2023-12-20	2027-09-19	0	0	0		136.55	No
Total	/	/	/	/	/	85,900	88,900	3,000	/	1,817.96	/

Note: The above total pre-tax remuneration of Directors (excluding independent Directors), Supervisors and senior management of the Company includes the pensions and housing provident paid by the Company.





VI. Corporate Governance (Continued)

Name	Major Working Experience
QIAO Dewei	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”
YUE Peng	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”
ZHAO Zhixiong	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”
LIU Shuguang	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”
ZHONG Xia	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”
TONG Xiangyu	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”
HU Tianhe	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”
YAN Chunxu	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”
HU Shengyong	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”
FU Jie	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”
XIE Lanjun	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”
ZHOU Beihai	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”
OUYANG Jiejiao	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”
ZHENG Zhiming	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”
LUO Zhaoguo	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”
TIAN Yingying	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”
YU Lijun	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”
YAN Shiwen	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”
CHENG Suning	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”
HUANG Jianzhong	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”
ZHANG Yong	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”
ZHU Shuguang	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”
HAO Jingli	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”
XI Qiang	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”
ZHANG Wei	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”
YI Zhiyong	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”
LIU Lin	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”
PI Siwei	For details, please refer to “(II) 1. Resume of Directors, Supervisors and Senior Management during the Reporting Period”

Other explanations

Applicable Not applicable





(II) Information on the positions of current Directors, Supervisors and senior management, and of Directors, Supervisors and senior management resigned during the Reporting Period

1. Resume of Directors, Supervisors and Senior Management during the Reporting Period

(1) Directors

Mr. QIAO Dewei (喬德衛), aged 58, was appointed as an executive Director and the General Manager of the Company on 11 April 2012 and is the Chairman of the Board and resigned as the General Manager of the Company on 31 March 2021. Mr. QIAO served as the acting general manager of the Company from 8 February 2024 to 24 February 2025. Mr. QIAO worked as a clerk at the Central Enterprises Management Department of the Bureau of Finance in Hubei Province (湖北省財政廳中央企業管理處) from July 1988 to July 1994, and worked as a clerk at the deputy director level from August 1994 to December 1995. He worked as the deputy manager of the Finance Department at Wuhan International Trust and Investment Company (武漢國際信託投資公司) from January 1996 to December 1997, and worked as a manager of the Finance Department at that company from January 1998 to February 2001. Mr. QIAO worked as the president assistant of Wuhan Zhengxin State-owned Assets Management Company (武漢正信國有資產經營有限公司) from March 2001 to September 2005. Between September 2005 and August 2008, Mr. QIAO served as the chief financial officer of the Company. Between September 2008 and April 2009, Mr. QIAO worked as the acting general manager of the Company. He has worked as the General Manager of the Company from April 2009 to March 2021. Mr. QIAO was a Director of the Company from September 2005 to May 2011, and has also been a Director of the Company since April 2012. Mr. QIAO graduated from Zhongnan University of Economics and Law (中南財經大學) with a Bachelor's degree in Economics in July 1988 and obtained his Master's degree in Law from Hubei University (湖北大學) in June 1999. Between May 2005 and August 2006, Mr. QIAO furthered his studies in a learning project under the postgraduate course in Financial Management at Tsinghua University, and obtained his Executive Master of Business Administration degree from Peking University in July 2013. Mr. QIAO qualified as an accountant, the certificate of which was issued by Profession Administration Department of Ministry of Finance (財政部專業主管部門), in November 1993. Mr. QIAO is a member of the Strategy Committee of the Company.

Mr. YUE Peng (岳鵬), Chinese, aged 55, was appointed as a non-executive director of the Company on 16 June 2023 and resigned as a non-executive director of the Company on 4 June 2024. From July 1999 to April 2008, he worked in the Organic Chemical Factory of Beijing Dongfang Petrochemical Co., Ltd. and successively served as the deputy head and head of the enterprise management office, the head of the comprehensive management office, and the head of the enterprise management office; from April 2008 to January 2009, he served as the deputy head of the Human Resources Department in the Operation Center of the Opening and Closing Ceremonies of the Beijing Olympic Organizing Committee; from January 2009 to July 2015, he served as the deputy general manager of Beijing Shibo International Sports Competition Co., Ltd.; from July 2015 to April 2021, he worked in Beijing Guoyuan Sports and Culture Investment Co., Ltd. and successively served as a director, deputy general manager, deputy secretary to the Party Branch, director, deputy general manager, secretary to the Party Branch, director and general manager; from April 2021 to February 2023, he worked in Beijing State-owned Assets Management Co., Ltd. and successively served as the manager of the asset management department, the manager of the urban functional industry investment department, and concurrently the manager of the asset management department; from February 2023 to February 2024, he served as the manager of the urban functional industry investment department of Beijing State-owned Assets Management Co., Ltd.; he has served as the chairman of Beijing Industrial Development Investment Management Co., Ltd. (北京工業發展投資管理有限公司) since February 2024. Mr. Yue graduated from Renmin University of China with a master's degree. Mr. Yue was a member of the Audit and Risk Management Committee and the Nomination Committee when he served as a non-executive director.



VI. Corporate Governance (Continued)

Mr. ZHAO Zhixiong (趙志雄), aged 58, was appointed as a non-executive director of the Company on 21 June 2024. From July 1988 to October 1999, Mr. Zhao successively served as an assistant engineer, an engineer and the deputy director of the Civil Engineering Institute of North China Municipal Engineering Design & Research Institute* (中國市政工程華北設計研究院); from October 1999 to August 2001, he served as the general manager of Beijing Zhongji Hengye Real Estate Development Co., Ltd.* (北京中基恒業房地產開發有限公司); from August 2001 to April 2002, he served as the executive deputy general manager of Beijing Yongda Real Estate Development Co., Ltd.* (北京永達房地產開發有限公司); from April 2002 to December 2003, he served as the deputy general manager of Beijing Liangxiang Higher Education Park Real Estate Development Co., Ltd.* (北京良鄉高教園區房地產開發有限公司); from December 2003 to September 2007, he successively served as the deputy general manager and the executive deputy general manager of the National Swimming Center Project Branch of Beijing State-owned Assets Management Co., Ltd.; from September 2007 to December 2013, he successively served as a director and general manager and an executive director and general manager of Beijing National Aquatics Center Company Ltd.* (北京國家游泳中心有限責任公司); from December 2013 to November 2021, he successively served as an executive deputy general manager, a director, general manager and chairman of Beijing Science Park Development (Group) Co., Ltd.* (北京科技園建設(集團)股份有限公司); from November 2021 to July 2022, he served as the executive deputy director of the Office of the Winter Olympics Work Leadership Group of Beijing State-owned Assets Management Co., Ltd.; from July 2022 to April 2024, he successively served as the executive deputy general manager, a director and executive deputy general manager of Beijing National Speedskating Stadium Management Corporation Limited* (北京國家速滑館經營有限責任公司); he has been a designated director or supervisor assigned to investee companies of Beijing State-owned Assets Management Co., Ltd. (北京市國有資產經營有限責任公司) since April 2024. Mr. ZHAO Zhixiong graduated from Tianjin University with a bachelor's degree. Mr. ZHAO is a member of the Audit and Risk Management Committee of the Company.

Mr. LIU Shuguang (劉曙光), aged 56, was appointed as a non-executive Director of the Company on 11 April 2012. Mr. LIU served as a director and the vice-president of Beijing Taikeping Electrical Appliances Limited Company (北京泰克平電子儀器有限公司) between July 1991 and June 1992. Mr. LIU served as a director and the vice-president of Beijing Huatai Industrial Company (北京華泰實業總公司) from June 1992 to April 1994; Mr. LIU also served as the legal representative and president of Beijing Jupeng Investment Company (北京巨鵬投資公司) from April 1994 to May 2016; since May 2016, Mr. LIU has served as a director of Beijing Jupeng Investment Company; between October 2003 and December 2011, Mr. LIU also served as the deputy chairman of the Board of Capital Securities Co., Ltd. (首創證券有限責任公司); from May 2011 to April 2012, Mr. LIU served as a Director of Dynagreen Environmental Engineering Co., Ltd.. Mr. LIU obtained his Executive Master of Business Administration degree from China Europe International Business School (中歐國際工商學院) in September 2007. Mr. LIU is a member of the Strategy Committee of the Company.





VI. Corporate Governance (Continued)

Ms. ZHONG Xia (仲夏), aged 56, was appointed as the General Manager of the Company on 31 March 2021 and resigned as the General Manager of the Company on 8 February 2024. She was appointed as an executive Director of the Company on 14 May 2021 and resigned as an executive Director of the Company on 8 February 2024. Ms. Zhong served as a clerk in the equipment division of the design and research institute of Maanshan Iron & Steel Company (馬鞍山鋼鐵公司) from September 1992 to March 1993, and the manager of the Commerce Department of Shenzhen Dow's Trading Co., Ltd. (深圳道斯貿易有限公司) from March 1993 to March 2000; she successively served as an assistant to general manager of the Investment Department, the general manager of the Purchasing Department, and the deputy general manager of the Company from March 2000 to March 2021; Ms. Zhong served as the deputy Party secretary of the Company from November 2018 to February 2024; she served as the general manager of the Company from March 2021 to February 2024. Ms. Zhong graduated from Anhui University of Technology (安徽工業大學) with a Bachelor's degree. Mr. Zhong was a member of the Strategy Committee of the Company when she served as an executive Director.

Mr. TONG Xiangyu (仝翔宇), aged 37, was appointed as a non-executive Director of the Company on 16 June 2023 and resigned as a non-executive Director of the Company on 20 September 2024. From February 2014 to May 2015, he served as the assistant to the president of the President Office of China Finance Leasing Co., Ltd; from June 2015 to June 2020, he successively served as the head of investment banking, the head of asset transfer and the head of structured financing in the Investment Banking Department of China Bohai Bank Co., Ltd; from July 2020 to August 2022, he served as an account manager in the second business department of the Three Gorges Financial Leasing Co., Ltd.; from August 2022 to March 2023, he served as an investment manager in the investment business department of the Three Gorges Capital Holdings Co., Ltd. He has been a senior investment manager in the investment business department of the Three Gorges Capital Holdings Co., Ltd. since March 2023. Mr. Tong graduated from Georgetown University of the United States with a master's degree.

Mr. HU Tianhe (胡天河), aged 33, was appointed as a non-executive Director of the Company on 20 September 2024. From July 2019 to March 2023, he successively served as analyst and senior analyst of the Industrial Investment Department of Three Gorges Capital Holdings Co., Ltd. (三峽資本控股有限責任公司); he has been the investment manager of the Industrial Investment Department of Three Gorges Capital Holdings Co., Ltd. (三峽資本控股有限責任公司) since March 2023. Mr. HU graduated from Tsinghua University with a master's degree.

Mr. YAN Chunxu (燕春旭), aged 52, was appointed as a non-executive Director of the Company on 20 September 2024. From April 2002 to June 2006, he served as the branch president of Bank of Hebei; from July 2006 to March 2009, he served as the deputy general manager of Hebei Branch of Zhongkezhi Holdings Group (中科智控股集團); from April 2009 to June 2012, he served as the regional general manager of Hebei of Fullerton Financial Holding (富登金控); from July 2012 to June 2015, he served as the vice president of JHT Group (金匯通集團); from July 2015 to July 2017, he served as the senior director of Lufax (Shijiazhuang) (a member of Shijiazhuang Party Committee of Ping An Group); and he has been the investment manager of the product investment department of Greatwall Wealth Insurance Asset Management Co., Ltd. (長城財富保險資產管理股份有限公司) since August 2017. Mr. YAN graduated from Tianjin University with a bachelor's degree. Mr. YAN is a member of the Remuneration and Appraisal Committee of the Company.





VI. Corporate Governance (Continued)

Mr. HU Shengyong (胡聲泳), aged 55, was appointed as an executive Director and the Chief Financial Officer of the Company on 7 November 2014, and resigned as the Chief Financial Officer of the Company on 30 March 2021. Mr. HU worked at the finance department of Wuhan Zhengxin State-owned Assets Management Company (武漢正信國有資產經營有限公司) (“Zhengxin Company”) from August 1996 to November 2000; under the delegation of Zhengxin Company, he served as the chief accountant at Wuhan Unity Laser Co., Ltd. (武漢團結鐳射股份有限公司) from November 2000 to May 2001 and served as director of the general office of the chief financial officer and a manager of Department of Auditors of Zhengxin Company from May 2001 to March 2004; Mr. HU served as the president assistant as well as the general manager of the Audit Department of Wuhan Securities (武漢證券公司) from April 2004 to September 2005, and served as the general manager of the Central China Region of Sunrise Environmental Protection Group (晨興環保集團公司華中區) from September 2005 to August 2008; between August 2008 and January 2010, Mr. HU served as the president assistant of Shenzhen Dynagreen Environmental Engineering Co., Ltd (深圳綠色動力環境工程有限公司) (the predecessor of the Company); from January 2010 to April 2012, Mr. HU served as the Chief Financial Officer of Shenzhen Dynagreen Environmental Engineering Co., Ltd (深圳綠色動力環境工程有限公司) (the predecessor of the Company); from April 2012 to December 2013, Mr. HU concurrently served as the Secretary of the Board of the Company; Mr. HU served as the Chief Financial Officer of the Company from April 2012 to March 2021; since March 2021, Mr. HU has served as the deputy secretary of the Party committee of the Company. Mr. HU graduated from China University of Geosciences (中國地質大學) with an Engineering Bachelor’s degree majoring in Economic Management Engineering. Mr. HU qualified as a senior accountant, the certificate of which was issued by Senior Evaluation Committee of Accounting Profession of Hubei Province (湖北省會計專業高級評委會) in March 2003. Mr. HU is a member of the Nomination Committee of the Company.

Ms. FU Jie (傅捷), aged 46, was appointed as an independent non-executive Director of the Company on 26 February 2018 and resigned as an independent non-executive Director of the Company on 29 April 2024. Ms. FU is a member of the China Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants (ACCA) and a member of the Hong Kong Institute of Certified Public Accountants. She served as a trader of the Kunming business department, manager of the trading department and senior manager of the trading department of Southwest Securities Co., Ltd. from September 2000 to July 2004. Ms. FU worked for Ernst & Young Hua Ming LLP from August 2004 to March 2016; and served as the senior manager of audit department from October 2012 to March 2016. She participated in the audit work for a number of Hong Kong listed companies and A-share listed companies in China; she served as the chief financial officer of China U-Ton Holdings Limited (Stock Code: 6168) from April 2016 to July 2019; she has served as the chief financial officer of China Kangda Food Company Limited (Stock Code: 0834) since September 2019 and is mainly responsible for the Company’s financial management, investment and financing and investor relations. Ms. FU was an independent non-executive director of Dahe Media Co., Ltd, a company listed on the Stock Exchange (Stock Code: 8243) from June 2018 to August 2018. Ms. FU graduated with a bachelor’s degree in economics with a Finance Major from Central University of Finance and Economics. Ms. FU was the chairman of the Audit and Risk Management Committee and a member of the Remuneration and Appraisal Committee of the Company when she served as an independent non-executive Director.





VI. Corporate Governance (Continued)

Mr. XIE Lanjun (謝蘭軍), aged 59, was appointed as an independent non-executive Director of the Company on 19 October 2018 and resigned as an independent Director of the Company on 20 September 2024. From February 1989 to May 2000, Mr. XIE served as a lawyer and deputy director of the law firm of the Heyuan Municipal Justice Bureau of Guangdong Province. Mr. XIE served as a practicing lawyer of Guangdong V&T Law Firm (廣東萬商律師事務所) from May 2000 to August 2002, and a partner and practicing lawyer of Guangdong Xindongfang Law Firm (廣東新東方律師事務所) from August 2002 to March 2005; Mr. XIE served as a partner and practicing lawyer of Guangdong Allied Law Firm (廣東雅爾德律師事務所) from March 2005 to January 2009. Mr. XIE has been a senior partner and practicing lawyer of Beijing Zhongyin (Shenzhen) Law Firm (北京市中銀(深圳)律師事務所) since January 2009 and has served as an external director of Shenzhen Airport Group since June 2017; since December 2019, he served as an independent director of China Resources Shengguotou Trust Co., Ltd. (華潤深國投信託有限公司); since December 2019, he has served as a director of Jiangxin Fund Management Co., Ltd. (江信基金管理有限公司). He served as an independent director of Shenzhen Jinjia Group Co., Ltd. (深圳勁嘉集團股份有限公司) from May 2020 to November 2023; since May 2020, he served as an independent director of RAYITEK Hi-Tech Film Company, Ltd., Shenzhen (深圳瑞華泰薄膜科技股份有限公司). Since November 2020, he served as an independent director of Shenzhen Institute of Building Research Co., Ltd. (深圳市建築科學研究院股份有限公司). Mr. XIE graduated from Lanzhou University (蘭州大學) with a bachelor's degree. Mr. XIE was the chairman of the Nomination Committee and a member of the Audit and Risk Management Committee of the Company when he served as an independent director of the Company.

Mr. ZHOU Beihai (周北海), aged 61, was appointed as an independent non-executive Director of the Company on 10 November 2021. Mr. ZHOU Beihai carried out research on solid waste landfill technology at the University of Fukuoka in Japan from March 1992 to March 1994, and conducted research on photocatalysis water treatment technology at Saitama University in Japan from January 1995 to March 1995. He served as the director of the Registration and Management Centre for the solid waste under the State Administration of Environmental Protection (國家環保總局固體廢物登記管理中心) from October 1996 to August 2001, and served as the senior diplomatic officer of science and technology at the Chinese Embassy in Japan from September 2001 to December 2004. Mr. ZHOU Beihai served as the professor at the School of Energy and Environmental Engineering of University of Science and Technology Beijing from January 2005 to June 2023. He has served as an independent director of Yunnan Water Investment Co., Limited (雲南水務投資股份有限公司) (06839.HK) since October 2020. Mr. Zhou graduated with a doctoral degree from Tsinghua University. Mr. Zhou is the chairman of the Remuneration and Appraisal Committee and a member of the Strategy Committee and the Nomination Committee.

Ms. OUYANG Jiejiao (歐陽戒驕), aged 52, was appointed as an independent non-executive Director of the Company on 29 April 2024. Ms. OUYANG is a member of the Association of Chartered Certified Accountants. From November 2014 to September 2017, she served as the investor relations manager, deputy chief financial officer and chief financial officer of NNK Group Limited (03773.HK); from September 2017 to November 2019, she served as the chief financial officer of IDT International Limited (00167.HK); and from January 2020 to December 2022, she served as the deputy general manager of Leader Ship Technology Co., Ltd. Since August 2023, she has been working at Daodaoquan Grain and Oil Co., Ltd. (002852.SZ) at the rank of deputy general manager, mainly responsible for financial management and investment and financing related matters. Ms. OUYANG graduated from Cheung Kong Graduate School of Business with a master's degree in July 2022. Ms. OUYANG is the chairman of the Audit and Risk Management Committee and a member of the Remuneration and Appraisal Committee of the Company.





VI. Corporate Governance (Continued)

Mr. ZHENG Zhiming (鄭志明), aged 58, was appointed as an independent non-executive Director of the Company on 20 September 2024. From February 1989 to March 1999, he worked in Renmin North Sub-branch and Futian Sub-branch of Shenzhen Branch of Agricultural Bank of China, and successively served as a counter teller, accountant, credit auditor, deputy director of office, director of office, director of asset management department, and credit audit specialist; from April 1999 to April 2008, he successively served as the director of the business department, the director of the comprehensive management department and the assistant to the branch president of Shennan Sub-branch of Shenzhen Commercial Bank; from January 2009 to August 2012, he served as a full-time lawyer of Guangdong Weiqiang Law Firm (廣東偉強律師事務所); from September 2012 to December 2015, he served as a full-time lawyer and partner of Guangdong Haibu Attorneys-At-Law (廣東海埠律師事務所). He has been the chief lawyer of Guangdong Fanggen Law Firm (廣東方根律師事務所) since December 2015. He has served as an independent director of Huizhou Renxin New Material Co., Ltd. (stock code: 301395) since November 2023. Mr. ZHENG graduated from Shenzhen University with a bachelor's degree. Mr. ZHENG is the chairman of the Nomination Committee and a member of the Audit and Risk Management Committee of the Company.

(2) Supervisors

Mr. LUO Zhaoguo (羅照國), aged 47, was appointed as a Supervisor and the chairman of the Supervisory Committee of the Company on 19 June 2013 and resigned as a Supervisor of the Company on 21 June 2024. Mr. LUO worked as an accountant of the Finance Department and director assistant of Beijing Metallurgical Equipment Research and Design Institute (北京冶金設備研究設計總院) of China Metallurgical Group Corporation (中冶集團) from August 2000 to August 2007 and from August 2007 to October 2008 respectively; from November 2008 to July 2013, Mr. LUO has served as the fund manager of the Department of Finance Planning of BSAM; from July 2013 to July 2024, Mr. LUO successively served as the deputy general manager and the general manager of the Department of Finance Planning and the general manager of Financial Management Department of BSAM. Mr. LUO graduated from the Management School of the University of Science and Technology Beijing (北京科技大學) with a Bachelor's degree majoring in Accounting in July 2000. Mr. LUO obtained his Master's degree in Management from Capital University of Economics and Business (首都經濟貿易大學) in July 2009.

Ms. TIAN Yingying (田瑩瑩), aged 46, was appointed as a Supervisor and the chairman of the Supervisory Committee of the Company on 21 June 2024. From July 2000 to October 2001, Ms. Tian served as an accountant in the finance department of Beijing Huaming Electric Light Source Industry Co., Ltd.* (北京華明電光源工業有限責任公司); from October 2001 to August 2005, she served as the financial manager of the finance department of Beijing Huaruining Technology Development Co., Ltd.* (北京華瑞能科技發展有限責任公司); from August 2005 to January 2010, she served as the financial officer of the finance department of Beijing Shibo International Sports Competition Co., Ltd.* (北京時博國際體育賽事有限公司); from January 2010 to May 2017, she successively served as an accountant and the financial manager (accountant) of the department of finance planning of Beijing State-owned Assets Management Co., Ltd.; from May 2017 to March 2019, she served as the deputy general manager (chief financial officer) of Beijing State-owned Assets Environmental Protection Technology Limited* (北京國資環境保護技術有限公司); from March 2019 to April 2022, she served as the deputy general manager of Beijing Xinlongfu Culture Investment Co., Ltd.* (北京新隆福文化投資有限公司); from April 2022 to April 2024, she served as the deputy general manager of National Stadium Co., Ltd.* (國家體育場有限責任公司); she served as the deputy director of the designated director or supervisor office and a designated director or supervisor of Beijing State-owned Assets Management Co., Ltd. from April 2024 to February 2025; she has served as the chief accountant of Beijing Beiao Group Co., Ltd.* (北京北奧集團有限責任公司) since February 2025. Ms. TIAN graduated from Heilongjiang University with a bachelors' degree.





VI. Corporate Governance (Continued)

Ms. YU Lijun (余麗君), aged 39, was appointed as a supervisor of the Company on 14 May 2021. From 2015 to 2016, she served as the head of archives of Shenzhen Ainengsen Technology Co., Ltd.* (深圳市愛能森科技有限公司); and since 2017, she has been the head of archives and general affairs director of the Company. Ms. YU graduated with a bachelor's degree from Military Economics Institute of Chinese People's Liberation Army (中國人民解放軍軍事經濟學院).

Mr. YAN Shiwen (顏世文), aged 31, was appointed as an employee representative supervisor of the Company on 10 November 2021. From September 2015 to December 2015, he worked as an appraisal assistant in GuoZhongLian Asset Appraisal Land Real Estate Valuation Co., Ltd. (國眾聯資產評估土地房地產估價有限公司). From December 2015 to December 2016, Mr. Yan Shiwen served as an intermediate auditor in Zhonghua Certified Public Accountants. From December 2016 to September 2019, he served as a senior auditor in BDO China SHU LUN PAN Certified Public Accountants. Mr. Yan Shiwen has served as an audit supervisor, compliance supervisor and investment manager of the Company since April 2020. Mr. Yan graduated from Hunan University of Arts and Science with a bachelor's degree in accounting.

(3) Senior management

Mr. CHENG Suning (成蘇寧), aged 40, was appointed as the General Manager of the Company on 24 February 2025. From April 2013 to April 2018, Mr. Cheng served as project director, project manager and senior project manager of the Urban Functions and Social Utilities Investment Department of Beijing State-owned Assets Management Co., Ltd.. From April 2018 to November 2020, Mr. Cheng was the deputy general manager of the Urban Functions and Social Utilities Investment Department of Beijing State-owned Assets Management Co. Ltd.. From November 2020 to February 2023, Mr. Cheng was the department manager of the Urban Functional Industry Investment Department (formerly known as the general manager of the Urban Functional and Social Utilities Investment Department) of Beijing State-owned Assets Management Co. Ltd.. From February 2023 to February 2025, Mr. Cheng was the department manager of the Financial Services Department (formerly known as the department manager of the Financial Industry Investment Department) of Beijing State-owned Assets Management Co. Ltd.. From October 2018 to May 2023, he concurrently served as a director of Dynagreen Environmental Protection Group Co., Ltd. Since December 2023, Mr. Cheng has been a director of Bank of Beijing Limited (a company listed on the Shanghai Stock Exchange (stock code: 601169)). Mr. Cheng graduated from the University of Illinois at Chicago with a master's degree in Business Administration specializing in finance.





VI. Corporate Governance (Continued)

Mr. HUANG Jianzhong (黃建中), aged 58, is a Deputy General Manager of the Company. Between June 1989 and October 1990, Mr. HUANG served as a director of the General Office of Shenzhen China Travel Service Home Appliances Unit (深圳市中旅家電總匯辦公室). Mr. HUANG worked at the Shenzhen China Travel Service (深圳市中國旅行社) from October 1990 to December 1991; between December 1991 and August 1993, Mr. HUANG served as a director of the General Office of Shenzhen China Travel Services Automobile Transportation Company (深圳市中旅汽車運輸公司) and served as the assistant to general manager of Transportation Department at Shenzhen China Travel Services Eastern International Travelling Development Company (深圳市中旅東部國際旅遊開發有限公司) from August 1993 to May 1994; Mr. HUANG served as the Head of Credit-lending Section at Shenzhen Commercial Bank, Longgang Sub-branch (深圳市商業銀行龍崗支行) from May 1994 to April 1998 and served as the director of Marketing Department of Shenzhen Commercial Bank, Zhenhua Sub-branch (深圳市商業銀行振華支行) from April to August 1998; Mr. HUANG served as a deputy general manager and chief financial officer of Shenzhen Dow's Waste-to-Energy Tech Development Co., Ltd (深圳市道斯垃圾處理技術開發有限公司) from August 1998 to March 2001, and concurrently served as the deputy general manager and chief financial officer of Shenzhen Dow's Environmental Science and Technology Co., Ltd (深圳道斯環保科技有限公司) from August 1998 to March 2001; between March 2001 and December 2009, Mr. HUANG was the director, deputy general manager and chief financial officer of Dynagreen International Holding (綠色動力國際控股), and concurrently served as the chairman of the board of Shenzhen Dynagreen Environmental Engineering Co., Ltd. (深圳綠色動力環境工程有限公司) (the predecessor of the Company) from January 2002 to September 2005 and served as a director of Blue-ocean Environment from September 2005 to December 2009, and the chairman of the board of Foshan Shunde Shuneng Garbage Power Company Limited (佛山市順德區順能垃圾發電有限公司) from November 2007 to August 2010; Mr. HUANG was the chief operational officer of Shenzhen Dynagreen Environmental Engineering Co., Ltd. (深圳綠色動力環境工程有限公司) (the predecessor of the Company) from January 2010 to April 2012, and concurrently served as the general manager of Changzhou Dynagreen Environmental and Thermoelectric Co., Ltd. (常州綠色動力環保熱電有限公司) from April to August 2010; Mr. HUANG has been a Deputy General Manager of the Company since April 2012. Mr. HUANG graduated from the College of Economics of Jinan University (暨南大學經濟學院) with a Bachelor's degree in Economics in Planning and Statistics in June 1989, and obtained his Master's degree in Economics from Zhongnan University of Economics & Law (中南財經政法大學) in December 2002. Mr. HUANG qualified as a Senior Operating Manager, the certificate of which was issued by Labor Bureau of Hubei Province (湖北省勞動廳), in July 2000.





VI. Corporate Governance (Continued)

Mr. ZHANG Yong (張勇), aged 53, is the deputy general manager of the Company. Mr. ZHANG was a technical management staff of Sichuan Qingyan Machinery Plant (State-owned 5027 Plant) (四川慶岩機械廠 (國營5027廠)) from July 1993 to July 1994; a resident representative at factory of New Power Tech (Shenzhen) Co., Ltd (力新科技 (深圳) 有限公司) from July 1994 to October 1996; vice manager, manager and assistant to general manager of the department of quality control of Weiyong Technology (Shenzhen) Co., Ltd (維用科技 (深圳) 有限公司) from October 1996 to May 2004; the operation support director (chief operating officer) of E-Bi International Supply Chain Management Co., Ltd (億柏國際供應鏈管理有限公司) from May 2004 to September 2006; Mr. ZHANG served as the deputy officer and officer of the president's office in the Company from September 2006 to March 2014; the chairman of labor union of the Company from February 2014 to June 2019; and served as the chief operating officer and manager of the president's office from March 2014 to December 2016; from January 2017 to October 2021, he served as a deputy general manager and officer of the president's office of the Company; since October 2021, he has been the deputy general manager of the Company. Mr. ZHANG graduated from Sichuan Normal College (四川師範學院) (now known as China West Normal University (西華師範大學)) with a Bachelor of Science in July 1993, and studied Business Administration in the Antai College of Economics and Management of Shanghai Jiao Tong University (上海交通大學安泰經濟管理學院) from September 2002 to January 2005 and obtained his Master of Business Administration and is an intermediate economist.

Mr. ZHU Shuguang (朱曙光), aged 49, is currently the Secretary of the Board and a Deputy General Manager of the Company. Mr. ZHU worked at China Securities (華夏證券) before March 2002; he worked in securities investment while working at Shenzhen Han's Laser Technology Co., Ltd. (深圳市大族激光科技股份有限公司) from August 2002 to March 2004; between April 2004 and August 2008, Mr. ZHU was the deputy general director of Department of Securities of Shenzhen Baoneng Group (深圳市寶能投資集團有限公司); Mr. ZHU was a manager of Department of Securities of AVIC Sanxin Co., Ltd. (中航三鑫股份有限公司) as well as deputy general manager and secretary of the board of Shenzhen JMT Glass Co., Ltd. (深圳三鑫精美特有限公司), a subsidiary of AVIC Sanxin Co., Ltd., from August 2008 to August 2010; Mr. ZHU has been the Officer of Treasury Department of the Company from September 2010 to February 2017, and the Secretary of the Board from 3 December 2013 to present; since January 2017, he has been the secretary to the Board, a deputy general manager and a joint company secretary of the Company. Mr. ZHU graduated from Central University of Finance and Economics (中央財經大學) with a Bachelor's degree in Economics.

Mr. HAO Jingli (郝敬立), aged 57, currently serves as a deputy general manager of the Company. Mr. HAO successively served as a technician, an engineer specialized in thermal control, a project production manager and a deputy project manager of Heilongjiang First Thermal Power Company (黑龍江省火電一公司) from July 1990 to March 2007; he successively served as a deputy general manager of Changzhou Project Company, a deputy general manager of engineering management department (presiding over work), and the general manager of Wuhan Project Company of Dynagreen Environmental Protection Group Co., Ltd. from March 2007 to March 2014; Mr. HAO served as the assistant to general manager of Dynagreen Environmental Protection Group Co., Ltd. and concurrently served as the general manager of Wuhan Project Company, the general manager of Tongzhou Project Company and the general manager of Miyun Project Company from March 2014 to January 2019; he served as the assistant to general manager of Dynagreen Environmental Protection Group Co., Ltd. from January 2019 to October 2019. Since October 2019, he has been a deputy general manager of the Company. Mr. HAO holds an undergraduate degree and is a senior engineer.





VI. Corporate Governance (Continued)

Mr. XI Qiang (奚強), aged 46, currently serves as a deputy general manager of the Company. Mr. XI successively served as the shift supervisor of the power general department of Taicang Xinhaikang GCL Thermal Power Co., Ltd. of GCL Group (協鑫集團太倉新海康協鑫熱電有限公司), the manager of operation department of Jiaxing GCL Thermal Power Co., Ltd. (嘉興協鑫熱電有限公司), the head of Taicang GCL Waste-to-energy Co., Ltd. (太倉協鑫垃圾焚燒發電有限公司) and a deputy general manager of Dongguan Zhongke Environmental Power Co., Ltd. (東莞中科環保電力有限公司) from September 1997 to July 2009; he served as the director of operations and technology management at the head office in China of C&G Environmental Protection (China) Co. Ltd. (創冠環保(中國)有限公司) from July 2009 to October 2011 and successively served as the general manager of Jiamusi Project Company and director of engineering and technology department of Guangyuan Promising Environmental Protection Company Limited from October 2011 to March 2014; he served as the general manager of waste-to-energy business department of Yonker Environmental Protection Co., Ltd. (永清環保股份有限公司) from March 2014 to April 2015. Mr. XI served as the general manager of Wuhan Project Company of Dynagreen Environmental Protection Group Co., Ltd. from April 2015 to January 2019, during which he concurrently served as the general manager of Hong'an Project Company from October 2016 to August 2018; he served as the general manager of operation management center and the general manager of Wuhan Project Company of Dynagreen Environmental Protection Group Co., Ltd. from January 2019 to August 2019. Mr. XI served the general manager of the operation management center of Dynagreen Environmental Protection Group Co., Ltd. from August 2019 to June 2020. Since October 2019, he has been a deputy general manager of the Company. Mr. XI holds an undergraduate degree in management and is a senior engineer and intermediate economist.

Mr. ZHANG Wei (張衛), aged 57, currently serves as the chief engineer of the Company. Mr. Zhang successively served as the assistant engineer, engineer and engineer in charge of the production technology division of Guangdong Zhongshan Power Development Company (廣東中山市電力開發公司) from July 1989 to February 2004; he served as the deputy head of the production technology management department of Guangdong Zhongshan Zhongfa Power Co., Ltd. (廣東中山中發電力有限公司) from February 2004 to May 2007 and successively served as the manager of the technology department of the technology research and development center, the general manager of Zengcheng Project Company and the chief engineer of Nansha Project Company of GZ Environmental Protection Investment Group Co., Ltd. (廣州環保投資集團有限公司) from May 2007 to May 2014; Mr. ZHANG served as a deputy general manager and the chief engineer of waste-to-energy business department of Yonker Environmental Protection Co., Ltd. (永清環保股份有限公司) from May 2014 to September 2016; since September 2016, he has served as the general manager of the technology research and development department of Dynagreen Environmental Protection Group Co., Ltd. Since October 2019, he has been the chief engineer of the Company. Mr. Zhang holds a bachelor's degree in engineering and is a senior engineer.





VI. Corporate Governance (Continued)

Mr. YI Zhiyong (易智勇), aged 50, currently serves the chief financial officer of the Company. He served as the manager of the after-sales service department of Wuhan Intercontinental Yintai Battery Co., Ltd. (武漢洲際銀泰電池有限公司) from July 1998 to July 1999; the manager (officially dispatched) of the after-sales service department of Wuhan Intercontinental Yintai Battery Co., Ltd. (武漢洲際銀泰電池有限公司) from July 1999 to March 2002; the manager of the administrative personnel department of Shiji Ansoft Information Technology Co., Ltd. (世紀安軟資訊技術有限公司) from March 2002 to March 2003; and the manager of the finance department of Beijing Sunco Land Fengrun Real Estate Development Co., Ltd. (北京順馳置地豐潤房地產開發有限公司) from March 2003 to December 2005; He successively served as the financial supervisor of the financial management center, the assistant to the general manager of the financial management center and the deputy general manager of the financial management center of the Company; the person in charge of Taizhou Project Company of the Company; the general manager of the new business development department and the international business department (investment and mergers and acquisitions) of the Company; and a member of the disciplinary committee, the head of the disciplinary inspection and supervision department and the head of the disciplinary supervision department of the Company from February 2006 to March 2021. He has served as the chief financial officer of the Company since March 2021. Mr. Yi graduated from Huazhong Polytechnic University (currently known as Huazhong University of Science and Technology) with a bachelor's degree of science and economics, and is a Chinese Certified Public Accountant.

Mr. LIU Lin (劉林), aged 42, currently serves as the general manager assistant of the Company. Mr. Liu started to work in July 2005 and served as the legal supervisor of Hanvon Technology Co., Ltd. (漢王科技股份有限公司), the legal counsel of AirMedia Technology (Beijing) Co., Ltd. (悅航創億傳媒技術(北京)有限公司), a lawyer of Beijing Chang An Law Firm (北京市長安律師事務所), the head of the legal department and the head of the second investment department of Beijing Capital Environmental Investment Co., Ltd. (北京首創環境投資有限公司) and the general manager of Jiujiang Shouchuang Environmental Energy Co., Ltd. (九江首創環保能源股份有限公司); from March 2017 to December 2023, he successively served as the deputy investment director of the Investment Development Department, and the deputy investment director and manager of the Investment Management Center of Dynagreen Environmental Protection Group Co., Ltd.; he has been the general manager assistant of the Company since December 2023. Mr. Liu graduated from Peking University with a master's degree.

Mr. PI Siwei (皮思維), aged 53, is the general counsel of the Company. From July 1990 to August 2016, Mr. Pi served as deputy chief of the production section of the power generation plant, deputy director of the electrical workshop, deputy director of the power generation workshop, deputy director of the power generation department, deputy chief of the biotechnology section, deputy director of the ash transport workshop, day shift operation director of the desulfurization and ash transport area of the power generation plant, and day shift operation director of the power generation operation area of the power generation plant of Sichuan Panzhihua Steel Group Limited (攀枝花鋼鐵集團公司); from September 2016 to March 2025, he successively served as the operation safety and environment director of the operation management department, the manager assistant of the operation management department, the deputy manager of the operation management center (presiding over work), the manager of the operation management center and the general manager and the manager of the operation management center of Sihui Project Company of Dynagreen Environmental Protection Group Co., Ltd.; he has served as general counsel of the Company since December 2023. Mr. Pi graduated from Southwest University of Finance and Economics with a bachelor's degree, and holds a legal professional qualification certificate.





VI. Corporate Governance (Continued)

(4) Joint company secretaries

Mr. ZHU Shuguang is a joint company secretary of the Company. Please refer to the sub-section headed “Senior Management” in this annual report for biographical details of Mr. ZHU Shuguang.

Ms. YUEN Wing Yan, Winnie (袁穎欣) (“Ms. YUEN”), graduated from Lingnan College (currently known as Lingnan University), is currently a director of the corporate services division of Tricor Services Limited. Ms. YUEN has over 25 year of experience in corporate services and has provided professional corporate services for listed companies in Hong Kong and multi-national companies, private companies and offshore companies. She is currently the company secretary/joint company secretary for a number of listed companies on Hong Kong Stock Exchange. Ms. YUEN is a Chartered Secretary, a Chartered Governance Professional and a fellow of both of The Hong Kong Chartered Governance Institute (“HKCGI”) and The Chartered Governance Institute.

2. Positions in Shareholder Entities

✓ Applicable □ Not applicable

Name	Name of shareholder entities	Position held in shareholder entities	Starting date of term of office	Expiry date of term of office
YUE Peng	Beijing Industrial Development Investment Management Co., Ltd. ^(Note)	Chairman	February 2024	
ZHAO Zhixiong	BSAM	Designated director or supervisor	April 2024	
TONG Xiangyu	Three Gorges Capital Holdings Co., Ltd.	Senior investment manager of investment business department	March 2023	
HU Tianhe	Three Gorges Capital Holdings Co., Ltd.	Investment manager of investment business department	March 2023	
YAN Chunxu	Greatwall Wealth Insurance Asset Management Co., Ltd.	Investment manager of product investment department	August 2017	
LUO Zhaoguo	BSAM	General manager of financial management department	October 2016	July 2024
TIAN Yingying	Beijing BeiAo Group Co., Ltd.	Chief accountant	February 2025	
Explanation on positions held in shareholder entities	Nil			

Note: Beijing Industrial Development Investment Management Co., Ltd. and Beijing BeiAo Group Co., Ltd. are wholly-owned subsidiaries of BSAM, the controlling shareholder of the Company.





VI. Corporate Governance (Continued)

3. Positions in Other Entities

✓ Applicable □ Not applicable

Name	Name of other entities	Position held in other entities	Starting date of term of office	Expiry date of term of office
FU Jie	China Kangda Food Limited (中國康大食品有限公司)	Chief Financial Officer	September 2019	
XIE Lanjun	Beijing Zhongyin (Shenzhen) Law Firm (北京市中銀(深圳)律師事務所)	Senior partner, practicing lawyer	January 2009	
XIE Lanjun	Shenzhen RAYITEK Hi-Tech Film Company, Ltd.	Independent director	May 2020	
XIE Lanjun	Shenzhen Institute of Building Research Co., Ltd.	Independent director	November 2020	
ZHOU Beihai	Yunnan Water Investment Co., Ltd.	Independent director	October 2020	
OUYANG Jiejiao	Daodaoquan Grain and Oil Co., Ltd.	Deputy general manager, mainly responsible for financial management and investment and financing related matters	August 2023	
ZHENG Zhiming	Guangdong Fanggen Law Firm	Chief lawyer	December 2015	
ZHENG Zhiming	Huizhou Renxin New Material Co., Ltd.	Independent director	November 2023	
Explanation on positions held in other entities	Nil			





(III) REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Applicable Not applicable

Procedures for determining the remuneration of Directors, supervisors and senior management

Non-independent Directors and supervisors do not receive Directors' and supervisors' allowances. Independent Directors' allowances shall be discussed by the Board of the Company and approved by the general meeting. The emoluments of the senior management are recommended by the Remuneration and Appraisal Committee of the Board of the Company and approved by the Board

Whether Directors abstain from the Board's discussion of their remuneration

Yes

Details of the special meeting of the Remuneration and Appraisal Committee or independent directors on recommendations on the remuneration of Directors, supervisors and senior management

The Proposal on the 2023 Remuneration Appraisal and for the 2024 Remuneration Plan for the Senior Management of the Company and the Proposal on the 2024 Remuneration Plan for the Directors and Supervisors of the Company were considered and approved at the 2024 first meeting of the Remuneration and Appraisal Committee of the fourth session of the Board, and were considered and approved at the 23rd meeting of the fourth session of the Board; the Proposal on the 2024 Remuneration Appraisal and the 2025 Remuneration Plan for the Senior Management of the Company and the Proposal on the 2025 Remuneration Plan for the Directors and Supervisors of the Company were considered and approved at the 2025 first meeting of the Remuneration and Appraisal Committee of the fifth session of the Board, and were considered and approved at the seventh meeting of the fifth session of the Board.

Determination criteria for the remuneration of Directors, supervisors and senior management

Such remuneration is determined according to the remuneration level in the industry, combined with the remuneration system and annual operation performance of the Company.

Payment of the remuneration payable to Directors, supervisors and senior management

18.1796 million

Total remuneration actually received by all Directors, supervisors and senior management at the end of the Reporting Period

18.1796 million





VI. Corporate Governance (Continued)

(IV) CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Applicable Not applicable

Name	Position	Change	Reasons for the change
ZHONG Xia	Executive Director and general manager	Resignation	Resigned as an executive Director and general manager due to retirement
FU Jie	Independent non-executive Director	Resignation	Resigned as an independent Director of the Company due to the expiry of six years as an independent Director of the Company
OUYANG Jiejiao	Independent non-executive Director	Election	By-election of independent non-executive Director
YUE Peng	Non-executive Director	Resignation	Resigned as a non-executive Director of the Company due to adjustment of work arrangement
LUO Zhaoguo	Supervisor	Resignation	Resigned as a Supervisor of the Company due to adjustment of work arrangement
ZHAO Zhixiong	Non-executive Director	Election	By-election of non-executive Director
TIAN Yingying	Supervisor	Election	By-election of Supervisor
TONG Xiangyu	Non-executive Director	Resignation	Resigned as a non-executive Director of the Company due to adjustment of work arrangement
XIE Lanjun	Independent non-executive Director	Resignation	Resigned upon expiry of the term of office
HU Tianhe	Non-executive Director	Election	General election of the Board
YAN Chunxu	Non-executive Director	Election	General election of the Board
ZHENG Zhiming	Independent non-executive Director	Election	General election of the Board

Ms. OUYANG Jiejiao, Mr. ZHAO Zhixiong, Mr. HU Tianhe, Mr. YAN Chunxu and Mr. ZHENG Zhiming obtained legal advice under Rule 3.09D of the Stock Exchange Listing Rules on 24 April 2024, 19 June 2024, 18 September 2024, 18 September 2024 and 20 September 2024, respectively and confirmed their understanding of their responsibilities as directors of a listed issuer respectively.

(V) THE RECORDS OF BEING PUBLISHED BY SECURITIES REGULATORS IN RECENT THREE YEARS

Applicable Not applicable

(VI) Others

Applicable Not applicable





VI. Board meetings convened during the Reporting Period

Session of the meeting	Date of meeting	Resolutions of meeting
21st meeting of the fourth session of the Board	8 February 2024	All resolutions were approved
22nd meeting of the fourth session of the Board	29 February 2024	All resolutions were approved
23rd meeting of the fourth session of the Board	28 March 2024	All resolutions were approved
24th meeting of the fourth session of the Board	29 April 2024	All resolutions were approved
25th meeting of the fourth session of the Board	4 June 2024	All resolutions were approved
26th meeting of the fourth session of the Board	23 July 2024	All resolutions were approved
27th meeting of the fourth session of the Board	29 August 2024	All resolutions were approved
1st meeting of the fifth session of the Board	20 September 2024	All resolutions were approved
2nd meeting of the fifth session of the Board	30 September 2024	All resolutions were approved
3rd meeting of the fifth session of the Board	30 October 2024	All resolutions were approved
4th meeting of the fifth session of the Board	3 December 2024	All resolutions were approved
5th meeting of the fifth session of the Board	20 December 2024	All resolutions were approved

VII. SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules of the Stock Exchange and poll results will be posted on the websites of the Company, the Stock Exchange and the SSE after each general meeting.

(I) Convening an Extraordinary General Meeting

Shareholders holding 10% or more Shares (individually or together with others) shall be entitled to request for an extraordinary general meeting or class meeting. The aforesaid shareholders may sign one or several written requests stating the subject of the meeting to request the Board to convene an extraordinary general meeting or class meeting. Shares held by the above shareholders shall be calculated as at the date of submitting the written request.

(II) Putting Forward Proposals at Extraordinary General Meeting

When a general meeting is held by the Company, the Board, Supervisory Committee or shareholders who individually or together holding more than 1% of the Shares of the Company may propose resolutions to the Company.

Shareholders who individually or together holding more than 1% of the Shares of the Company may submit ad hoc proposals in writing to the convener of the general meeting at least 10 days before the holding of the general meeting.

The contents of the proposals to be raised shall be within the scope of duties of the general meetings. It shall have a clear topic and specific matters to be resolved on, and shall be in compliance with relevant requirements of the laws, administrative regulations and the Company's Articles of Association.





VI. Corporate Governance (Continued)

(III) Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

(IV) Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following address:

Tricor Investor Services Limited
17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
(For the attention of Mr. ZHU Shuguang)

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

VIII. BOARD OF DIRECTORS

(I) The Board

1. Composition of the Board

During the Reporting Period, the Board of Directors of the Company consisted of the following Directors:

Non-executive Directors

YUE Peng (*Resigned*)
ZHAO Zhixiong
LIU Shuguang
TONG Xiangyu (*Resigned*)
HU Tianhe
YAN Chunxu

Executive Directors

QIAO Dewei (*Chairman*)
ZHONG Xia (*General Manager*) (*Resigned*)
HU Shengyong

Independent Non-executive Directors

FU Jie (*Resigned*)
XIE Lanjun (*Resigned*)
ZHOU Beihai
OUYANG Jiejiao
ZHENG Zhiming





VI. Corporate Governance (Continued)

As at the end of the Reporting Period, the Board consisted of nine members, including four non-executive Directors, two executive Directors and three independent non-executive Directors. Biographic information of Directors is set out in the section headed “Information on the Positions of Current Directors, Supervisors and Senior Management and of Directors, Supervisors and Senior Management Resigned during the Reporting Period” of the annual report for the year ended 31 December 2024.

None of the members of the Board is related to each other.

2. Directors’ Re-election

Code provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. Each of the Directors of the Company has been appointed for a term ending on the expiration of the term of the session of the Board (i.e. not more than three years), subject to re-election by shareholders.

(II) The Board and management

1. Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for the leadership of the Company and oversees the Group’s business, strategic decisions and operating management. The Board takes decisions objectively in the interests of the Company.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company’s expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

The Company has established relevant mechanism in accordance with the Corporate Governance Code to ensure that the Board of Directors can obtain independent views and opinions. The Board of Directors reviews the implementation and effectiveness of this mechanism every year.

The Board is responsible for determining important matters in accordance with the Articles of Association, including the formulation of strategies, systems and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.





VI. Corporate Governance (Continued)

2. Board Committees

The Board has established four committees, namely, the Audit and Risk Management Committee, Remuneration and Appraisal Committee, Nomination Committee and Strategy Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

IX. DIRECTORS' PERFORMANCE OF RESPONSIBILITIES

(I) Directors' attendance of meeting of the Board and general meetings

Name of Director	Independent Director or not	Meetings that should be attended during the year	Attendance of the Board meetings				Not in attendance in person for two consecutive times	Attendance of general meetings Number of general meeting attended
			Attendance in person	Attendance via communication	Attendance by proxy	Absence		
QIAO Dewei	No	12	12	3	0	0	No	4
YUE Peng	No	5	4	4	1	0	No	1
ZHAO Zhixiong	No	7	7	7	0	0	No	2
LIU Shuguang	No	12	12	11	0	0	No	3
ZHONG Xia	No	0	0	0	0	0	No	0
TONG Xiangyu	No	7	7	7	0	0	No	2
HU Tianhe	No	5	5	5	0	0	No	1
YAN Chunxu	No	5	5	5	0	0	No	1
HU Shengyong	No	12	12	3	0	0	No	4
FU Jie	Yes	4	4	3	0	0	No	1
XIE Lanjun	Yes	7	7	6	0	0	No	2
ZHOU Beihai	Yes	12	12	10	0	0	No	4
OUYANG Jiejiao	Yes	8	8	6	0	0	No	3
ZHENG Zhiming	Yes	5	5	2	0	0	No	1

Explanation for not attendance in person for two consecutive times

Applicable Not applicable

Number of board meetings held in the year	12
Of which: number of on-site meeting	0
Number of meeting via communication	3
Number of meeting via on-site and communication	9





(II) Circumstances under which Directors raised dissent for matters of the Company

Applicable Not applicable

(III) Others

Applicable Not applicable

1. Training of Directors

Directors understand responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed Director will receive formal, comprehensive and tailor-made induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Stock Exchange Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development to refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be issued to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

All the Directors have actively participated in the continuous professional development by way of attending seminars and/or conferences and/or forums and/or reading materials.





VI. Corporate Governance (Continued)

During the year ended 31 December 2024, the following Directors attended seminars/training sessions/in-house briefing/reading materials:

Director	Attending seminars and/or conferences and/or forums	Reading journals, updates, articles and/or materials, etc.
<i>Executive Directors</i>		
QIAO Dewei (Chairman)	✓	✓
ZHONG Xia (General Manager) (Resigned)	✓	✓
HU Shengyong	✓	✓
<i>Non-executive Directors</i>		
YUE Peng (Resigned)	✓	✓
ZHAO Zhixiong	✓	✓
LIU Shuguang	✓	✓
TONG Xiangyu (Resigned)	✓	✓
HU Tianhe	✓	✓
YAN Chunxu	✓	✓
<i>Independent Non-executive Directors</i>		
FU Jie (Resigned)	✓	✓
XIE Lanjun (Resigned)	✓	✓
ZHOU Beihai	✓	✓
OUYANG Jiejiao	✓	✓
ZHENG Zhiming	✓	✓

2. Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Management Measures and Written Employee Guidance, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.





3. Independent non-executive Directors

During the Reporting Period, the Board complied with (1) the requirement that the Board of a listed issuer must include at least three independent non-executive Directors under Rule 3.10(1) of the Listing Rules of the Stock Exchange; (2) the requirement that at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2) of the Listing Rules of the Stock Exchange; and (3) the requirement that the number of independent non-executive Directors must represent at least one-third of the Board under Rule 3.10A of the Listing Rules of the Stock Exchange.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines as set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent.

X. CHAIRMAN AND GENERAL MANAGER

During the Reporting Period, the chairman provides leadership for the Board and is responsible for formulating overall business strategies and making important decisions. The general manager focuses on the business development and is responsible for the daily operation and management. He is also taking part in formulating and implementing the overall business strategy. Their respective responsibilities are clearly defined and set out in writing.

As Ms. Zhong Xia resigned as an executive Director and the general manager of the Company on 8 February 2024 and Mr. QIAO Dewei was appointed as the acting general manager (which is equivalent to chief executive officer) of the Company on the same date, until the appointment of a permanent replacement for the aforesaid position takes effect. The code provision C.2.1 of the Corporate Governance Code set out in Appendix C1 to the Listing Rules (the “CG Code”) stipulates that the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Following the appointment of Mr. Qiao as the acting general manager, Mr. Qiao assumed the dual roles of the chairman of the Board and the general manager of the Company, which was not in line with the requirements under the code provision C.2.1 of the CG Code. After evaluation of the actual situation of the Company and taking into account of the experience and past performance of Mr. Qiao, the Board is of the opinion that it is appropriate for Mr. Qiao to hold both positions as the chairman of the Board and the general manager of the Company as it helps to maintain the continuity of the policies and the stability of the operations of the Company, and this structure can ensure the Company has consistent leadership. In addition, under the supervision by the Board which will consist of two executive Directors, 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. Therefore, the Board considers the deviation from the code provision C.2.1 of the CG Code is appropriate under such circumstances.

The resolution in relation to appointment of Mr. Cheng Suning as the general manager of the Company was considered and approved at the sixth meeting of the fifth session of the Board of the Company held on 24 February 2025 and the appointment took effect from the date of consideration and approval of the resolution. Meanwhile, Mr. Qiao Dewei will no longer serve as the acting general manager. Therefore, the Company has complied with the requirements under the code provision C.2.1 of the CG Code.





XI. SPECIAL COMMITTEES UNDER THE BOARD

✓ Applicable □ Not applicable

(I) Members of the special committees under the Board

Special committees	Members
Audit and Risk Management Committee	OUYANG Jiejiao (Chairman), ZHENG Zhiming, ZHAO Zhixiong
Nomination Committee	ZHENG Zhiming (Chairman), ZHOU Beihai, HU Shengyong
Remuneration and Appraisal Committee	ZHOU Beihai (Chairman), OUYANG Jiejiao, YAN Chunxu
Strategy Committee	QIAO Dewei (Chairman), LIU Shuguang, ZHOU Beihai

Audit and Risk Management Committee

The Company has established an audit and risk management committee (the “Audit and Risk Management Committee”) in compliance with the Listing Rules of the Stock Exchange and the listing rules of the Shanghai Stock Exchange.

The primary responsibilities of the Audit and Risk Management Committee include but are not limited to: (i) proposing appointment, reappointment or removal of external auditors; (ii) reviewing and monitoring external auditors’ independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; (iii) reviewing the financial information of the Company; (iv) overseeing the financial reporting system of the Company; (v) enhancing communication channels which the Group’s employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters; and (vi) reviewing the risk management and internal control systems, effectiveness of the internal audit function.

The Audit and Risk Management Committee reviewed the financial results of the Group for the year ended 31 December 2024, considered the appointment of PricewaterhouseCoopers Zhong Tian LLP as the Company’s external auditors in 2024, considered the termination of the appointment of PricewaterhouseCoopers Zhong Tian LLP as the Company’s external auditors in 2024, considered the appointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the Company’s external auditors in 2024 and held two meetings with the external auditors in the absence of the executive Directors.

Due to the adjustment of work arrangement, Mr. YUE Peng resigned as a non-executive Director of the Company with effect from 4 June 2024. On 21 June 2024, as considered and approved at the 2024 first extraordinary general meeting, Mr. ZHAO Zhixiong was elected as a non-executive Director of the Company and, upon his election as a Director, was appointed as a member of the Audit and Risk Management Committee.

In accordance with Rule 3.21 of the Stock Exchange Listing Rules, the Audit and Risk Management Committee shall have at least three members. After the resignation of Mr. YUE Peng, the number of members of the Audit and Risk Management Committee reduced from three to two, which did not meet the minimum requirement under Rule 3.21 of the Stock Exchange Listing Rules. The Company had then identified suitable personnel, and completed the election procedures for the new Directors at the 2024 first extraordinary general meeting to meet the requirements of Rules 3.21 and 3.23 of the Stock Exchange Listing Rules.





VI. Corporate Governance (Continued)

Nomination Committee

The Company has established a nomination committee (the “Nomination Committee”) in compliance with the Listing Rules of the Stock Exchange.

The primary responsibilities of the Nomination Committee include but are not limited to: (i) making recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for Directors; (ii) reviewing the structure, size and composition of the Board annually and making recommendations on any proposed changes to the Board to complement the Company’s corporate strategy; and (iii) identifying individuals suitably qualified to become Directors, selecting or recommending to the Board on the selection of individuals nominated for directorships or providing advice to the Board in respect thereof.

As to nomination of suitable director candidates, the Board of the Company adopted the Nomination Policy for Directorship to clarify the nomination criteria for Directors. The Nominating Committee will refer to the following factors when evaluating candidates:

- Compliance with the qualifications for appointment required under the Company Law and the Listing Rules of the Stock Exchange
- Reputation
- Knowledge and experience in corporate management, legal, financial or environmental industries
- Commitment in respect of available time and relevant interest
- Diversity of the Board in the aspects, amongst others, of gender, age (aged 18 or above), cultural and educational background, professional experience, skills, knowledge and length of service.

The above factors are for reference only and are not intended to cover all factors and are not decisive. The Nominating Committee may decide to nominate any person it deems appropriate.

In addition, according to the Nomination Policy for Directorship, candidates shall submit the required personal data in the agreed format and his/her written consent to be appointed as a Director and agree to the public disclosure of his/her personal data on any documents or the relevant websites for the purpose of or in relation to his/her appointment as a Director. The Nomination Committee may request the candidate to provide additional information and documents, if considered necessary.

As to assessment of the composition of the Board, according to Rule 7 of the Terms of Reference of the Nominating Committee, the Nomination Committee focuses on developing Board diversity in the member selection process. Factors to consider include but are not limited to gender, age, culture, education background, and previous experience. In addition, the Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. The Nominating Committee believes that the diversity of Board is properly balanced.





VI. Corporate Governance (Continued)

Remuneration and Appraisal Committee

The Company has established a remuneration and appraisal committee (the “Remuneration and Appraisal Committee”) in compliance with the Listing Rules of the Stock Exchange.

The primary responsibilities of the Remuneration Committee include but are not limited to: (i) researching and recommending to the Board on the Company’s remuneration structure and policy for all Directors and senior management of the Company; (ii) recommending to the Board the remuneration packages of individual executive Directors and members of the senior management; (iii) recommending to the Board on the remuneration of non-executive Directors; (iv) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct; and (v) monitoring the implementation of remuneration policies of Directors and senior management.

The Company did not adopt or implement any share incentive scheme during the year ended 31 December 2024, but the resolution in relation to the proposed adoption of the restricted A share incentive scheme was considered and approved at the fifth meeting of the fifth session of the Board of the Company held on 20 December 2024. The resolution is subject to consideration and approval at the general meeting of the Company. The Company has approved the amended working rules of the Remuneration and Appraisal Committee on 28 March 2025 to include the review and approval of the matters in relation to share scheme as described in Chapter 17 of the Stock Exchange Listing Rules in the terms of reference of the Remuneration and Appraisal Committee of the working rules of the Remuneration and Appraisal Committee.

The Board considers that fair remuneration is essential to attract and retain high quality and experienced directors. To ensure attraction and retainment of talents, the Group’s remuneration policy for directors is based on the following principles: provision of a fair and competitive remuneration package to support a performance culture and achieve strategic business objectives. When considering compensation of directors, a number of factors will be considered, if applicable, including but not limited to: position, responsibilities, scope of work, working hours, personal and corporate performance, compensation levels of relevant positions of competitors in the same region and in the same industry and other employment conditions within the Company.

Pursuant to Code Provision E.1.5 of the CG Code, the annual remuneration of the members of the senior management by band for the year ended 31 December 2024 is set out below:

Remuneration band(s) (HK\$)	Number of individuals
HK\$1,000,001 to 1,500,000	2
HK\$1,500,001 to 2,000,000	8
HK\$2,000,001 to 2,500,000	1

Details of remuneration of all Directors, Supervisors and certain members of the senior management for the year ended 31 December 2024 are set out in Note XII(IV) to the Financial Statements contained in the annual report.





VI. Corporate Governance (Continued)

Strategy Committee

The Company has also established a strategy committee (the “Strategy Committee”).

The primary responsibilities of the Strategy Committee include but are not limited to: (i) researching and recommending on the medium to long term strategic and development plans of the Company; (ii) researching and recommending on the significant capital expenditure, investment and financing projects of the Company; and (iii) researching and recommending on the significant matters relating to the development of the Company.

(II) The Audit and Risk Management Committee convened 7 meetings during the Reporting Period

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
12 January 2024	2023 Rule of Law (Compliance) Work Report, 2024 Internal Audit Work Plan, 2024 Rule of Law and Compliance Work Plan	All resolutions were approved	
21 March 2024	2023 fourth quarterly internal audit work report, 2023 annual internal audit work report, provision for impairment of assets of Huludao Hazardous Waste Project, 2023 audit report, 2023 results announcement and 2023 annual report, self-assessment of internal control, confirmation of effectiveness of risk management, 2023 evaluation report on the performance of the accounting firm, appointment of auditor for 2024	All resolutions were approved	
24 April 2024	2024 first quarterly internal audit work report and 2024 first quarterly report	All resolutions were approved	
22 August 2024	2024 second quarterly internal audit work report, 2024 semi-annual interim financial report, 2024 interim report and 2024 internal control evaluation plan	All resolutions were approved	
20 September 2024	Appointment of chief financial officer of the Company	All resolutions were approved	
25 October 2024	2024 third quarterly internal audit work report, 2024 third quarterly report, change of auditor for the year	All resolutions were approved	
30 December 2024	2024 Rule of Law (Compliance) Work Report, 2025 Internal Audit Work Plan, 2025 Rule of Law and Compliance Work Plan	All resolutions were approved	





VI. Corporate Governance (Continued)

Attendance of each member of the Audit and Risk Management Committee is as follows:

Member of Audit and Risk Management Committee	Number of meetings attended/Total number of meetings
FU Jie (<i>Chairman</i>) (<i>Resigned</i>)	3/3
YUE Peng (<i>Resigned</i>)	3/3
XIE Lanjun (<i>Resigned</i>)	4/4
OUYANG Jiejiao (<i>Chairman</i>)	4/4
ZHAO Zhixiong	4/4
ZHENG Zhiming	3/3

(III) The Nomination Committee convened 4 meetings during the Reporting Period

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
23 February 2024	Nomination of candidates for independent Directors	All resolutions were approved	
31 May 2024	Nomination of candidates for Directors	All resolutions were approved	
22 August 2024	Nomination of candidates for Directors of the fifth session of the Board	All resolutions were approved	
20 September 2024	Appointment of senior management and secretary to the Board of the Company	All resolutions were approved	

Attendance of each member of the Nomination Committee is as follows:

Member of Nomination Committee	Number of meetings attended/Total number of meetings
XIE Lanjun (<i>Chairman</i>) (<i>Resigned</i>)	3/3
ZHOU Beihai	4/4
YUE Peng (<i>Resigned</i>)	2/2
ZHAO Zhixiong (<i>Resigned as a member on 20 September 2024</i>)	1/1
ZHENG Zhiming (<i>Chairman</i>)	1/1
HU Shengyong	1/1





(IV) The Remuneration and Appraisal Committee convened 2 meetings during the Reporting Period

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
28 March 2024	Performance of duties by senior management in 2023, appraisal of remuneration in 2023 and 2024 remuneration plan for senior management of the Company, appraisal results of management members of the Company during their tenure of 2021-2023, and remuneration plan for directors and supervisors of the Company in 2024	All resolutions were approved	
20 December 2024	Restricted A-share incentive scheme (draft) and summary thereof, administrative measures for the implementation and appraisal of restricted A-share incentive scheme, administrative measures for restricted A-share incentive scheme	All resolutions were approved	

Attendance of each member of the Remuneration and Appraisal Committee is as follows:

Member of Remuneration and Appraisal Committee	Number of meetings attended/ Total number of meetings
ZHOU Beihai (<i>Chairman</i>)	2/2
FU Jie (<i>Resigned</i>)	1/1
LIU Shuguang (<i>Resigned as a member on 20 September 2024</i>)	1/1
OUYANG Jiejiao	1/1
YAN Chunxu	1/1





VI. Corporate Governance (Continued)

(V) The Strategy Committee convened 1 meeting during the Reporting Period

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
28 March 2024	2023 work report of general manager and 2024 business plan	All resolutions were approved	

Attendance of each member of the Strategy Committee is as follows:

Member of Strategy Committee	Number of meetings attended/ Total number of meetings
QIAO Dewei (<i>Chairman</i>)	1/1
LIU Shuguang	1/1
HU Shengyong (<i>Resigned as a member on 20 September 2024</i>)	1/1
ZHOU Beihai	1/1

(VI) Specific matters with objections

Applicable Not applicable





XII. BOARD DIVERSITY POLICY

The Company approved the Board Diversity Policy at the twenty-sixth meeting of the first session of the Board. This policy sets out the Company's position on Board diversity and the approach it will continue to adopt throughout its implementation. The Board has established this policy in accordance with the following principles:

- (I) Board diversity is an important factor to maintain the Company's sound corporate governance, achieve sustainable development and achieve strategic goals.
- (II) When setting the composition of the Board, the Company considers the Board diversity from various aspects, including but not limited to Directors' gender, age, cultural and educational background, region, professional experience, skills, knowledge and service term and other regulatory requirements etc.
- (III) The appointment of Board members is based on the skills and experience required for the overall good operation of the Board and on merit basis with full consideration of the abovementioned goals and requirements of Board diversity.

The Nomination Committee of the Board of the Company is responsible for reviewing the number, composition and organizational structure of the Board, and makes recommendations to the Board on the size and composition of the Board based on the Company's strategic planning, business activities, asset size and equity structure; study and review the selection criteria, nomination and appointment procedures of directors, and making recommendation to the Board for consideration and approval.

The Nomination Committee of the Board is required to follow this policy when making recommendations on candidates for directors and when the Board nominates candidates for directors.

The Nomination Committee of the Board is responsible for overseeing the implementation of this policy and reviewing this policy when appropriate, discussing any amendments that need to be made and making recommendations to the Board for implementation upon approval by the Board.

At present, the Company has achieved gender diversity of Board members and all employees. The composition of the Board and senior management has been disclosed in detail in "V. Directors, Supervisors and Senior Management" in this section. Female employees account for 23.46% of all employees of the Company.

XIII. EXPLANATION ON RISKS OF THE COMPANY DETECTED BY THE SUPERVISORY COMMITTEE

Applicable Not applicable

The Supervisory Committee has no objection to the supervision during the Reporting Period.





XIV. EMPLOYEES OF PARENT COMPANY AND MAJOR SUBSIDIARIES DURING THE REPORTING PERIOD

(I) Employees

Number of in-service employees of the parent company	112
Number of in-service employees of the major subsidiaries	3,242
Total number of in-service employees	3,354
The number of retired employees whose expenses are borne by the parent company and the major subsidiaries	0

Composition of professions

Type of profession	Number of staff in the profession
Production staff	2,071
Technical staff	618
Finance staff	132
Administrative staff	339
Logistics staff	194
Total	3,354

Education level

Type of education level	Number of persons
Master and above	23
Bachelor	783
College graduate	1,507
Below college graduate	1,041
Total	3,354





VI. Corporate Governance (Continued)

(II) Remuneration Policy

Applicable Not applicable

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 remuneration of employees, please refer to Note V(XXIII) Employee benefits payable to the financial statements.

(III) Training Program

Applicable Not applicable

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.

(IV) Labour Outsourcing

Applicable Not applicable

(V) Post-employment Benefits – Defined Contribution Plans

Pursuant to the relevant laws and regulations of the PRC, the Group participated in a defined contribution basic pension insurance plan in the social insurance system established and managed by government authorities. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government.

The relevant plan is the defined contribution plan, and the Group cannot use the forfeited contribution (i.e. the contribution by the employer on behalf of employees who leave the plan prior to vesting fully in such contributions) to reduce the existing contribution level.

For the year ended 31 December 2024, the Group had no forfeited contribution or forfeited contribution available for deduction of the Group’s contribution as at 31 December 2024.





XV. PROPOSAL OF PROFIT DISTRIBUTION OR CONVERSION OF CAPITAL RESERVE

(I) Formulation, implementation or adjustment of the cash dividend policy

Applicable Not applicable

The Resolution on Shareholders' Return Plan for the Next Three Years (2024-2026) had been considered and passed at the 27th meeting of the fourth session of the Board and the second Extraordinary General Meeting for the year 2024. The above return plan proposed that: Any profit distribution of the Company shall not exceed the amount of accumulated distributable profits and shall not adversely affect the continued operation of the Company. The Company may distribute interim dividends according to its profit and capital requirements. The Company can distribute its profit in cash, in shares or in a combination of cash and shares. When the Company meets the conditions for cash dividends, it should give priority to the profit distribution method of cash dividends. The Company shall give priority to the payment of cash dividends. If no cash dividends are available, no scrip dividends shall be declared for the same year. If the current profit and accumulated retained earnings of the Company shall be positive and its cash flow shall be sufficient to support the continued operation and long-term development of the Company, the Company shall proactively adopt the way of cash dividends. Under the premise of meeting the conditions for cash dividends and ensuring the normal operation and long-term development of the Company, the profit to be distributed by the Company in cash each year of the next three years (2024-2026) shall not be less than 40%, 45% and 50% of the distributable profits of the year, respectively.

The interim dividend proposal for 2024 and the final dividend proposal for the year 2024 of the Company were made according to the above plan and relevant provisions of the Articles of Association.

(II) Special explanation on cash dividend policy

Applicable Not applicable

Whether it is consistent with the requirements of the Articles of Association or the requirements under the resolution of the general meeting	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the criteria and proportions of dividends are definite and clear	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the relevant decision-making procedures and mechanisms are complete	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether independent directors have fulfilled their responsibilities and duties	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the minority shareholders have the opportunity to fully express their views and demands and their legitimate rights and interests are fully protected	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No



**(III) If the Company is profitable and the parent company's profit available for distribution to shareholders is positive, but no cash profit distribution plan has been proposed during the Reporting Period, the Company shall disclose the reasons in detail and the purpose and use plan of the retained earnings**

Applicable Not applicable

(IV) Plan on profit distribution and conversion of capital reserve during the Reporting Period

Applicable Not applicable

Unit: RMB

Number of shares to be distributed for every ten shares (share)	0
Amount to be distributed for every ten shares (RMB) (tax inclusive)	3
Number of shares to be converted into share capital for every ten shares (share)	0
Amount of cash dividend (tax inclusive)	418,035,785.70
Net profit attributable to ordinary shareholders of the Company in the consolidated financial statements in the year of distribution	585,082,147.27
Percentage of cash dividends to the net profit attributable to ordinary shareholders of the Company in the consolidated financial statements (%)	71.45
Amount of repurchase of shares in cash included in cash dividend	0
Total dividends (tax inclusive)	418,035,817.50
Percentage of the total dividends to the net profit attributable to ordinary shareholders of the Company in the consolidated financial statements (%)	71.45

The Company held the 2024 second extraordinary general meeting of the Company held on 20 September 2024, at which the Proposal on the 2024 Interim Profit Distribution Plan was considered and approved, pursuant to which it was decided to distribute a cash dividend of RMB0.1 per share (tax inclusive) to all shareholders based on the aggregate share capital on the share-based equity registration date. A total of RMB139,345,200 in dividends was expected to be distributed. The interim profit distribution was completed in November 2024.

On 28 March 2025, the Board proposed to distribute cash dividends for 2024 to ordinary shareholders of the Company. It is proposed to distribute a cash dividend of RMB0.20 (before tax) for every share to all shareholders based on the aggregate share capital on the share-based equity registration date. A total of RMB278,690,500 in dividends is expected to be distributed. This proposal is subject to the approval at the general meeting.

(V) Cash dividends in the last three accounting years

Applicable Not applicable

Unit: RMB

Accumulated cash dividends in the last three accounting years (tax inclusive) (1)	794,267,580.60
Accumulated repurchase and cancellation amounts in the last three accounting years (2)	0
Accumulated cash dividends, repurchase and cancellation amounts in the last three accounting years (3)=(1)+(2)	794,267,580.60
Annual average net profit in the last three accounting years (4)	653,043,598.44
Proportion of cash dividends in the last three accounting years (%) (5)=(3)/(4)	121.63
Net profit attributable to ordinary shareholders of the Company in the consolidated financial statements for the last accounting year	585,082,147.27
Undistributed profit at the end of the year in the statements of the Company for the last accounting year	1,511,674,690.45





VI. Corporate Governance (Continued)

XVI. 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

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 above resolutions are still subject to consideration at the general meeting of the Company after approval by the state-owned assets supervision and administration department.

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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

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

Applicable Not applicable





(IV) Appraisal and motivation mechanism for senior management during the Reporting Period

Applicable Not applicable

The Company implements the annual salary system for the senior management. The income of the senior management of the Company includes the basic annual salary and the annual target benefit bonus. The Remuneration and Appraisal Committee of the Board of Directors proposes a bonus plan based on the completion of the annual management objectives of the senior management personnel and submits it to the Board of Directors for approval.

XVII. CONSTRUCTION AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

Applicable Not applicable

For details, please refer to the 2024 Internal Control Evaluation Report disclosed by the Company on the same date.

Significant deficiency existed in internal control during the Reporting Period

Applicable Not applicable

XVIII. MANAGEMENT AND CONTROL OF SUBSIDIARIES DURING THE REPORTING PERIOD

Applicable Not applicable

The company has formulated the Controlled Subsidiaries Management System and other systems to standardize the management of subsidiaries. The Company mainly controls its subsidiaries from the following aspects:

- (1) for the control of the organization and personnel of subsidiaries, exercising the power of investor by appointing directors, supervisors, managers, financial officers and other important senior management;
- (2) The decision-making authority of subsidiaries' management is clearly stipulated in the articles of association and relevant systems of subsidiaries, and subsidiaries' management shall not engage in transactions or matters beyond the decision-making authority. For transactions or matters beyond the decision-making authority, subsidiaries' management shall submit them to the Company's centralized management department, and such transactions or matters can only be implemented after performance of relevant decision-making procedures;
- (3) Assigning annual assessment indicators, and determining the remuneration of subsidiaries' management according to the completion of assessment indicators;
- (4) For consolidated financial statements and the control thereof, clarifying the preparation and submission process and approval system of consolidated financial statements, to ensure the authenticity and reliability of the consolidated financial statements of parent company and subsidiaries.





VI. Corporate Governance (Continued)

XIX. AUDITORS' REPORT ON INTERNAL CONTROL

Applicable Not applicable

The Auditors' Report on Internal Control was issued by BDO China Shu Lun Pan Certified Public Accountants LLP. For details, please refer to the 2024 Internal Control Audit Report disclosed by the Company on the website of the SSE on the same date.

Whether to disclose the internal control audit report: Yes

Opinion type of internal control audit report: standard unqualified

XX. RECTIFICATION OF PROBLEMS FOUND IN THE SPECIAL SELF-EXAMINATION OF GOVERNANCE OF LISTED COMPANY

During the Reporting Period, the independent directors of the Company proactively performed their duties and attended all Board meetings and general meetings at which they had an earnest and meticulous understanding of the daily operations, financial position, internal control operation, information disclosure and other relevant matters of the Company and proposed professional suggestions and opinions to enhance the scientificity and objectivity of the decisions of the Board. Subsequently, while maintaining close daily communication with independent directors, the Company will provide necessary conditions for the on-site work of independent directors and proactively cooperate with the discharge of duties by independent directors to continuously increase the on-site working hours of independent directors.

XXI. OTHERS

Applicable Not applicable

(I) Trading of Shares by Directors, Supervisors and Employees

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





(II) Directors' responsibility in respect of the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2024.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the independent auditor's report.

(III) Auditors' Remuneration

The remuneration paid to the Company's external auditors (including BDO China Shu Lun Pan Certified Public Accountants LLP and other PRC auditors) in respect of audit services for the year ended 31 December 2024 amounted to RMB2.1 million, of which RMB1.8 million is for audit services conducted under CASBE and RMB0.3 million is for audit services relating to the internal control for financial reporting rendered by BDO China Shu Lun Pan Certified Public Accountants LLP.

(IV) Risk Management and Internal Controls

The Board acknowledge its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit and Risk Management Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Board, through the Audit and Risk Management Committee, has conducted annual review for the effectiveness of the risk management and internal control systems of the Company and its subsidiaries for the year ended 31 December 2024.

The management monitors the assessment of the risk management and internal controls and has confirmed to the Board and the Audit and Risk Management Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2024.





VI. Corporate Governance (Continued)

The Company has developed and adopted different risk management procedures and guidelines with defined authority. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each department.

All departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. The management, in coordination with department heads, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress. The Internal Audit Department is responsible for providing the internal audit function and performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The Internal Audit examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit and Risk Management Committee.

The Group adopts the following procedures and internal control measures to handle and release inside information:

1. When handling affairs, the Company will fully consider the disclosure requirements under the Stock Exchange Listing Rules and the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission;
2. The Administrative Procedures on the Information Disclosures of the Group govern the Company's communications with third parties, especially the procedures for responding to outside inquiries about the Group's affairs, enabling specific personnel to obtain relevant authorizations;
3. The Company widely and non-exclusively discloses information to the public through financial reports, announcements and the Company's website, etc., to implement and disclose the Company's fair disclosure policy; and
4. Unauthorized use of confidential or inside information is strictly prohibited in the Company's Compliance Management Manual.

The Board, as supported by the Audit and Risk Management Committee, assessed the effectiveness of the risk management and internal control systems by reviewing the management report and the internal audit report and considered that, for the year ended 31 December 2024, the risk management and internal control systems of the Company are effective and adequate.





VI. Corporate Governance (Continued)

(V) Joint Company Secretaries

Mr. ZHU Shuguang, the secretary of the Board of the Company, and Ms. YUEN Wing Yan, Winnie of Tricor Services Limited (the Company's service provider), act as the joint company secretaries of the Company. The primary contact person of Ms. YUEN at the Company is Mr. ZHU Shuguang.

Mr. ZHU Shuguang and Ms. YUEN Wing Yan, Winnie, have complied with Rule 3.29 of the Listing Rules of the Stock Exchange by taking more than 15 hours of relevant professional training during the year.

(VI) Communication with Shareholders and Investors/Investor Relations

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company has reviewed the implementation and effectiveness of the shareholder communication policy during the Reporting Period. After review of the implementation and effectiveness of the shareholder communication policy, the Company is of the view that the policy is effective in providing a channel for shareholders to communicate their views on various matters affecting the Company, as well as in soliciting and understanding the views of shareholders and stakeholders. The Company tries its best to maintain a dialogue with its shareholders and has established multiple communication channels between itself and its shareholders, investors and other stakeholders, including annual general meetings, annual and interim reports, notices, announcements and circulars, especially through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries.

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

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

(VIII) Directors' and Supervisors' Service Contracts

Neither the Company nor other members of the Group has entered into or intended to enter into any service contract with the Directors proposed for re-election at the AGM, which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).





VI. Corporate Governance (Continued)

(IX) Directors', Supervisors' or Controlling Shareholders' Interests in Transactions, Arrangements or Contracts of Significance

No transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director or a supervisor or their respective connected entities had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

Save as disclosed, no contracts, transactions or arrangements of significance or contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholder or any of its subsidiaries were entered into during the Reporting Period between the Company or any of its subsidiaries and the controlling shareholder or any of its subsidiaries.

(X) Relations with Employees

The Group attaches importance to maintaining good relationship with employees. The Group is of the view that employees are the most important assets of the Group, and the basis for sustainable development. To establish good relationship with employees and retain talents, the Group has offered employees with competitive remuneration package, excellent working environment and welfare. The remuneration policy of the Group is determined based on the performance of employees, and will be reviewed regularly. The Group will distribute discretionary bonuses to employees for their contributions to the Group based on its profitability and the performance of the employees, and promote employees with excellent performance. The Group will also provide trainings for new and existing staff so as to enhance their skills and knowledge. For frontline production staff, the Group will also provide firefighting and safety production trainings. These measures can improve the production capacity and efficiency of the Group.

(XI) Compliance with Relevant Laws and Regulations of Significant Influence

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations (particularly), those that have significant impact on the Group such as the Listing Rules of the Stock Exchange and the Chinese Financial Reporting Standards. The Board is responsible for monitoring the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

To the knowledge of the Company, save as disclosed in this section and "VII. Environmental and Social Responsibility", it has complied in all material aspects with relevant laws and regulations which have significant impact on its business and operation.





VII. Environmental and Social Responsibility

I. Environmental information

Whether relevant mechanisms for environmental protection have been established Yes
Investment in environmental protection during the Reporting Period (Unit: RMB'0,000) 28,017.33

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

Applicable Not applicable

1. Information on pollutant emission

Applicable Not applicable

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

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





VII. Environmental and Social Responsibility (Continued)

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

No.	Name of unit	Name of pollutants	Testing institution	Number and date of the testing report	Emission concentration	Emission limit	
1	Huizhou Phase II Company	Sulfur dioxide	Guangdong Zhongjian Testing Technology Co., Ltd. (廣東中健檢測技術有限公司)	ZJ01-HJ2410169-01/12 October 2024	1# furnace	13mg/m ³	50mg/m ³
			Guangdong Zhongjian Testing Technology Co., Ltd. (廣東中健檢測技術有限公司)	ZJ01-HJ2410169-07/22 October 2024	2# furnace	3mg/m ³	50mg/m ³
			Guangdong Zhongjian Testing Technology Co., Ltd. (廣東中健檢測技術有限公司)	ZJ01-HJ2410169-03/23 October 2024	3# furnace	27mg/m ³	50mg/m ³
			Guangdong Zhongjian Testing Technology Co., Ltd. (廣東中健檢測技術有限公司)	ZJ01-HJ2410169-03/23 October 2024	4# furnace	22mg/m ³	50mg/m ³
		Oxynitride	Guangdong Zhongjian Testing Technology Co., Ltd. (廣東中健檢測技術有限公司)	ZJ01-HJ2410169-01/12 October 2024	1# furnace	19mg/m ³	150mg/m ³
			Guangdong Zhongjian Testing Technology Co., Ltd. (廣東中健檢測技術有限公司)	ZJ01-HJ2410169-07/22 October 2024	2# furnace	25mg/m ³	150mg/m ³
			Guangdong Zhongjian Testing Technology Co., Ltd. (廣東中健檢測技術有限公司)	ZJ01-HJ2410169-03/23 October 2024	3# furnace	76mg/m ³	150mg/m ³
			Guangdong Zhongjian Testing Technology Co., Ltd. (廣東中健檢測技術有限公司)	ZJ01-HJ2410169-03/23 October 2024	4# furnace	87mg/m ³	150mg/m ³
		Smog	Guangdong Zhongjian Testing Technology Co., Ltd. (廣東中健檢測技術有限公司)	ZJ01-HJ2410169-01/12 October 2024	1# furnace	<1mg/m ³	10mg/m ³
			Guangdong Zhongjian Testing Technology Co., Ltd. (廣東中健檢測技術有限公司)	ZJ01-HJ2410169-07/22 October 2024	2# furnace	<1mg/m ³	10mg/m ³
			Guangdong Zhongjian Testing Technology Co., Ltd. (廣東中健檢測技術有限公司)	ZJ01-HJ2410169-03/23 October 2024	3# furnace	<1mg/m ³	10mg/m ³
			Guangdong Zhongjian Testing Technology Co., Ltd. (廣東中健檢測技術有限公司)	ZJ01-HJ2410169-03/23 October 2024	4# furnace	<1mg/m ³	10mg/m ³
		Dioxin	Foshan Branch of Guangzhou Puno Environmental Testing Technology Service Co., Ltd. (廣州普諾環境檢測技術服務有限公司佛山分公司)	FSD20244254/20 August 2024	1# furnace	0.0017ngTEQ/m ³	0.1ngTEQ/m ³
			Guangzhou CTI Product Standard Testing Co., Ltd. (廣州市華測品標檢測有限公司)	A2230311790115C-1/25 November 2024	2# furnace	0.027ngTEQ/m ³	0.1ngTEQ/m ³
			Guangzhou CTI Product Standard Testing Co., Ltd. (廣州市華測品標檢測有限公司)	A2230311790114C-2/21 November 2024	3# furnace	0.0026ngTEQ/m ³	0.1ngTEQ/m ³
			Guangzhou CTI Product Standard Testing Co., Ltd. (廣州市華測品標檢測有限公司)	A2230311790115C-2/25 November 2024	4# furnace	0.0057ngTEQ/m ³	0.1ngTEQ/m ³





VII. Environmental and Social Responsibility (Continued)

No.	Name of unit	Name of pollutants	Testing institution	Number and date of the testing report	Emission concentration	Emission limit	
2	Haining Expansion Company	Sulfur dioxide	ZheJiang ZhongYi Testing Institute Co., Ltd. (浙江中一检测研究院股份有限公司)	HJ245700-01 31 December 2024	1# furnace	37	100mg/m ³
			ZheJiang ZhongYi Testing Institute Co., Ltd. (浙江中一检测研究院股份有限公司)	HJ245700-01 31 December 2024	2# furnace	<3	100mg/m ³
		Oxynitride	ZheJiang ZhongYi Testing Institute Co., Ltd. (浙江中一检测研究院股份有限公司)	HJ245700-01 31 December 2024	1# furnace	27	75mg/m ³
			ZheJiang ZhongYi Testing Institute Co., Ltd. (浙江中一检测研究院股份有限公司)	HJ245700-01 31 December 2024	2# furnace	29	75mg/m ³
		Smog	ZheJiang ZhongYi Testing Institute Co., Ltd. (浙江中一检测研究院股份有限公司)	HJ245700-01 31 December 2024	1# furnace	2.5	30mg/m ³
			ZheJiang ZhongYi Testing Institute Co., Ltd. (浙江中一检测研究院股份有限公司)	HJ245700-01 31 December 2024	2# furnace	18.5	30mg/m ³
		COD	ZheJiang ZhongYi Testing Institute Co., Ltd. (浙江中一检测研究院股份有限公司)	HJ245962 24 December 2024	Waste water outlet	23	500mg/L
		Dioxin	ZheJiang ZhongYi Testing Institute Co., Ltd. (浙江中一检测研究院股份有限公司)	HJ245700 10 December 2024	1# furnace	0.0013	0.08ngTEQ/Nm ³
			ZheJiang ZhongYi Testing Institute Co., Ltd. (浙江中一检测研究院股份有限公司)	HJ245700 10 December 2024	2# furnace	0.014	0.08ngTEQ/Nm ³





VII. Environmental and Social Responsibility (Continued)

No.	Name of unit	Name of pollutants	Testing institution	Number and date of the testing report	Emission concentration	Emission limit	
3	Tongzhou Company	Sulfur dioxide	Beijing Centre Testing International Group Co., Ltd. (華測檢測認證集團北京有限公司)	A2240726876102001C 2024.12.13	1# furnace	<3mg/m ³	100mg/m ³
			Beijing Centre Testing International Group Co., Ltd. (華測檢測認證集團北京有限公司)	A2240726876102001C 2024.12.13	2# furnace	<3mg/m ³	100mg/m ³
			Beijing Centre Testing International Group Co., Ltd. (華測檢測認證集團北京有限公司)	A2240726876102002C 2024.12.26	3# furnace	<3mg/m ³	100mg/m ³
		Oxynitride	Beijing Centre Testing International Group Co., Ltd. (華測檢測認證集團北京有限公司)	A2240726876102001C 2024.12.13	1# furnace	30mg/m ³	300mg/m ³
			Beijing Centre Testing International Group Co., Ltd. (華測檢測認證集團北京有限公司)	A2240726876102001C 2024.12.13	2# furnace	38mg/m ³	300mg/m ³
			Beijing Centre Testing International Group Co., Ltd. (華測檢測認證集團北京有限公司)	A2240726876102002C 2024.12.26	3# furnace	40mg/m ³	300mg/m ³
		Smog	Beijing Centre Testing International Group Co., Ltd. (華測檢測認證集團北京有限公司)	A2240726876102001C 2024.12.13	1# furnace	<1.0mg/m ³	30mg/m ³
			Beijing Centre Testing International Group Co., Ltd. (華測檢測認證集團北京有限公司)	A2240726876102001C 2024.12.13	2# furnace	<1.0mg/m ³	30mg/m ³
			Beijing Centre Testing International Group Co., Ltd. (華測檢測認證集團北京有限公司)	A2240726876102002C 2024.12.26	3# furnace	<1.0mg/m ³	30mg/m ³
		COD	Beijing Centre Testing International Group Co., Ltd. (華測檢測認證集團北京有限公司)	A2240726876104C 2024.12.30	Sewage station water	0 (no discharge)	≤60mg/L
		Dioxin	Beijing Centre Testing International Group Co., Ltd. (華測檢測認證集團北京有限公司)	A2240726876102001C 2024.12.13	1# furnace	0.0024ngTEQ/m ³	0.1ngTEQ/m ³
			Beijing Centre Testing International Group Co., Ltd. (華測檢測認證集團北京有限公司)	A2240726876102001C 2024.12.13	2# furnace	0.0026ngTEQ/m ³	0.1ngTEQ/m ³
			Beijing Centre Testing International Group Co., Ltd. (華測檢測認證集團北京有限公司)	A2240726876102002C 2024.12.26	3# furnace	0.0022ngTEQ/m ³	0.1ngTEQ/m ³





VII. Environmental and Social Responsibility (Continued)

No.	Name of unit	Name of pollutants	Testing institution	Number and date of the testing report	Emission concentration	Emission limit	
4	Shantou Company	Sulfur dioxide	Guangdong Bekind Testing Co., Ltd. (廣東本科檢測有限公司)	Ben Ke Jian Zi [2024] No. BKEN2024110200EQC 2024-11-25	1# furnace	48mg/m ³	100mg/m ³
			Guangdong Bekind Testing Co., Ltd. (廣東本科檢測有限公司)	Ben Ke Jian Zi [2024] No. BKEN2024110200EQC 2024-11-25	2# furnace	11mg/m ³	100mg/m ³
			Guangdong Bekind Testing Co., Ltd. (廣東本科檢測有限公司)	Ben Ke Jian Zi [2024] No. BKEN2024110200EQC 2024-11-25	3# furnace	10mg/m ³	100mg/m ³
		Oxynitride	Guangdong Bekind Testing Co., Ltd. (廣東本科檢測有限公司)	Ben Ke Jian Zi [2024] No. BKEN2024110200EQC 2024-11-25	1# furnace	165mg/m ³	200mg/m ³
			Guangdong Bekind Testing Co., Ltd. (廣東本科檢測有限公司)	Ben Ke Jian Zi [2024] No. BKEN2024110200EQC 2024-11-25	2# furnace	143mg/m ³	200mg/m ³
			Guangdong Bekind Testing Co., Ltd. (廣東本科檢測有限公司)	Ben Ke Jian Zi [2024] No. BKEN2024110200EQC 2024-11-25	3# furnace	55mg/m ³	200mg/m ³
		Smog	Guangdong Bekind Testing Co., Ltd. (廣東本科檢測有限公司)	Ben Ke Jian Zi [2024] No. BKEN2024110200EQC 2024-11-25	1# furnace	2mg/m ³	30mg/m ³
			Guangdong Bekind Testing Co., Ltd. (廣東本科檢測有限公司)	Ben Ke Jian Zi [2024] No. BKEN2024110200EQC 2024-11-25	2# furnace	1mg/m ³	30mg/m ³
			Guangdong Bekind Testing Co., Ltd. (廣東本科檢測有限公司)	Ben Ke Jian Zi [2024] No. BKEN2024110200EQC 2024-11-25	3# furnace	1mg/m ³	30mg/m ³
	Dioxin	Jiangxi Xinghui Testing Technology Co., Ltd. (江西星輝檢測技術有限公司)	XH2411113 2024-10-24 2024-10-25	1# furnace	0.0477ngTEQ/Nm ³	0.1ngTEQ/Nm ³	
		Jiangxi Xinghui Testing Technology Co., Ltd. (江西星輝檢測技術有限公司)	XH2411113 2024-10-24 2024-10-25	2# furnace	0.0485ngTEQ/Nm ³	0.1ngTEQ/Nm ³	
		Jiangxi Xinghui Testing Technology Co., Ltd. (江西星輝檢測技術有限公司)	XH2411113 2024-10-24 2024-10-25	3# furnace	0.0398ngTEQ/Nm ³	0.1ngTEQ/Nm ³	





VII. Environmental and Social Responsibility (Continued)

No.	Name of unit	Name of pollutants	Testing institution	Number and date of the testing report	Emission concentration	Emission limit
5	Wuhan Company	Sulfur dioxide	Hubei Weipu Technology Co., Ltd. (湖北微譜技術有限公司)	WHA-j - 34-24040134-148-JC-01C1 4 December 2024	1# furnace 33 mg/m ³	100 mg/m ³
			Hubei Weipu Technology Co., Ltd. (湖北微譜技術有限公司)	WHA-j - 34-24040134-148-JC-01C1 6 December 2024	2# furnace 4 mg/m ³	100 mg/m ³
			Hubei Weipu Technology Co., Ltd. (湖北微譜技術有限公司)	WHA-j - 34-24040134-148-JC-01C1 6 December 2024	3# furnace 4 mg/m ³	100 mg/m ³
			Hubei Weipu Technology Co., Ltd. (湖北微譜技術有限公司)	WHA-j - 34-24040134-148-JC-01C1 2 December 2024	4# furnace 13 mg/m ³	100 mg/m ³
			Hubei Weipu Technology Co., Ltd. (湖北微譜技術有限公司)	WHA-j - 34-24040134-148-JC-01C1 3 December 2024	5# furnace ND	100 mg/m ³
		Oxynitride	Hubei Weipu Technology Co., Ltd. (湖北微譜技術有限公司)	WHA-j - 34-24040134-148-JC-01C1 4 December 2024	1# furnace 102 mg/m ³	300 mg/m ³
			Hubei Weipu Technology Co., Ltd. (湖北微譜技術有限公司)	WHA-j - 34-24040134-148-JC-01C1 6 December 2024	2# furnace 129 mg/m ³	300 mg/m ³
			Hubei Weipu Technology Co., Ltd. (湖北微譜技術有限公司)	WHA-j - 34-24040134-148-JC-01C1 6 December 2024	3# furnace 108 mg/m ³	300 mg/m ³
			Hubei Weipu Technology Co., Ltd. (湖北微譜技術有限公司)	WHA-j - 34-24040134-148-JC-01C1 2 December 2024	4# furnace 115 mg/m ³	300 mg/m ³
			Hubei Weipu Technology Co., Ltd. (湖北微譜技術有限公司)	WHA-j - 34-24040134-148-JC-01C1 3 December 2024	5# furnace 112 mg/m ³	300 mg/m ³
		Smog	Hubei Weipu Technology Co., Ltd. (湖北微譜技術有限公司)	WHA-j - 34-24040134-148-JC-01C1 4 December 2024	1# furnace 2 mg/m ³	30 mg/m ³
			Hubei Weipu Technology Co., Ltd. (湖北微譜技術有限公司)	WHA-j - 34-24040134-148-JC-01C1 6 December 2024	2# furnace 2 mg/m ³	30 mg/m ³
			Hubei Weipu Technology Co., Ltd. (湖北微譜技術有限公司)	WHA-j - 34-24040134-148-JC-01C1 6 December 2024	3# furnace 1.4 mg/m ³	30 mg/m ³
			Hubei Weipu Technology Co., Ltd. (湖北微譜技術有限公司)	WHA-j - 34-24040134-148-JC-01C1 2 December 2024	4# furnace 1 mg/m ³	30 mg/m ³
			Hubei Weipu Technology Co., Ltd. (湖北微譜技術有限公司)	WHA-j - 34-24040134-148-JC-01C1 3 December 2024	5# furnace 1.7 mg/m ³	30 mg/m ³
		Dioxin	Hubei Weipu Technology Co., Ltd. (湖北微譜技術有限公司)	WHA-j - 34-24040134-114-JC-01C1 23 October 2024	1# furnace 0.0026 ng TEQ/m ³	0.1 ng TEQ/m ³
			Hubei Weipu Technology Co., Ltd. (湖北微譜技術有限公司)	WHA-j - 34-24040134-114-JC-01C1 25 October 2024	2# furnace 0.00088 ng TEQ/m ³	0.1 ng TEQ/m ³
			Hubei Weipu Technology Co., Ltd. (湖北微譜技術有限公司)	WHA-j - 34-24040134-114-JC-01C1 24 October 2024	3# furnace 0.0035 ng TEQ/m ³	0.1 ng TEQ/m ³
			Hubei Weipu Technology Co., Ltd. (湖北微譜技術有限公司)	WHA-j - 34-24040134-114-JC-01C1 21 October 2024	4# furnace 0.00081 ng TEQ/m ³	0.1 ng TEQ/m ³
			Hubei Weipu Technology Co., Ltd. (湖北微譜技術有限公司)	WHA-j - 34-24040134-114-JC-01C1 22 October 2024	5# furnace 0.00062 ng TEQ/m ³	0.1 ng TEQ/m ³

Note: "ND" refers to no detect; the unit of sulfur dioxide, oxynitride, smog is mg/m³, and the unit of dioxin is ngTEQ/m³. The above emission limits of pollutants are based on the Municipal Solid Waste Incineration Pollution Control Standards (《生活垃圾焚燒污染控制標準》) (GB18485-2014) and local discharge standards. The regular commissioned test reports issued with respect to the major pollutant-emission units during the Reporting Period indicated that the emissions of pollutant met the prescribed standards and there was no excessive emission.





VII. Environmental and Social Responsibility (Continued)

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

Name of pollutant	Actual emissions (ton)	Emission indicators (ton/year)
Sulfur dioxide	326.97	880.37
Oxynitride	1,253.82	2,456.38
Smog	37.04	251.41
COD	4.55	16.54

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

Applicable Not applicable

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

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

Applicable Not applicable

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





VII. Environmental and Social Responsibility (Continued)

4. Emergency plan for emergency environmental incidents

Applicable Not applicable

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

5. Environmental self-monitoring programme

Applicable Not applicable

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

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

Applicable Not applicable

7. Other environmental information to be disclosed

Applicable Not applicable

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

Applicable Not applicable

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

1. Administrative penalties due to environmental problems

Applicable Not applicable

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

Applicable Not applicable

3. Reasons for not disclosure of other environmental information

Applicable Not applicable





VII. Environmental and Social Responsibility (Continued)

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

Applicable Not applicable

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

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

Whether carbon reduction measures are taken	Yes
Reduction of carbon dioxide equivalent emissions (Unit: ton)	4,687,167.61

Type of carbon reduction measures (such as using clean energy to generate electricity, using carbon reduction technologies in the production process, developing and producing new products that help reduce carbon emissions, etc.)	The municipal waste-to-energy projects of the Company, on the one hand, replace the landfills and reduce the emission of methane and other greenhouse gases produced by the landfills. On the other hand, the projects contribute energy and replace thermal power to a certain extent, which makes direct contributions to carbon emission reduction.
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Specific explanations
 Applicable Not applicable

II. Activities in connection with social responsibilities

(I) Whether social responsibility report, sustainable development report or ESG report is disclosed separately

Applicable Not applicable

For details, please refer to the 2024 Environmental, Social and Governance Report disclosed by the Company on the websites of the SSE and the Stock Exchange on the same date.





VII. Environmental and Social Responsibility (Continued)

(II) Particulars of activities in connection with social responsibilities

Applicable Not applicable

Donations, public welfare projects	Quantity/ Content	Explanations
Total investment (RMB'0,000)	475.37	Visit surrounding villagers, sanitation workers, fire brigades and health centers; special funds for health and ecological compensation; support for the construction of local public utilities; kind assistance to students, etc.
Including: funds (RMB'0,000)	431.14	
Materials (RMB'0,000)	44.23	
Number of people benefited (person)	N/A	

Specific explanations
 Applicable Not applicable

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

Applicable Not applicable

Specific explanations
 Applicable Not applicable





VIII. 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		

(II) Where the Company has profit forecasts on assets or projects, and the Reporting Period was within the term of profit forecasts, the Company has to state whether such profit forecasts on assets or projects are fulfilled and the reasons therefor

Achieved Not achieved Not Applicable

(III) Execution of the performance undertakings and its impact on the goodwill impairment testing

Applicable Not applicable

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





VIII. Significant Events (Continued)

III. ILLEGAL GUARANTEES

Applicable Not applicable

IV. EXPLANATION OF THE COMPANY ON THE “NON-STANDARD OPINIONS AUDIT REPORT” FROM ACCOUNTING FIRM

Applicable Not applicable

V. ANALYSIS AND EXPLANATION FROM THE COMPANY ON THE REASONS AND IMPACT OF THE CHANGE OF ACCOUNTING POLICIES, ACCOUNTING ESTIMATES OR CORRECTION ON SIGNIFICANT ACCOUNTING ERRORS

(I) **Analysis and explanation from the Company on the reasons and impact of the change of accounting policies or accounting estimates**

Applicable Not applicable

(II) **Analysis and explanation from the Company on the reasons and impact of the correction on significant accounting errors**

Applicable Not applicable

(III) **Communication with the previous accounting firm**

Applicable Not applicable

(IV) **Approval procedures and other explanation**

Applicable Not applicable





VIII. Significant Events (Continued)

VI. APPOINTMENT AND DISMISSAL OF AUDITOR

Unit: RMB'0,000

	Original auditor	Existing Auditor
Name of domestic auditor	PricewaterhouseCoopers Zhong Tian LLP	BDO China Shu Lun Pan Certified Public Accountants LLP
Remuneration of domestic auditor	309.50	180
Term of the domestic auditor for audit services	2 years	1 year
Name of certified public accountants of the domestic auditor	Chen Zhiming, Liu Jingping	Qin Jinli, Zhang Yinna
Accumulated years of audit services of provided by the certified public accountants of the domestic auditor	Chen Zhiming (2 years), Liu Jingping (2 years)	Qin Jinli (1 year), Zhang Yinna (1 year)

	Name	Compensation
The auditors for internal control audit	BDO China Shu Lun Pan Certified Public Accountants LLP	30
Sponsor	China Securities Co., Ltd.	0

Explanation of appointment or dismissal of auditors

Applicable Not applicable

On 29 April 2024, the Company convened the 2023 annual general meeting, at which the Proposal on the Appointment of Auditors for 2024 was considered and approved, pursuant to which it was approved to appoint PricewaterhouseCoopers Zhong Tian LLP as the auditor of the Company for 2024 to provide financial statements and internal control audit services for the Company.

In view of the recent public information and considering the Company's existing business situation and the demand for audit services, the Company convened the 2024 third extraordinary general meeting on 20 December 2024, at which the Proposal on Change of Auditor for 2024 was considered and approved, pursuant to which it was approved to terminate the appointment of PricewaterhouseCoopers Zhong Tian LLP as the auditor of the Company for 2024 and to appoint BDO China Shu Lun Pan Certified Public Accountants LLP as the auditor of the Company for 2024 to provide financial statements and internal control audit services for the Company.





VIII. Significant Events (Continued)

Explanation of change of auditors during the audit period

Applicable Not applicable

Explanation on the decrease in audit fees by more than 20% (including 20%) over the last year

Applicable Not applicable

The Company's audit fee for 2023 was RMB3.4950 million, of which the internal control audit fee was RMB0.4 million. The Company's audit fee for 2024 was RMB2.10 million, of which the internal control audit fee was RMB0.3 million. The significant difference in audit fee for 2024 as compared to that of 2023 was primarily due to the inclusion of interim review fee in the audit fee for 2023.

VII. RISK OF DELISTING

(I) Causes of delisting warning

Applicable Not applicable

(II) Measures to be taken by the Company

Applicable Not applicable

(III) Situation and causes for termination of listing

Applicable Not applicable

VIII. MATTERS RELATED TO BANKRUPTCY AND REORGANISATION

Applicable Not applicable

IX. MATERIAL LITIGATION AND ARBITRATION

The Company had material litigation and arbitration during the year

The Company did not have material litigation and arbitration during the year





X. 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

XI. EXPLANATION ON CREDIBILITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND BENEFICIAL CONTROLLERS DURING THE REPORTING PERIOD

Applicable Not applicable

XII. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

Applicable Not applicable

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

Applicable Not applicable

Continuing connected transaction

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

In 2024, the actual total amount of transaction between the Company and Shenzhen CDT was RMB4,872,700 which did not exceed the annual cap for the year.



VIII. Significant Events (Continued)

Shenzhen CDT is an indirect wholly owned subsidiary of BSAM (a controlling shareholder of the Company) and therefore a connected person of the Company. Accordingly, the entering into of the Service Framework Contract constitutes a connected transaction of the Company.

For details of the transaction, please refer to the announcement of the Company dated 12 August 2023. The value and terms of the continuing connected transactions between the Company and Shenzhen CDT in 2023 are in line with the pricing terms disclosed in the announcement and the Guidance Letter 73-14.

The independent non-executive Directors have reviewed the Group's continuing connected transactions mentioned above, and confirmed that the transactions carried out during the year ended 31 December 2024:

1. were carried out in the ordinary and usual course of business of the Group;
2. were conducted on normal commercial terms or better, or if there were insufficient number of comparable transactions to determine whether or not they can be determined as on normal commercial terms or better, then as far as the Group is concerned, the conditions of such transactions were no less favourable than those received from, or offered to, an independent third party; and
3. were conducted according to the terms of agreement of the relevant transactions, where the terms of agreement were fair and reasonable, and in the interests of the Company and the shareholders as a whole.

The Company's auditors have confirmed that the respective counterparties to the aforementioned continuing connected transactions had allowed them sufficient access to their records for the purpose of reporting on the transactions as set out in this report, and the aforementioned continuing connected transactions carried out during the year ended 31 December 2024:

1. had been approved by the Board;
2. were, in all material respects, in accordance with the requirements of pricing policies of the Company;
3. had been entered into in accordance with the relevant agreements governing the transactions; and
4. had not exceeded the estimated annual caps.

The abovementioned continuing connected transaction constitutes a continuing connected transaction under Chapter 14A of the Stock Exchange Listing Rules and meets the relevant disclosure requirements during the Reporting Period.

3. Matters which have not been published in temporary announcements

Applicable Not applicable



VIII. Significant Events (Continued)

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

- 1. Matters which have been published in temporary announcements and without further progress or changes**
 Applicable Not applicable
- 2. Matters which have been published in temporary announcements but with further progress or changes**
 Applicable Not applicable
- 3. Matters which have not been published in temporary announcements**
 Applicable Not applicable
- 4. Disclose the performance of the results relating to the results agreement during the Reporting Period**
 Applicable Not applicable

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

- 1. Matters which have been published in temporary announcements and without further progress or changes**
 Applicable Not applicable
- 2. Matters which have been published in temporary announcements but with further progress or changes**
 Applicable Not applicable
- 3. Matters which have not been published in temporary announcements**
 Applicable Not applicable





VIII. Significant Events (Continued)

(IV) Claims and liabilities between related parties

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

Applicable Not applicable

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

Applicable Not applicable

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

3. Matters which have not been published in temporary announcements

Applicable Not applicable

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

Applicable Not applicable

(VI) Others

Applicable Not applicable

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

The Group entered into certain transactions with parties regarded as “related parties” under the applicable accounting standards during the year ended 31 December 2024. Save as the non-exempt connected transaction and continuing connected transaction as set out in the section headed “Connected transactions” on pages 109-110 of this annual report, these related party transactions were not regarded as connected transactions under the Listing Rules and were fully exempt from shareholders’ approval, annual review and all disclosure requirements pursuant to Chapter 14A of the Listing Rules. Details are set out in Note XII to the Financial Statements. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Exchange Listing Rules.





XIII. MATERIAL CONTRACTS AND THEIR PERFORMANCE

(I) Trusteeship, contracting and leasing matters

1. Trusteeship

Applicable Not applicable

2. Contracting

Applicable Not applicable

3. Leasing

Applicable Not applicable

(II) Guarantees

Applicable Not applicable

Unit: RMB

Relationship Between the guarantor and the Guarantor Company	Guaranteed party	Amount of guarantee	External guarantees provided by the Company (excluding those for subsidiaries)		Date of guarantee (signature date of agreement)	Date of commencement of guarantee	Expiry date of guarantee	Guarantee type	Collateral (if any)	Completed or not	Overdue or not	Amount overdue	Counter- guarantee	Connected parties	
			Connected guarantee or not	Connected relations											
Total guarantees during the Reporting Period (excluding those for subsidiaries)														0	
Total guarantee balance as at the end of Reporting Period (A) (excluding those for subsidiaries)														0	
Guarantees for subsidiaries provided by the Company and its subsidiaries															
Total guarantees for subsidiaries during the Reporting Period														3,942,104,400.05	
Total guarantee balance for subsidiaries as at the end of Reporting Period (B)														6,893,302,079.34	
Total amount of guarantees provided by the Company (including those for subsidiaries)															
Total amount of guarantees (A+B)														6,893,302,079.34	
Total amount of guarantees over the net assets of the Company (%)														85.60	
Including:															
Amount of guarantees provided to shareholders, beneficial controllers and their related parties (C)														0	
Amount of debt guarantees directly or indirectly provided for guaranteed parties with the gearing ratio exceeding 70% (D)														1,422,146,879.55	
Amount of the total guarantees exceeding 50% of net assets (E)														2,866,893,533.11	
Total amount of above three guarantees (C+D+E)														4,289,040,412.66	
Explanations on outstanding guarantee which may undertake joint liability for satisfaction															
Explanations on guarantees															





VIII. Significant Events (Continued)

(III) Entrusted others to manage cash assets

1. Entrusted wealth management

(1) Overall entrusted wealth management

Applicable Not applicable

Others

Applicable Not applicable

(2) Individual entrusted wealth management

Applicable Not applicable

Others

Applicable Not applicable

(3) Provisions for impairment of entrusted wealth management

Applicable Not applicable

2. Entrusted loans

(1) Overall entrusted loans

Applicable Not applicable

Others

Applicable Not applicable

(2) Individual entrusted loans

Applicable Not applicable

Others

Applicable Not applicable

(3) Provisions for Impairment of entrusted loan

Applicable Not applicable

3. Others

Applicable Not applicable





VIII. Significant Events (Continued)

(IV) Other material contracts

Applicable Not applicable

XIV. Progress of use of proceeds

Applicable Not applicable

(I) Overall use of proceeds

Applicable Not applicable

RMB'0,000

Source of raised funds	Time of receipt of proceeds	Total proceeds	Net proceeds ⁽¹⁾	Committed total investment amount of proceeds under the prospectus or offering document ⁽²⁾	Total over-raised amount of proceeds (3)=(1)-(2)	Adjusted total investment of proceeds	Net proceeds unused at the beginning of the Reporting Period	Total amount of proceeds accumulated as at the end of the Reporting Period ⁽⁴⁾	Including: Accumulated investment progress		Amount of investment in the year ⁽⁸⁾	Proportion of investment in the year (%) (9)=(8)/(1)	Total amount of proceeds with the use changed
									investment amount of over-raised proceeds as at the end of the Reporting Period ⁽⁵⁾	of 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	0	234,476.64	26,402.46	223,116.62	0	95.16	15,042.44	6.42	0
Total	/	236,000.00	234,476.64	234,476.64	0	234,476.64	26,402.46	223,116.62	0	/	15,042.44	/	0

Other explanations

Applicable Not applicable





VIII. Significant Events (Continued)

(II) Details of proceeds invested projects

✓ Applicable Not applicable

1. Details of use of proceeds

✓ Applicable Not applicable

Unit: RMB

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 ^a	Amount of investment in the year	Total amount of proceeds accumulatedly invested as at the end of the Reporting Period ^b	Accumulated investment progress as at the end of the Reporting Period (%)	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 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
Issue of convertible bonds	Dengfeng Project	Production and construction	Yes	No	15,000.00	-	15,000.00	100	December 2021	Yes	Yes	1,116.70	-775.48	No	0
Issue of convertible bonds	Ershi Project	Production and construction	Yes	No	35,863.30	899.22	35,861.31	99.90	September 2022	Yes	Yes	3,687.65	6,023.19	No	Note
Issue of convertible bonds	Shuzhou Project	Production and construction	Yes	No	34,321.56	4,125.56	31,129.63	90.70	March 2023	Yes	Yes	-1,597.63	-2,945.46	No	Note
Issue of convertible bonds	Wuhan Phase II Project	Production and construction	Yes	No	58,184.15	6,207.17	56,805.58	97.63	June 2023	No	Yes	5,528.15	9,516.32	No	Note
Issue of convertible bonds	Huidao Waste-to-energy Project	Production and construction	Yes	No	35,827.99	3,810.49	28,873.46	81.04	May 2023	No	Yes	70.60	59.13	No	Note
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	N/A	N/A	N/A	N/A	N/A	No	0
Total	/	/	/	/	234,476.64	15,042.44	223,116.62	-	/	/	/	/	/	/	/

Note: As at the end of February 2025, the unused proceeds amounted to RMB117.3008 million (including interests). As the abovementioned proceeds funded projects have been put into operation, 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 has reallocated the unused proceeds of RMB117.3008 million (the actual amount is subject to the balance of the special account on the date of the transfer of proceeds) to permanently supplement the working capital.





VIII. Significant Events (Continued)

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

(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

As at the end of February 2025, the unused proceeds amounted to RMB117.3008 million (including interests and in aggregate accounting for less than 5% of the proceeds). As the abovementioned proceeds funded projects have been put into operation, 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 held on 28 March 2025, the Company has reallocated the unused proceeds of RMB117.3008 million (the actual amount is subject to the balance of the special account on the date of the transfer of proceeds) to permanently supplement the working capital.

XV. EXPLANATION ON OTHER MATERIAL MATTERS THAT HAVE A SIGNIFICANT IMPACT ON INVESTORS' VALUE JUDGMENTS AND INVESTMENT DECISIONS

Applicable Not applicable





IX. Changes in Shares and Particulars of Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Table of changes in shares

1. Table of changes in shares

	Before change		Increase or decrease (+/-)				After change	
	Number	Percentage	New issue	Bonus issue	Shares converted		Number	Percentage
		(%)			reserves	Others		(%)
I. Unlisted shares	0	0			0	0	0	
II. Listed shares	1,393,450,734	100.00			1,991	1,991	1,393,452,725	100.00
1. RMB ordinary shares	989,090,942	70.98			1,991	1,991	989,092,933	70.98
2. Domestic listed foreign shares								
3. Overseas listed foreign shares	404,359,792	29.02			0	0	404,359,792	29.02
4. Others								
III. Total number of shares	1,393,450,734	100.00			1,991	1,991	1,393,452,725	100.00

2. Explanation of changes in shares

Applicable Not applicable

On 25 February 2022, the Company issued 23.6 million A-share convertible corporate bonds with a total issuance size of RMB2.36 billion. The abbreviation of the bonds is “Dynagreen Convertible Bonds”. The convertible bonds could be converted into the A shares of the Company since 5 September 2022. During the Reporting Period, 1,991 A shares were increased due to the conversion of “Dynagreen Convertible Bonds” into ordinary shares.

3. The effects of changes in shares on the financial indicators such as earnings per share and net assets per share, in the previous year and the latest period (if any)

Applicable Not applicable





IX. Changes in Shares and Particulars of Shareholders (Continued)

4. Purchase, sale or redemption of the listed securities of the Company

In the twelve months as at 31 December 2024, the Company and its subsidiaries did not purchase, sell or redeem the listed securities (including treasury shares, if any) of the Company.

5. 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

II. SHARE ISSUE AND LISTINGS

(I) Issuance of securities during the Reporting Period

Applicable Not applicable

Issuance of securities during the Reporting Period (bonds with different interest rates within the effective period shall be separately specified):

Applicable Not applicable





IX. Changes in Shares and Particulars of Shareholders (Continued)

(II) Changes in total shares and share structure and changes in the structure of assets and liabilities

Applicable Not applicable

During the Reporting Period, 1,991 A shares were increased due to the conversion of “Dynagreen Convertible Bonds” into ordinary shares. The total number of shares is 1,393,452,725.

(III) Shares held by employees

Applicable Not applicable

III. SHAREHOLDERS AND DE FACTO CONTROLLER

(I) Total number of shareholders

Total number of holders of ordinary shares as at the end of the Reporting Period	39,697
Number of holders of the ordinary shares as of the end of the month preceding the disclosure of the annual report	38,421

As of the Latest Practicable Date prior to the publication of this annual report, based on the publicly available information and as far as the Directors are aware, the Company has a total public float of 767,636,937 shares, representing 55.09% of the issued share capital of the Company (the difference in mantissa was due to rounding). Among them, public float of H shares is 379,500,000 shares, accounting for 27.23% of the issued share capital of the Company; public float of A shares is 388,136,937 shares, accounting for 27.85% the issued share capital of the Company. Based on the information that is publicly available to the Company and to the knowledge of the Directors, from the date on which the Company became listed on the Stock Exchange and up to the Latest Practicable Date prior to the publication of this annual report, the Company had maintained a public float as required under the Listing Rules.





IX. Changes in Shares and Particulars of Shareholders (Continued)

(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

Shareholding of the top ten shareholders (excluding shares lent through refinancing)

Name of shareholder (full name)	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		Nature of shareholder
					Status	Number	
Beijing State-owned Assets Management Co., Ltd.	0	594,085,618	42.63	0	Nil		State-owned legal person
HKSCC NOMINEES LIMITED	0	379,460,000	27.23	0	Unknown		Overseas legal person
Three Gorges Capital Holdings Co., Ltd.	0	84,265,896	6.05	0	Nil		State-owned legal person
Beijing State-Owned Assets Management (Hong Kong) Company Limited	0	24,859,792	1.78	0	Nil		Overseas legal person
Beijing Huitai Hengrui Investment Co., Ltd.	-280,000	16,890,707	1.21	0	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)	12,421,604	12,421,604	0.89	0	Nil		Other
Gongqingcheng Jingxiu Investment Partnership (Limited Partnership)	-260,000	6,870,378	0.49	0	Nil		Domestic non-state-owned legal person
Hong Kong Securities Clearing Company Ltd.	2,928,407	4,194,274	0.30	0	Nil		Overseas legal person
Wang Bin	2,103,400	2,162,000	0.16	0	Nil		Domestic natural person
Su Jide	1,419,500	1,558,100	0.11	0	Nil		Domestic natural person





IX. Changes in Shares and Particulars of Shareholders (Continued)

Top ten holders of shares not subject to selling restrictions (excluding shares lent through refinancing)

Name of shareholder	Number of tradable shares not subject to selling restrictions held	Class and number of shares	
		Type	Number
Beijing State-owned Assets Management Co., Ltd.	594,085,618	RMB ordinary shares	594,085,618
HKSCC NOMINEES LIMITED	379,460,000	Overseas listed foreign shares	379,460,000
Three Gorges Capital Holdings Co., Ltd.	84,265,896	RMB ordinary shares	84,265,896
Beijing State-Owned Assets Management (Hong Kong) Company Limited	24,859,792	Overseas listed foreign shares	24,859,792
Beijing Huitai Hengrui Investment Co., Ltd.	16,890,707	RMB ordinary shares	16,890,707
TruValue Asset Management – Beijing State-owned Capital Operation and Management Company Limited – TruValue Asset Jingxin Regional Preferred Single Asset Management Plan (創金合信基金－北京國有資本運營管理有限公司－創金合信京鑫區域優選單一資產管理計劃)	12,421,604	RMB ordinary shares	12,421,604
Gongqingcheng Jingxiu Investment Partnership (Limited Partnership)	6,870,378	RMB ordinary shares	6,870,378
Hong Kong Securities Clearing Company Ltd.	4,194,274	RMB ordinary shares	4,194,274
Wang Bin	2,162,000	RMB ordinary shares	2,162,000
Su Jide	1,558,100	RMB ordinary shares	1,558,100





IX. 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
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		

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





IX. 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 31 December 2024, according to the register kept under Section 336 of the SFO, the following shareholders who had 5% or more interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO:

Shareholder	Number of shares held	Capacity	Approximate percentage of share holding in the relevant class of shares ⁽¹⁾	Approximate percentage of share holding in the total share capital of the Company ⁽²⁾
BSAM	594,085,618 A shares (Long position)	Beneficial owner	60.06%	42.63%
Beijing State-Owned Assets Management (Hong Kong) Company Limited (“BSAM (HK)”) ⁽³⁾	24,859,792 H shares (Long position)	Beneficial owner	6.15%	1.78%
BSAM ⁽³⁾	24,859,792 H shares (Long position)	Interest in controlled corporation	6.15%	1.78%
Three Gorges Capital Holdings Co., Ltd.	84,265,896 A shares (Long position)	Beneficial owner	8.52%	6.05%
Great Wall Life Insurance Company Limited	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 31 December 2024.
- (2) The calculation is based on the total number of 1,393,452,725 Shares in issue as at 31 December 2024.
- (3) BSAM (HK) is a wholly-owned subsidiary of BSAM. Pursuant to the SFO, BSAM is deemed to be interested in the H Shares held by BSAM (HK), holding 24,859,792 H Shares, representing approximately 6.15% of the total H Shares of the Company and approximately 1.78% of the total share capital of the Company.

Apart from the above, as at 31 December 2024, no other interests required to be recorded in the register kept under Section 336 of the SFO have been notified to the Company.

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





IX. Changes in Shares and Particulars of Shareholders (Continued)

IV. INFORMATION ON CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER

(I) Information on controlling shareholder

1. Legal Representative

Applicable Not applicable

Name	Beijing State-owned Assets Management Co., Ltd.
Authorised Representative or Legal Representative	ZHAO Jifeng
Date of establishment	1992-09-04
Main business	Assets management; project investment; investment management.
Control and shareholdings in other domestic or overseas listed companies during the Reporting Period	Holding 63.30% of the shares of CAPINFO COMPANY LIMITED (首都信息發展股份有限公司) (1075.HK); directly and indirectly holding 52.48% of the shares of Beijing Certificate Authority Co., Ltd. (北京數字認證股份有限公司) (300579); and 9.12% of the shares of Bank of Beijing Co., Ltd. (601169).
Other explanations	Nil

2. Natural person

Applicable Not applicable

3. Special explanation on the Company not having controlling shareholders

Applicable Not applicable

4. Changes in controlling shareholders during the Reporting Period

Applicable Not applicable

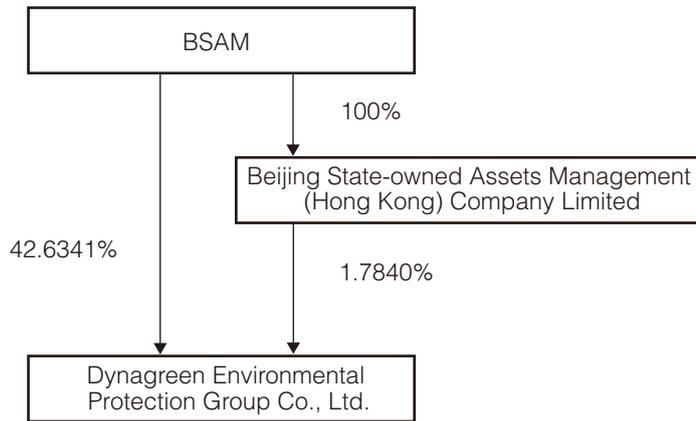




IX. Changes in Shares and Particulars of Shareholders (Continued)

5. **Diagram of the ownership and controlling relationship between the Company and its beneficial controller**

Applicable Not applicable



(II) **De Facto Controller**

1. **Legal Representative**

Applicable Not applicable

Name	Beijing State-owned Assets Management Co., Ltd.
Authorised Representative or Legal Representative	ZHAO Jifeng
Date of establishment	1992-09-04
Main business	Assets management; project investment; investment management.
Control and shareholdings in other domestic or overseas listed companies during the Reporting Period	Holding 63.30% of the shares of CAPINFO COMPANY LIMITED (1075.HK); directly and indirectly holding 52.48% of the shares of Beijing Certificate Authority Co., Ltd. (300579); and 9.12% of the shares of Bank of Beijing Co., Ltd. (601169).
Other explanations	Nil





IX. Changes in Shares and Particulars of Shareholders (Continued)

2. Natural person

Applicable Not applicable

3. Special explanation on the Company not having controlling shareholders

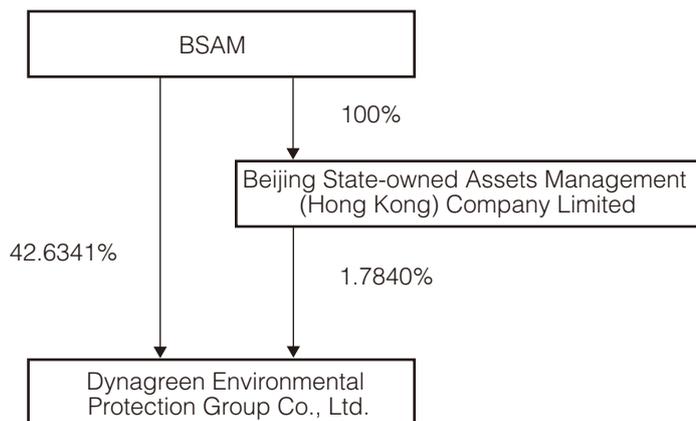
Applicable Not applicable

4. Changes in controlling shareholders during the Reporting Period

Applicable Not applicable

5. Diagram of the ownership and controlling relationship between the Company and its beneficial controller

Applicable Not applicable



6. Control of the Company by de facto controllers by way of trust or other means of asset management

Applicable Not applicable

(III) Other explanation regarding the controlling shareholder and the de facto controller

Applicable Not applicable





IX. Changes in Shares and Particulars of Shareholders (Continued)

V. THE ACCUMULATIVE PLEDGED SHARES OF THE COMPANY'S CONTROLLING SHAREHOLDER OR LARGEST SHAREHOLDER AND ITS PERSONS ACTING IN CONCERT ACCOUNT FOR MORE THAN 80% OF THE COMPANY'S SHARES HELD BY THEM

Applicable Not applicable

VI. OTHER LEGAL PERSON SHAREHOLDERS HOLDING OVER 10% OF THE TOTAL SHARES OF THE COMPANY

Applicable Not applicable

VII. EXPLANATION ON REDUCED SHAREHOLDING

Applicable Not applicable

VIII. SPECIFIC IMPLEMENTATION OF SHARE REPURCHASE DURING THE REPORTING PERIOD

Applicable Not applicable





X. Preference Shares

Applicable Not applicable





XI. 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

Applicable Not applicable

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.

For the use of proceeds, please refer to “XIV. Progress of the use of proceeds” under “VIII Significant Events” herein.





XI. Bonds (Continued)

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

Applicable Not applicable

Name of convertible corporate bonds	Dynagreen Convertible Bonds
Number of holders of convertible corporate bonds at the end of the period	24,989
Guarantors of convertible bonds of the Company	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 (%)
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)	113,235,000	4.80
China Merchants Bank Co., Ltd. – Boser 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)	100,568,000	4.26
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
Guosen Securities Co., Ltd.	77,153,000	3.27
New China Life Insurance Company Ltd. – Dividends – Individual Dividends – 018L – FH002 Hu (新華人壽保險股份有限公司 – 分紅 – 個人分紅 – 018L – FH002滬)	64,439,000	2.73
Dajia Insurance Group Co., Ltd. – Traditional Products (大家人壽保險股份有限公司 – 傳統產品)	63,823,000	2.70
Industrial and Commercial Bank of China – Fuguo Tianli Bond Investment Growth Fund (中國工商銀行 – 富國天利增長債券投資基金)	59,407,000	2.52
Shanghai Pudong Development Bank Co. Ltd. – YFD Yuxiang Return Bond Investment Fund (上海浦東發展銀行股份有限公司 – 易方達裕祥回報債券型證券投資基金)	54,678,000	2.32
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)	54,476,000	2.31
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





XI. Bonds (Continued)

(III) Changes in convertible bonds during the Reporting Period

Applicable Not applicable

Unit: RMB

Name of convertible corporate bonds	Before the change	Increase and decrease in the change			After the change
		Conversion	Redemption	Repurchase	
Dynagreen Convertible Bonds	2,359,895,000	19,000	0	0	2,359,876,000

Accumulated conversion of convertible bonds during the Reporting Period

Applicable Not applicable

Name of convertible corporate bonds	Dynagreen Convertible Bonds
Amount of shares converted during the Reporting Period (RMB)	19,000
Number of shares converted during the Reporting Period (share)	1,991
Aggregate number of shares converted (share)	12,725
Aggregate number of shares converted to the total number of issued shares of the Company before conversion (%)	0.0009
Amount of unconverted bonds (RMB)	2,359,876,000
Number of unconverted bonds to the total number of convertible bonds issued (%)	99.9947





XI. Bonds (Continued)

(IV) Previous adjustments to conversion price

Applicable Not applicable

Unit: RMB

Name of convertible corporate bonds	Adjusted conversion price	Dynagreen Convertible Bonds Date of disclosure	Disclosure media	Explanations on adjustments to the 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 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).
Latest conversion price as of the end of the Reporting Period				9.35





XI. Bonds (Continued)

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

Applicable Not applicable

As of 31 December 2024, the Company's total assets amounted to RMB21.99 billion and its gearing ratio was 61.21%. China Chengxin International Credit Rating Co., Ltd. conducted a tracking credit rating on the convertible bonds issued by the Company and issued the Tracking Rating Report on Dynagreen Environmental Protection Group Co., Ltd. for 2024 (Xin Ping Wei Han Zi [2024] Gen Zong No. 0202) on 8 May 2024, pursuant to which the main credit rating of the Company remained "AA+" and the rating outlook remained "stable"; the credit rating of the "Dynagreen Convertible Bonds" remained AA+. In the past three years, the Company's interest coverage ratio was relatively high and the Company's loan repayment was good, without overdue repayment of bank loans.

On 27 February 2023, the Company started to pay interest on the "Dynagreen Convertible Bonds" for the period from 25 February 2022 to 24 February 2023. The payment of interests is for the first year of the "Dynagreen Convertible Bonds", and the coupon rate for the interest bearing year is 0.20% (tax inclusive), that is, the interest payable on each convertible bond with a par value of RMB100 is RMB0.20 (tax inclusive) (Announcement No.: Lin 2023-006); on 26 February 2024, the Company started to pay interest on the "Dynagreen Convertible Bonds" for the period from 25 February 2023 to 24 February 2024. The payment of interests is for the second year of the "Dynagreen Convertible Bonds", and the coupon rate for the interest bearing year is 0.4% (tax inclusive), that is, the interest payable on each convertible bond with a par value of RMB100 is RMB0.4 (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 0.6% (tax inclusive), that is, the interest payable on each convertible bond with a par value of RMB100 is RMB0.6 (tax inclusive) (Announcement No.: Lin 2025-004).

(VI) Other description of convertible bonds

Applicable Not applicable





XII. Financial Report

Audit Report

Xin Kuai Shi Bao Zi [2025] No. ZI10057

To the shareholders of Dynagreen Environmental Protection Group Co., Ltd.:

I. AUDIT OPINION

We have audited the accompanying financial statements of Dynagreen Environmental Protection Group Co., Ltd. (the “Dynagreen”), which comprise the consolidated and parent company’s balance sheets as at 31 December 2024, the consolidated and parent company’s income statements, the consolidated and parent company’s statements of cash flows, and the consolidated and parent company’s statements of changes in owners’ equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and parent company’s financial position as at 31 December 2024 and the consolidated and parent company’s financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

II. BASIS FOR AUDIT OPINION

We conducted our audit in accordance with the Auditing Standards for PRC Certified Public Accountants. Our responsibilities under those standards are further described in the section headed “Certified Public Accountants’ Responsibilities for the Audit of the Financial Statements” in our report. We are independent of Dynagreen in accordance with the Code of Ethics for Chinese Certified Public Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:





Audit Report (Continued)

Xin Kuai Shi Bao Zi [2025] No. Z110057

III. KEY AUDIT MATTERS (Continued)

Key audit matters	How our audit addressed the key audit matters
<p>(I) Provision for bad debts of accounts receivables</p> <p>As stated in “III. Significant Accounting Policies and Accounting Estimates (X)” and “V. Notes to Items of the Financial Statements (II)”, as of 31 December 2024, in respect of the accounts receivable of Dynagreen, the book balance of amounted to RMB2,609,992,400, the provision for bad debts amounted to RMB97,814,400, and the carrying amount was RMB2,512,178,000.</p> <p>Based on the credit risk characteristics of each accounts receivable, the management measures its loss provision at an amount equivalent to the lifetime expected credit loss on either an individual basis or a collective basis of accounts receivable. For accounts receivable with the expected credit loss measured on an individual basis, the management, taking into full account of reasonable and supportable information relating to historical matters, current conditions and the expectation of future economic conditions, estimates the cash flow expected to receive and determines the provision for bad debts accordingly; for accounts receivable with the expected credit loss measured on a collective basis, the management classifies groups based on aging and nature and, with reference to the historical credit loss experience, makes adjustments based on the forward-looking estimates, prepares a comparison table for accounts receivable and expected credit loss rate, and determines the provision for bad debts accordingly.</p> <p>Since the amount of accounts receivable is significant, and impairment of accounts receivable involves significant management judgment, we determine the impairment of accounts receivable as a key audit matter.</p>	<p>Our audit procedures mainly include:</p> <ol style="list-style-type: none"> 1. Understood the internal control processes related to the provision for impairment of accounts receivable; evaluated and tested the effectiveness of key internal controls related to the provision for impairment of accounts receivable; 2. Understood the management’s classification of accounts receivable portfolios based on credit risk characteristics, and reviewed the appropriateness of the management’s grouping of accounts receivable by credit risk characteristics; 3. Obtained information related to the management’s impairment test of accounts receivable; 4. Evaluated the appropriateness of the impairment test methods and models adopted by the management in the tests with reference to industry practices; 5. Reviewed whether the parameters selected by the management in the test were reasonable and accurate; 6. Reviewed historical collections and bad debt data and reviewed whether the forward-looking information considered by the management in recognition of expected credit losses was reasonable; 7. Performed tests on collections after the reporting period; 8. Checked to see if information related to provision for bad debts of accounts receivable has been properly presented and disclosed in the financial statements.





Audit Report (Continued)

Xin Kuai Shi Bao Zi [2025] No. ZI10057

III. KEY AUDIT MATTERS (Continued)

Key audit matters	How our audit addressed the key audit matters
<p>(II) Provision for impairment of intangible assets – concession rights</p> <p>As stated in “III. Significant Accounting Policies and Accounting Estimates (XVII), (XVIII)” and “V. Notes to Items of the Consolidated Financial Statements (XIV)”, as of 31 December 2024, the book value of intangible assets – concession rights amounted to RMB10,607,636,700. According to the relevant provisions of the CASs, intangible assets with any indicator that the assets may be impaired at the balance sheet date and intangible assets that are not yet available for their intended use or with indefinite useful lives should be tested for impairment irrespective of whether there is any indicator of impairment. Therefore, on 31 December 2024, the management performed impairment test for the concession rights of waste-to-energy projects with indicator of impairment, and the concession rights of 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. According to the assessment results, as at 31 December 2024, the balance of provision made by Dynagreen for impairment of concession rights was RMB358,151,400, of which the impairment provision for the Year 2024 was RMB51.22 million.</p>	<p>Our audit procedures mainly include:</p> <ol style="list-style-type: none"> 1. Understood the internal control processes related to the provision for impairment of concession rights; evaluated and tested the effectiveness of key internal controls related to the provision for impairment of concession rights; 2. Understood the management’s judgment on indications of impairment of concession rights and assessed their reasonableness; 3. Compared the actual operating results of the relevant project for the current year with the corresponding forecast data for the last year to consider whether there were potential signs of management bias in the judgment made by management when selecting assumptions and data related to the assessment of recoverable amounts; 4. Obtained information related to the management’s impairment test of concession rights; 5. Evaluated the appropriateness of the impairment test methods and models adopted by the management in the tests with reference to industry practices;





Audit Report (Continued)

Xin Kuai Shi Bao Zi [2025] No. ZI10057

III. KEY AUDIT MATTERS (Continued)

Key audit matters	How our audit addressed the key audit matters
<p>(II) Provision for impairment of intangible assets – concession rights (Continued)</p> <p>The management evaluated the recoverable amount based on the higher of the present value of the future cash flows expected to be derived from the asset and an asset's fair value less costs to sell. The evaluation process involved the management's significant accounting estimates and judgments, including the use of appropriate impairment test methods and models and the use of key assumptions (mainly compound growth rates of revenue, EBIT margin and pre-tax discount rates) in the forecast of the present value of future cash flows. As the amount of the concession rights is significant and the management is required to use significant accounting estimates and judgments in assessing the recoverable amount of the concession rights, we identified it as a key audit matter.</p>	<p>6. Evaluated the reasonableness of the key assumptions adopted by the management in assessment of the recoverable amount, including compound growth rates of revenue, EBIT margin and pretax discount rate during the operating period, based on the industry development and the historical operating conditions, future operating plans, and actual operating conditions after the balance sheet date of Dynagreen with reference to analysis on trends of comparable industries, risk factors of comparable companies, etc.;</p> <p>7. Reviewed the sensitivity analysis performed by the management on key assumptions, and assessed the potential impact on the recoverable amount when the relevant key assumptions changed reasonably;</p> <p>8. Checked the accuracy of the calculation of the present value of future cash flows and impairment provisions.</p>





Audit Report (Continued)

Xin Kuai Shi Bao Zi [2025] No. ZI10057

IV. OTHER INFORMATION

The management of Dynagreen (the management) is responsible for other information. Other information includes the information included in Dynagreen's 2024 annual report, but excludes the financial statements and our audit report.

Our audit opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit process or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of such other information, we are required to report that fact. We have nothing to report in this regard.

V. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management is responsible for preparing financial statements in accordance with Accounting Standards for Business Enterprises, and fairly presenting them; designing, implementing and maintaining necessary internal control to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing Dynagreen's ability to continue as a going concern, disclosing matters in relation to going concern, as appropriate, and applying the going-concern assumption unless intends to liquidate, cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of Dynagreen.

VI. CERTIFIED PUBLIC ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.





Audit Report (Continued)

Xin Kuai Shi Bao Zi [2025] No. ZI10057

VI. CERTIFIED PUBLIC ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

As part of an audit work in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (IV) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Dynagreen's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Dynagreen to cease to continue as a going concern.
- (V) Evaluate the overall presentation (including disclosure), structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (VI) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Dynagreen to express audit opinions on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit, and remain solely responsible for our audit opinion.





Audit Report (Continued)

Xin Kuai Shi Bao Zi [2025] No. ZI10057

VI. CERTIFIED PUBLIC ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

We communicate with those charged with governance regarding, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we comply with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and related safeguards, as appropriate.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in tiny minority circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**BDO China Shu Lun Pan Certified
Public Accountants LLP**

**Chinese Certified
Public Accountant:**

Qin Jinli (Engagement Partner)

Shanghai • the PRC
28 March 2025

**Chinese Certified
Public Accountant:**

Zhang Yinna





XII. Financial Report (Continued)

CONSOLIDATED BALANCE SHEET
31 December 2024

(All amounts in RMB Yuan unless otherwise stated)

	Note	Closing balance	Balance at the end of the previous year
ASSETS			
Current assets:			
Cash at bank and on hand	V(I)	867,810,323.28	1,034,574,136.93
Accounts receivables	V(II)	2,512,178,004.57	1,973,420,906.89
Receivables financing	V(III)	3,840,258.02	3,122,144.00
Advances to suppliers	V(IV)	27,187,081.08	32,717,974.08
Other receivables	V(V)	44,856,695.09	39,382,637.73
Inventories	V(VI)	49,795,449.07	62,734,783.04
Contract assets	V(VII)	370,964,094.96	406,969,089.65
Current portion of non-current assets	V(VIII)	46,454,709.89	53,508,848.34
Other current assets	V(IX)	200,537,444.73	257,143,592.87
Total current assets		4,123,624,060.69	3,863,574,113.53
Non-current assets:			
Long-term receivables	V(X)	35,892,934.10	35,892,934.10
Fixed assets	V(XI)	255,311,964.44	328,924,572.85
Construction in progress	V(XII)	1,542,278.08	917,164.63
Right-of-use assets	V(XIII)	7,281,264.98	3,538,266.49
Intangible assets	V(XIV)	10,659,570,149.67	11,115,558,991.16
Goodwill	V(XV)		
Long-term prepaid expenses	V(XVI)	3,935,477.65	6,147,345.30
Deferred tax assets	V(XVII)	250,070,335.93	266,527,917.63
Other non-current assets	V(XVIII)	6,651,544,469.90	6,916,184,337.26
Total non-current assets		17,865,148,874.75	18,673,691,529.42
TOTAL ASSETS		21,988,772,935.44	22,537,265,642.95
LIABILITIES AND OWNERS' EQUITY			
Current liabilities:			
Short-term borrowings	V(XX)	545,805,404.65	516,440,084.96
Accounts payables	V(XXI)	661,561,718.22	1,014,132,043.06
Contract liabilities	V(XXII)	1,780,465.71	614,204.13
Employee benefits payable	V(XXIII)	109,275,821.31	109,884,464.06
Taxes payable	V(XXIV)	78,034,607.41	59,207,794.73
Other payables	V(XXV)	153,150,819.25	152,350,860.79
Current portion of non-current liabilities	V(XXVI)	1,108,768,938.92	2,138,535,085.14
Total current liabilities		2,658,377,775.47	3,991,164,536.87





XII. Financial Report (Continued)

	Note	Closing balance	Balance at the end of the previous year
Non-current liabilities:			
Long-term borrowings	V(XXVII)	7,528,412,016.81	7,033,566,028.80
Debentures payable	V(XXVIII)	2,354,143,208.17	2,275,489,512.51
Lease liabilities	V(XXIX)	3,521,924.32	2,575,290.64
Long-term payables	V(XXX)	237,111,975.60	246,923,129.02
Estimated liabilities	V(XXXI)	14,273,331.60	13,658,690.52
Deferred income	V(XXXII)	171,417,020.67	173,963,722.30
Deferred tax liabilities	V(XVII)	492,725,249.82	525,967,837.35
Total non-current liabilities		10,801,604,726.99	10,272,144,211.14
Total liabilities		13,459,982,502.46	14,263,308,748.01
Owners' equity:			
Share capital	V(XXXIII)	1,393,452,725.00	1,393,450,734.00
Other equity instruments	V(XXXIV)	217,557,451.40	217,559,203.01
Capital surplus	V(XXXV)	2,412,108,859.03	2,412,507,464.92
Other comprehensive income	V(XXXVI)	2,079,875.32	2,079,875.32
Special reserve	V(XXXVII)	25,723,632.46	16,667,067.53
Surplus reserve	V(XXXVIII)	340,338,359.75	340,338,359.75
Undistributed profits	V(XXXIX)	3,661,556,189.50	3,424,837,011.73
Total equity attributable to the owners of the company		8,052,817,092.46	7,807,439,716.26
Minority interests		475,973,340.52	466,517,178.68
Total owners' equity		8,528,790,432.98	8,273,956,894.94
TOTAL LIABILITIES AND OWNERS' EQUITY		21,988,772,935.44	22,537,265,642.95

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

Qiao Dewei
Legal representative:

Yi Zhiyong
Principal in charge
of accounting:

Zhao Linbin
Head of accounting
department:



XII. Financial Report (Continued)

BALANCE SHEET OF THE PARENT COMPANY
31 December 2024

(All amounts in RMB Yuan unless otherwise stated)

	Note	Closing balance	Balance at the end of the previous year
ASSETS			
Current assets:			
Cash at bank and on hand		329,688,819.47	482,213,915.54
Accounts receivables	XVI(I)	302,860,460.05	295,943,666.56
Advances to suppliers		263,929.59	489,163.49
Other receivables	XVI(II)	1,878,850,072.33	2,239,027,923.02
Current portion of non-current assets		720,872,083.33	180,572,083.33
Total current assets		3,232,535,364.77	3,198,246,751.94
Non-current assets:			
Long-term receivables		941,818,433.05	1,618,469,200.00
Long-term equity investments	XVI(III)	6,441,353,111.31	6,525,907,220.95
Fixed assets		731,479.12	1,142,124.29
Right-of-use assets		4,573,946.16	
Intangible assets		3,215,424.44	1,604,310.38
Long-term prepaid expenses			11,228.07
Deferred tax assets		1,065,854.80	500,326.32
Other non-current assets			1,515,453.32
Total non-current assets		7,392,758,248.88	8,149,149,863.33
TOTAL ASSETS		10,625,293,613.65	11,347,396,615.27
LIABILITIES AND OWNERS' EQUITY			
Current liabilities:			
Short-term borrowings		511,776,315.78	497,416,555.55
Accounts payables		2,536.00	58,239.00
Contract liabilities		10,983,050.85	22,203,389.83
Employee benefits payable		20,473,125.11	22,290,702.33
Taxes payable		11,798,793.87	1,293,142.08
Other payables		473,526,119.42	378,317,390.79
Current portion of non-current liabilities		297,369,283.40	1,267,261,233.11
Total current liabilities		1,325,929,224.43	2,188,840,652.69





XII. Financial Report (Continued)

	Note	Closing balance	Balance at the end of the previous year
Non-current liabilities:			
Long-term borrowings		1,021,000,000.00	414,000,000.00
Debentures payable		2,354,143,208.17	2,275,489,512.51
Lease liabilities		1,581,167.45	
Total non-current liabilities		3,376,724,375.62	2,689,489,512.51
Total liabilities		4,702,653,600.05	4,878,330,165.20
Share capital		1,393,452,725.00	1,393,450,734.00
Other equity instruments		217,557,451.40	217,559,203.01
Capital surplus		2,459,616,787.00	2,459,598,292.89
Surplus reserve		340,338,359.75	340,338,359.75
Undistributed profits		1,511,674,690.45	2,058,119,860.42
Total owners' equity		5,922,640,013.60	6,469,066,450.07
TOTAL LIABILITIES AND OWNERS' EQUITY		10,625,293,613.65	11,347,396,615.27

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

Qiao Dewei
Legal representative:

Yi Zhiyong
Principal in charge
of accounting:

Zhao Linbin
Head of accounting
department:





XII. Financial Report (Continued)

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR 2024**

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Current period	Previous period
I. Revenue	V(XL)	3,398,572,272.66	3,955,548,511.61
II. Total operating costs		2,614,694,363.43	3,194,907,485.50
Including: Operating costs	V(XL)	1,854,415,615.88	2,431,798,308.92
Taxes and surcharges	V(XLI)	71,447,694.62	65,528,769.38
Selling expenses	V(XLII)	1,315,666.37	1,394,043.52
General and administrative expenses	V(XLIII)	232,864,434.58	215,861,892.82
Research and development expenses	V(XLIV)	7,097,412.89	7,372,735.78
Financial expenses	V(XLV)	447,553,539.09	472,951,735.08
Including: Interest expenses		453,395,045.98	484,914,254.47
Interest income		8,597,630.34	13,595,203.93
Add: Other income	V(XLVI)	91,789,481.44	72,283,684.92
Credit impairment losses (loss is represented by “-”)	V(XLVII)	-45,174,975.77	-35,363,235.87
Impairment losses on assets (loss is represented by “-”)	V(XLVIII)	-126,501,452.00	-27,862,366.22
Gains on disposal of assets (loss is represented by “-”)	V(XLIX)	5,936.38	4,352,720.63
III. Operating profit (loss is represented by “-”)		703,996,899.28	774,051,829.57
Add: Non-operating income	V(L)	2,665,142.96	3,822,651.64
Less: Non-operating expenses	V(LI)	522,524.95	788,421.26
IV. Total profit (total loss is represented by “-”)		706,139,517.29	777,086,059.95
Less: Income tax expenses	V(LII)	105,396,153.29	113,614,410.62
V. Net profit (net loss is represented by “-”)		600,743,364.00	663,471,649.33
(1) Classified by continuity of operations			
1. Net profit from continuing operations (net loss is represented by “-”)		600,743,364.00	663,471,649.33
2. Net profit from discontinued operations (net loss is represented by “-”)			
(2) Classified by ownership of the equity			
1. Attributable to shareholders of the Company (net loss is represented by “-”)		585,082,147.27	629,281,357.73
2. Minority interests (net loss is represented by “-”)		15,661,216.73	34,190,291.60
VI. Total comprehensive income		600,743,364.00	663,471,649.33
Attributable to shareholders of the Company		585,082,147.27	629,281,357.74
Attributable to minority interests		15,661,216.73	34,190,291.59
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	V(LIII)	0.42	0.45
(II) Diluted earnings per share (RMB/share)	V(LIII)	0.41	0.43

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

Qiao Dewei
Legal representative:

Yi Zhiyong
Principal in charge
of accounting:

Zhao Linbin
Head of accounting
department:





XII. Financial Report (Continued)

**INCOME STATEMENT OF THE PARENT COMPANY
FOR THE YEAR 2024**

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Current period	Previous period
I. Revenue	XVI(IV)	126,102,217.92	147,950,404.37
Less: Operating costs	XVI(IV)	10,397,960.14	11,849,379.34
Taxes and surcharges		513,833.10	888,367.84
General and administrative expenses		54,343,890.48	53,460,089.22
Research and development expenses		7,097,412.89	7,372,735.78
Financial expenses		161,980,726.52	166,114,528.15
Including: Interest expenses		165,458,850.24	176,240,004.90
Interest income		5,193,353.32	10,748,732.46
Add: Other income		281,956.12	1,240,549.39
Investment income (loss is represented by “-”)	XVI(V)	55,179,978.75	1,235,113,223.37
Credit impairment losses (loss is represented by “-”)		-70,927,910.39	-386,410.91
Impairment losses on assets (loss is represented by “-”)		-64,000,000.00	-133,610,235.39
Gains on disposal of assets (loss is represented by “-”)			-1,519.29
II. Operating profit (loss is represented by “-”)		-187,697,580.73	1,010,620,911.21
Add: Non-operating income			144,412.83
III. Total profit (total loss is represented by “-”)		-187,697,580.73	1,010,765,324.04
Less: Income tax expenses		10,384,619.74	236,948.15
IV. Net profit (net loss is represented by “-”)		-198,082,200.47	1,010,528,375.89
V. Total comprehensive income		-198,082,200.47	1,010,528,375.89

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

Qiao Dewei
Legal representative:

Yi Zhiyong
Principal in charge
of accounting:

Zhao Linbin
Head of accounting
department:



XII. Financial Report (Continued)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Current period	Previous period
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		3,332,180,504.57	2,999,544,479.41
Refund of taxes and surcharges		67,185,501.56	63,971,621.07
Cash received relating to other operating activities	V(LV)1.	68,439,940.79	89,035,422.04
Sub-total of cash inflows		3,467,805,946.92	3,152,551,522.52
<hr style="border-top: 1px dashed #ccc;"/>			
Cash paid for goods and services		973,308,507.21	955,728,788.38
Other cash paid relating to the construction of the PPP project		137,724,359.79	358,366,153.93
Cash paid to and on behalf of employees		541,147,329.71	500,102,931.53
Payments of taxes and surcharges		287,118,391.31	276,123,993.89
Cash paid relating to other operating activities	V(LV)1.	90,036,870.28	84,552,504.86
Sub-total of cash outflows		2,029,335,458.30	2,174,874,372.59
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Net cash flows from operating activities	V(LV)1.	1,438,470,488.62	977,677,149.93
<hr style="border-top: 1px dashed #ccc;"/>			
II. Cash flows from investing activities			
Net cash received from disposals of fixed assets, intangible assets and other long-term assets		10,930,083.15	32,899,539.00
Cash received relating to other investing activities	V(LV)2.	2,039,180.00	4,182,004.95
Sub-total of cash inflows		12,969,263.15	37,081,543.95
<hr style="border-top: 1px dashed #ccc;"/>			
Cash paid to acquire fixed assets, intangible assets and other long-term assets		370,135,830.21	722,133,011.80
Cash paid relating to other investing activities	V(LV)2.		4,024,484.95
Sub-total of cash outflows		370,135,830.21	726,157,496.75
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Net cash flows from investing activities		-357,166,567.06	-689,075,952.80
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XII. Financial Report (Continued)

Item	Note	Current period	Previous period
III. Cash flows from financing activities			
Cash received from borrowings		3,942,104,400.05	2,008,449,588.30
Cash received relating to other financing activities	V(LV)3.		
Sub-total of cash inflows		3,942,104,400.05	2,008,449,588.30
Cash repayments of borrowings		4,453,243,766.41	2,500,968,040.73
Cash payments for distribution of dividends, profits or interest expenses		731,473,022.92	625,027,013.18
Including: Dividends or profits paid to minority shareholders by subsidiaries		24,880,000.00	49,600,000.00
Cash paid relating to other financing activities	V(LV)3.	3,433,401.84	3,008,265.21
Sub-total of cash outflows		5,188,150,191.17	3,129,003,319.12
Net cash flows from financing activities		-1,246,045,791.12	-1,120,553,730.82
IV. Effect of foreign exchange rate changes on cash and cash equivalents		17,235.91	-295,802.97
V. Net increase in cash and cash equivalents		-164,724,633.65	-832,248,336.66
Add: Cash and cash equivalents at the beginning of the period		1,032,534,956.93	1,864,783,293.59
VI. Cash and cash equivalents at the end of the period	V(LVI)2.	867,810,323.28	1,032,534,956.93

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

Qiao Dewei
Legal representative:

Yi Zhiyong
Principal in charge
of accounting:

Zhao Linbin
Head of accounting
department:





XII. Financial Report (Continued)

CASH FLOW STATEMENT OF THE PARENT COMPANY FOR THE YEAR 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Current period	Previous period
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		119,709,998.20	115,152,799.18
Cash received relating to other operating activities		61,081,072.32	67,965,554.99
Sub-total of cash inflows		180,791,070.52	183,118,354.17
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Cash paid for goods and services		414,641.36	687,309.76
Cash paid to and on behalf of employees		57,096,882.35	52,173,092.09
Payments of taxes and surcharges		3,922,681.80	10,093,595.64
Cash paid relating to other operating activities		81,722,338.81	73,992,841.75
Sub-total of cash outflows		143,156,544.32	136,946,839.24
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Net cash flows from operating activities		37,634,526.20	46,171,514.93
<hr style="border-top: 1px dashed #ccc;"/>			
II. Cash flows from investing activities			
Cash received from disposal of investments		62,914,927.24	
Cash received from returns on investments		291,902,646.51	713,250,000.00
Net cash received from disposals of fixed assets, intangible assets and other long-term assets			26,023.49
Cash received relating to other investing activities		782,787,221.76	1,028,816,552.07
Sub-total of cash inflows		1,137,604,795.51	1,742,092,575.56
<hr style="border-top: 1px dashed #ccc;"/>			
Cash paid to acquire fixed assets, intangible assets and other long-term assets		554,423.46	478,936.96
Cash paid to acquire investments		37,917,100.00	530,000,000.00
Net cash paid for acquisition of subsidiaries and other business units		62,000,000.00	
Cash paid relating to other investing activities		596,941,500.00	1,204,189,060.67
Sub-total of cash outflows		697,413,023.46	1,734,667,997.63
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Net cash flows from investing activities		440,191,772.05	7,424,577.93
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XII. Financial Report (Continued)

Item	Note	Current period	Previous period
III. Cash flows from financing activities			
Cash received from borrowings		1,524,000,000.00	681,000,000.00
Cash received relating to other financing activities		196,857,365.25	
Sub-total of cash inflows		1,720,857,365.25	681,000,000.00
Cash repayments of borrowings		1,918,970,000.00	816,452,963.16
Cash payments for distribution of dividends, profits or interest expenses		430,546,425.71	261,702,155.02
Cash paid relating to other financing activities		1,693,533.33	2,135,933.33
Sub-total of cash outflows		2,351,209,959.04	1,080,291,051.51
Net cash flows from financing activities		-630,352,593.79	-399,291,051.51
IV. Effect of foreign exchange rate changes on cash and cash equivalents		1,199.47	-306,253.78
V. Net increase in cash and cash equivalents		-152,525,096.07	-346,001,212.43
Add: Cash and cash equivalents at the beginning of the period		482,213,915.54	828,215,127.97
VI. Cash and cash equivalents at the end of the period		329,688,819.47	482,213,915.54

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

Qiao Dewei
Legal representative:

Yi Zhiyong
Principal in charge
of accounting:

Zhao Linbin
Head of accounting
department:





XII. Financial Report (Continued)

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY FOR THE YEAR 2024

(All amounts in RMB Yuan unless otherwise stated)

Item	Current period											
	Attributable to owners of the parent company											Total owners' equity
	Other equity instruments				Other							
	Share capital	Preference shares	Perpetual bonds	Convertible bonds	Capital surplus	comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Sub-total	Minority interests	
I. Balance at the end of the previous 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
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 "-")	1,991.00			-1,751.61	-398,605.89		9,056,564.93		236,719,177.77	245,377,376.20	9,456,161.84	254,833,538.04
(1) Total comprehensive income									585,082,147.27	585,082,147.27	15,661,216.73	600,743,364.00
(2) Capital contribution and reduction from owners	1,991.00			-1,751.61	-398,605.89					-398,366.50		-398,366.50
1. Capital contribution from owners of other equity instruments	1,991.00			-1,751.61	18,494.11					18,733.50		18,733.50
2. Others					-417,100.00					-417,100.00		-417,100.00
(3) Profit distribution									-348,362,969.50	-348,362,969.50	-6,680,000.00	-355,042,969.50
1. Distribution to owners (or shareholders)									-348,362,969.50	-348,362,969.50	-6,680,000.00	-355,042,969.50
(4) Special reserve							9,056,564.93			9,056,564.93	474,945.11	9,531,510.04
1. Appropriations in the period							47,208,549.15			47,208,549.15	2,320,638.72	49,529,187.87
2. Utilization in the period							-38,151,984.22			-38,151,984.22	-1,845,693.61	-39,997,677.83
IV. Closing balance for the period	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





XII. Financial Report (Continued)

Item	Previous period											Total owners' equity
	Attributable to owners of the parent company										Minority interests	
	Share capital	Other equity instruments				Capital surplus	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits		
Preference shares		Perpetual bonds	Convertible bonds									
I. Balance at the end of the previous year	1,393,447,763.00			217,561,876.52	2,412,480,372.81	2,079,875.32	1,559,206.97	239,285,522.16	3,063,822,504.78	7,330,237,121.56	483,041,739.98	7,813,278,861.54
II. Opening balance for the year	1,393,447,763.00			217,561,876.52	2,412,480,372.81	2,079,875.32	1,559,206.97	239,285,522.16	3,063,822,504.78	7,330,237,121.56	483,041,739.98	7,813,278,861.54
III. Movements in the period												
(decrease is represented by "-")	2,971.00			-2,673.51	27,092.11		15,107,860.56	101,052,837.59	361,014,506.95	477,202,594.70	-16,524,561.30	460,678,033.40
(1) Total comprehensive income									629,281,357.74	629,281,357.74	34,190,291.59	663,471,649.33
(2) Capital contribution and reduction from owners	2,971.00			-2,673.51	27,092.11					27,389.60		27,389.60
1. Capital contribution from owners of other equity instruments	2,971.00			-2,673.51	27,092.11					27,389.60		27,389.60
(3) Profit distribution								101,052,837.59	-268,266,850.79	-167,214,013.20	-51,200,000.00	-218,414,013.20
1. Appropriations of surplus reserve								101,052,837.59	-101,052,837.59			
2. Distribution to owners (or shareholders)									-167,214,013.20	-167,214,013.20	-51,200,000.00	-218,414,013.20
(4) Special reserve							15,107,860.56			15,107,860.56	485,147.11	15,593,007.67
1. Appropriations in the period							31,240,505.72			31,240,505.72	1,608,180.33	32,848,686.05
2. Utilization in the period							16,132,645.16			16,132,645.16	1,123,033.22	17,255,678.38
IV. Closing balance for the period	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

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

Qiao Dewei
Legal representative:

Yi Zhiyong
Principal in charge
of accounting:

Zhao Linbin
Head of accounting
department:





XII. Financial Report (Continued)

**STATEMENT OF CHANGES IN OWNERS' EQUITY OF THE PARENT COMPANY
FOR THE YEAR 2024**

(All amounts in RMB Yuan unless otherwise stated)

Item	Current period									
	Share capital	Other equity instruments			Capital surplus	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners' equity
		Preference shares	Perpetual bonds	Convertible bonds						
I. Balance at the end of the previous 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
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 "-")	1,991.00			-1,751.61	18,494.11				-546,445,169.97	-546,426,436.47
(1) Total comprehensive income									-198,082,200.47	-198,082,200.47
(2) Capital contribution and reduction from owners	1,991.00			-1,751.61	18,494.11					18,733.50
1. Capital contribution from owners of other equity instruments	1,991.00			-1,751.61	18,494.11					18,733.50
(3) Profit distribution									-348,362,969.50	-348,362,969.50
1. Distribution to owners (or shareholders)									-348,362,969.50	-348,362,969.50
IV. Closing balance for the period	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





XII. Financial Report (Continued)

Item	Previous period									
	Share capital	Other equity instruments			Capital surplus	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owners equity
I. Balance at the end of the previous year	1,393,447,763.00			217,561,876.52	2,459,571,200.78			239,285,522.16	1,315,858,335.32	5,625,724,697.78
II. Opening balance for the year	1,393,447,763.00			217,561,876.52	2,459,571,200.78			239,285,522.16	1,315,858,335.32	5,625,724,697.78
III. Movements in the period (decrease is represented by "-")	2,971.00			-2,673.51	27,092.11			101,052,837.59	742,261,525.10	843,341,752.29
(1) Total comprehensive income									1,010,528,375.89	1,010,528,375.89
(2) Capital contribution and reduction from owners	2,971.00			-2,673.51	27,092.11					27,389.60
1. Capital contribution from owners of other equity instruments	2,971.00			-2,673.51	27,092.11					27,389.60
(3) Profit distribution								101,052,837.59	-268,266,850.79	-167,214,013.20
1. Appropriations of surplus reserve								101,052,837.59	-101,052,837.59	
2. Distribution to owners (or shareholders)									-167,214,013.20	-167,214,013.20
IV. Closing balance for the period	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

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

Qiao Dewei
Legal representative:

Yi Zhiyong
Principal in charge
of accounting:

Zhao Linbin
Head of accounting
department:



XII. Financial Report (Continued)

Notes to the financial statements for 2024

(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 31 December 2024, the total share capital accumulatively issued by the Company was 1,393,452,700 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”).

These financial statements were approved by the Board of the Company on 28 March 2025.

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. In addition, the financial statements complied with the applicable disclosure provisions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as well as the applicable disclosure requirements of the Hong Kong Companies Ordinance.

(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 31 December 2024, and consolidated and parent company's operating results and cash flows for the year 2024 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.





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)

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.

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 prorate 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.





III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(X) Financial instruments (Continued)

1. Classification of financial instruments (Continued)

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.

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 Company 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.





III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(X) Financial instruments (Continued)

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.

(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.





III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(X) Financial instruments (Continued)

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

(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.

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.





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)

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).

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.





III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(X) Financial instruments (Continued)

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.

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.





III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(X) Financial instruments (Continued)

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

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 Company 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 Company 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.

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.





III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(X) Financial instruments (Continued)

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

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.

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.





III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIII) Long-term equity investments (Continued)

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.

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.





III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIII) Long-term equity investments (Continued)

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.

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.





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 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.





III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(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.

(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.





III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XVI) Borrowing costs (Continued)

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.

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.





III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(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.

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.





III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XVII) Intangible assets (Continued)

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.

(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.





III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XVIII) Impairment of long-term assets (Continued)

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.

(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.





III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(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.

(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.





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 (Continued)*

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.

(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.





III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXII) Estimated liabilities (Continued)

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.

(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.





III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXIII) Revenue (Continued)

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

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.





III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXIII) Revenue (Continued)

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

(1) *Revenue from construction services (Continued)*

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.

(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.





III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(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 is incurred.

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.





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 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).

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.





III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVII) Lease (Continued)

1. The Group as the lessee (Continued)

(2) Lease liabilities (Continued)

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.

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.





III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVII) Lease (Continued)

1. The Group as the lessee (Continued)

(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.

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.





III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVII) Lease (Continued)

2. The Group as a lessor (Continued)

(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.

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”.





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.

(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 year 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.

(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.





III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXX) Critical accounting estimates and judgements (Continued)

Critical accounting estimates and key assumptions (Continued)

(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.

(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.





III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXXI) Changes in significant accounting policies and accounting estimates

1. Changes in significant accounting policy

(1) *Implementation of No. 17 of the Accounting Standards for Business Enterprises Interpretation*

On 25 October 2023, the Ministry of Finance issued No. 17 of the Accounting Standards for Business Enterprises Interpretation (Cai Kuai [2023] No. 21) (the “Interpretation No. 17”).

- ① Division between Current Liabilities and Non-current Liabilities
Interpretation No. 17 clarifies that:
- If a business enterprise does not have a substantive right at the balance sheet date to defer settlement of a liability for more than one year after the balance sheet date, the liability shall be classified as a current liability.
 - For liabilities arising from a business enterprise’s loan arrangement, the enterprise’s right to defer settlement of the liability for more than one year after the balance sheet date may depend on whether or not the business enterprise has complied with the conditions stipulated in the loan arrangement (hereinafter referred to as the covenants), and the business enterprise, in determining whether or not it has a substantive right to defer settlement of the liability, shall only take into account the covenants that should have been complied with on or before the balance sheet date, and shall not take into account the covenants that should be complied with by the business enterprise after the balance sheet date.
 - Settlement of a liability for the purpose of division of a liability based on liquidity means that the business enterprise discharges the liability by transferring cash, other economic resources (such as goods or services) or the business enterprise’s own equity instruments to the counterparty. If the terms of the liability result in the business enterprise settling the liability by delivering its own equity instruments at the option of the counterparty, and if the business enterprise classifies the above option as an equity instrument and recognizes it separately as an equity component of a compound financial instrument in accordance with the requirements of the Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments, the terms of the liability shall not affect the liquidity classification of the liability.

This interpretation is effective from 1 January 2024, and enterprises should make adjustments to the information in comparable period in accordance with this interpretation when implementing this interpretation for the first time. The implementation of this requirement did not have any material impact on the financial position and operating results of the Group.





III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXXI) Changes in significant accounting policies and accounting estimates (Continued)

1. Changes in significant accounting policy (Continued)

(1) *Implementation of No. 17 of the Accounting Standards for Business Enterprises Interpretation (Continued)*

② Disclosure of Supplier Financing Arrangements

Interpretation No. 17 requires that a business enterprise shall summarize and disclose information about supplier financing arrangements when making disclosure in notes to assist users of the statements in assessing the impact of these arrangements on the liabilities, cash flows and exposure to liquidity risk of the business enterprise. The impact of supplier financing arrangements should also be considered when identifying and disclosing information about liquidity risk. The disclosure requirement applies only to supplier financing arrangements. A supplier financing arrangement is a transaction with the following characteristics: one or more financing providers providing funds for the payment of business enterprise's amounts due to its suppliers, with an agreement that the business enterprise shall make repayment to the finance providers in accordance with the terms and conditions of the arrangement on or after the date the business enterprise receives payment from its suppliers. The supplier financing arrangement shall extend the payment period for the business enterprise or advance the collection period for the suppliers of the business enterprise compared to the original due date of payment.

The interpretation is effective from 1 January 2024 and enterprises are not required to disclose the information in relation to comparable periods and certain information at the beginning of the period when implementing the interpretation for the first time. The implementation of this requirement did not have any material impact on the financial position and operating results of the Group.

(2) *Implementation of Provisional Regulations on Accounting Treatment of Enterprise's Data Resources*

On 1 August 2023, the MOF issued the "Provisional Regulations on Accounting Treatment of Enterprise's Data Resources" (Cai Kuai [2023] No. 11), which is applicable to the accounting treatment for data resources that are recognised as assets such as intangible assets or inventories in accordance with the relevant provisions of the Accounting Standards for Business Enterprises, as well as the accounting treatment for data resources legally owned or controlled by an enterprise and that are expected to bring economic benefits to the enterprise but that do not satisfy the conditions for recognition of assets and are not recognised as assets. It also sets out specific requirements for the disclosure of data resources.

The requirement is effective from 1 January 2024, and enterprises should adopt the prospective application method. The data resource related expenses that have been expensed in profit or loss before the requirement is effective will not be adjusted. The implementation of this requirement did not have any material impact on the financial position and operating results of the Group.





III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXXI) Changes in significant accounting policies and accounting estimates (Continued)

1. Changes in significant accounting policy (Continued)

- (3) *Implementation of the provision of “accounting treatment for guarantee-type warranty that is not individual performance obligation” under Implementation of No. 18 of the Accounting Standards for Business Enterprises Interpretation*

On 6 December 2024, the Ministry of Finance issued Implementation of No. 18 of the Accounting Standards for Business Enterprises Interpretation (Cai Kuai [2024] No. 24, the “Interpretation No. 18”), which took effect from the date of issuance and allowed enterprises’ earlier implementation since the year of issuance.

Interpretation No. 18 stipulates that in accounting for estimated liabilities arising from guarantee-type warranty that is not individual performance obligation, it is required to debit “cost of sale from main operations”, “cost of sale from other operations”, etc., and credit “estimated liabilities” based on the determined amount of estimated liabilities in accordance with the Accounting Standards for Business Enterprises No. 13 – Contingencies, and present the same as “operating costs” in the income statement and the “other current liabilities”, “current portion of non-current liabilities”, “estimated liabilities”, etc. in the balance sheet.

When the enterprises implement the interpretation for the first time, for those included in the “selling expenses” in the original provision for guarantee-type warranty, retroactive adjustment shall be conducted in accordance with the changes in accounting policies. The implementation of this requirement did not have any material impact on the financial position and operating results of the Group.

2. Changes in significant accounting estimates

During the Year, 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”), Zhaoqing Boneng Renewable Energy Power Generation Co., Ltd. (“Zhaoqing Company”), Zhangqiu Dynagreen Renewable Energy Co., Ltd. (“Zhangqiu Company”), Bobai Dynagreen Renewable Energy Co., Ltd. (“Bobai Company”), Yichun Dynagreen Renewable Energy Co., Ltd. (“Yichun Company”), Hong’an Dynagreen Renewable Energy Co., Ltd. (“Hong’an Company”), Huizhou Dynagreen Renewable Energy Co., Ltd. (“Huizhou Phase II Company”), Haining Dynagreen Haiyun Environmental Protection Energy Co., Ltd. (“Haining Expansion 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 I project of Shantou Company, the phase I project of Zhaoqing Company, Zhangqiu Company and Bobai Company completed the “EIT preferential benefits and approvals” in 2019 and were entitled to the 3+3 tax holiday from 2019 to 2024.
- (2) 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.
- (3) 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.
- (4) 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)

- (5) 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.
- (6) 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.
- (7) The phase I project of Anshun Company, phase II project of Anshun Company, Guangyuan Boneng Renewable Energy Co., Ltd. (“Guangyuan Company”) and Bobai Company belong to encouraged industry established in the Western region and are thus subject to enterprise income tax at a preferential tax rate of 15%.
- (8) Pursuant to the Announcement on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (MOF STA Announcement [2023] No. 6) jointly issued by the Ministry of Finance and the State Taxation Administration, the proportion of taxable income up to RMB1 million of a small and low-profit enterprise is entitled to a preferential tax treatment of 25% exemption of taxable income and application of EIT rate as 20%. The execution period of the announcement is from 1 January 2023 to 31 December 2024. Pursuant to the Announcement on the Further Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (MOF STA Announcement [2022] No. 13) jointly issued by the Ministry of Finance and the State Taxation Administration, the proportion of taxable income exceeding RMB1 million but less than RMB3 million of a small and low-profit enterprise is entitled to a preferential tax treatment of 25% exemption of taxable income and application of EIT rate as 20%. The execution period of the announcement is from 1 January 2022 to 31 December 2024.

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





IV. TAXATION (Continued)

(II) Tax preference (Continued)

1. Enterprise income tax (Continued)

- (9) 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.
- (10) 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;

Qingdao Dynagreen Renewable Energy Co., Ltd. (“Qingdao Company”, cancelled in the period), the Company’s subsidiary, is a small-scale VAT taxpayer and its applicable tax rate is 1%.





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	1,210.00	665.00
Bank deposit	867,809,113.28	1,032,534,291.93
Other monetary funds		2,039,180.00
Total	867,810,323.28	1,034,574,136.93
Including: Total deposits outside the PRC	34,508,968.46	12,010,895.96

(II) 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	1,520,216,989.35	1,221,997,125.64
1 to 2 years	584,134,705.60	411,540,110.55
2 to 3 years	236,296,658.84	339,136,676.06
3 to 4 years	229,817,405.92	47,825,127.77
4 to 5 years	26,907,777.54	8,914,351.50
Over 5 years	12,618,856.55	4,489,809.67
Sub-total	2,609,992,393.81	2,033,903,201.19
Less: provision for bad debts	97,814,389.24	60,482,294.30
Total	2,512,178,004.57	1,973,420,906.89





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(II) Accounts receivables (Continued)

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

Category	Book balance		Closing balance		Carrying amount	Balance at the end of the previous year		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	2,609,992,393.81	100.00	97,814,389.24	3.75	2,512,178,004.57	2,033,903,201.19	100.00	60,482,294.30	2.97	1,973,420,906.89
Total	2,609,992,393.81	100.00	97,814,389.24	3.75	2,512,178,004.57	2,033,903,201.19	100.00	60,482,294.30	2.97	1,973,420,906.89

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	1,420,077,973.67	54,775,090.44	3.86
Receivables from national renewable energy subsidies	892,930,176.42	39,440,495.85	4.42
Receivables from electricity sales	296,984,243.71	3,598,802.95	1.21
Total	2,609,992,393.81	97,814,389.24	3.75

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	60,482,294.30	37,332,094.94			97,814,389.24
Total	60,482,294.30	37,332,094.94			97,814,389.24

4. Accounts receivables actually written off in current period

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





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(II) Accounts receivables (Continued)

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)	149,519,086.41	1,028,901,342.41	1,178,420,428.82	12.60	1,377,223.22
Environmental Health Care Center of Zhangqiu District, Ji'nan City (濟南市章丘區環境衛生管護中心)	99,534,061.74	434,725,268.34	534,259,330.08	5.71	1,190,434.99
Comprehensive Law Enforcement Bureau of Haining City (海甯市綜合行政執法局)	8,495,823.55	427,283,879.99	435,779,703.54	4.66	531,410.03
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)	237,651,902.29	363,698,283.70	601,350,185.99	6.43	5,155,312.87
Comprehensive Law Enforcement Bureau of Pingyang County (平陽縣綜合行政執法局)	30,636,116.81	307,117,292.26	337,753,409.07	3.61	681,042.23
Total	525,836,990.80	2,561,726,066.70	3,087,563,057.50	33.01	8,935,423.35





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(III) Receivables financing

1. Receivables financing by category

Item	Closing balance	Balance at the end of the previous year
Bank acceptance notes	3,840,258.02	3,122,144.00
Total	3,840,258.02	3,122,144.00

(IV) 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	23,695,148.31	87.16	32,717,974.08	100.00
1 to 2 years	3,491,932.77	12.84		
Total	27,187,081.08	100.00	32,717,974.08	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 RMB8,795,236.56, representing 32.35% of the total balance of advances as at the end of the period.





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(V) Other receivables

Item	Closing balance	Balance at the end of the previous year
Interests receivable		
Dividends receivable		
Other receivables	44,856,695.09	39,382,637.73
Total	44,856,695.09	39,382,637.73

1. Other receivables

(1) Disclosed by aging

Aging	Closing balance	Balance at the end of the previous year
Within 1 year	28,797,711.85	10,956,672.18
1 to 2 years	1,304,817.80	12,669,145.53
2 to 3 years	1,608,320.71	4,133,631.61
Over 3 years	36,175,742.45	33,864,343.75
Sub-total	67,886,592.81	61,623,793.07
Less: provision for bad debts	23,029,897.72	22,241,155.34
Total	44,856,695.09	39,382,637.73





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(V) Other receivables (Continued)

1. Other receivables (Continued)

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

Category	Book balance		Closing balance			Book balance		Balance at the end of the previous year		
	Amount	Proportion (%)	Allowance for bad debts		Carrying amount	Amount	Proportion (%)	Allowance for bad debts		
			Amount	Proportion ratio (%)				Amount	Proportion ratio (%)	
Provision for bad debts on an individual basis	18,750,678.21	27.62	18,750,678.21	100.00		18,750,678.21	30.43	18,750,678.21	100.00	
Including:										
Receivable current accounts of former shareholders	12,961,261.85	19.09	12,961,261.85	100.00		12,961,261.85	21.03	12,961,261.85	100.00	
Others	5,789,416.36	8.53	5,789,416.36	100.00		5,789,416.36	9.39	5,789,416.36	100.00	
Total provision for bad debts on credit risk characteristic group basis	49,135,914.60	72.38	4,279,219.51	8.71	44,856,695.09	42,873,114.86	69.57	3,490,477.13	8.14	39,382,637.73
Including:										
VAT refunds receivable and other tax refunds receivable	17,144,447.45	25.25			17,144,447.45	4,136,220.69	6.71			4,136,220.69
Others	31,991,467.15	47.13	4,279,219.51	13.38	27,712,247.64	38,736,894.17	62.86	3,490,477.13	9.01	35,246,417.04
Total	67,886,592.81	100.00	23,029,897.72	33.92	44,856,695.09	61,623,793.07	100.00	22,241,155.34	36.09	39,382,637.73





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(V) Other receivables (Continued)

1. Other receivables (Continued)

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

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

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

Items for which allowance is made on group basis:

Name	Closing balance		
	Other receivables	Allowance for bad debts	Proportion ratio (%)
VAT refunds receivable and other tax refunds receivable	17,144,447.45		
Other	31,991,467.15	4,279,219.51	13.38
Total	49,135,914.60	4,279,219.51	8.71





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(V) Other receivables (Continued)

1. Other receivables (Continued)

(3) Allowance for bad debts

Allowance for bad debts	Stage 1 ECL for the following 12 months	Stage 2 Lifetime ECL (without credit impairment)	Stage 3 Lifetime ECL (with credit impairment)	Total
Balance at the end of last year	3,490,477.13		18,750,678.21	22,241,155.34
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	788,742.38			788,742.38
Reversed in the period				
Charged off in the period				
Written off in the period				
Other changes				
Closing balance	4,279,219.51		18,750,678.21	23,029,897.72

(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 Other changes	
Provision for bad debts on an individual basis	18,750,678.21				18,750,678.21
Total provision for bad debts on credit risk characteristic group basis					
VAT refunds receivable and other tax refunds receivable					
Others	3,490,477.13	788,742.38			4,279,219.51
Total	22,241,155.34	788,742.38			23,029,897.72

There were no significant allowances for bad debts reversed or recovered during the period.





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(V) Other receivables (Continued)

1. Other receivables (Continued)

(5) *Written-off of other receivables during the period*
No other receivables were written off during the 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	23,399,118.20
Receivable current accounts of former shareholders	12,961,261.85	12,961,261.85
VAT refunds receivable and other tax refunds receivable	17,144,447.45	4,136,220.69
Others	25,230,668.51	21,127,192.33
Total	67,886,592.81	61,623,793.07

(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	18.49	1,255,021.50
Heping Tax Sub-bureau of Shantou Chaoyang District Tax Bureau of the State Administration of Taxation	VAT refunds receivable and other tax refunds receivable	8,168,106.67	Within 1 year	12.03	-
Shenzhen Hanyang Holdings Company	Receivable current accounts of former shareholders	6,988,073.50	Over 3 years	10.29	6,988,073.50
Xixiu District Environmental Health Management Office of Anshun City	Receivable advance payments made for others	5,805,969.76	Within 1 year	8.55	290,298.49
Dynagreen Environment Investment Limited	Receivable current accounts of former shareholders	5,160,600.00	Over 3 years	7.60	5,160,600.00
Total		38,672,964.93		56.97	13,693,993.49





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VI) 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	49,795,449.07		49,795,449.07	62,734,783.04		62,734,783.04
Total	49,795,449.07		49,795,449.07	62,734,783.04		62,734,783.04

(VII) 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	212,419,196.31	1,537,602.04	210,881,594.27	260,662,319.31	1,886,838.79	258,775,480.52
PPP project construction services	6,532,020,545.69	50,530,020.09	6,481,490,525.60	6,657,460,191.77	53,034,155.84	6,604,426,035.93
Sub-total	6,744,439,742.00	52,067,622.13	6,692,372,119.87	6,918,122,511.08	54,920,994.63	6,863,201,516.45
Less: Contract assets included in other non-current assets	6,370,918,642.43	49,510,617.52	6,321,408,024.91	6,508,258,817.36	52,026,390.56	6,456,232,426.80
Total	373,521,099.57	2,557,004.61	370,964,094.96	409,863,693.72	2,894,604.07	406,969,089.65





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VII) Contract assets (Continued)

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

Category	Book balance		Closing balance Provision for impairment		Carrying amount	Balance at the end of the previous year		Provision for impairment		Carrying amount
	Amount	Proportion (%)	Amount	Proportion ratio (%)		Amount	Proportion (%)	Provision for impairment		
								Amount	Proportion ratio (%)	
Provision for impairment on individual basis										
Provision for impairment on credit risk characteristic s portfolio	6,744,439,742.00	100.00	52,067,622.13	0.77	6,692,372,119.87	6,918,122,511.08	100.00	54,920,994.63	0.79	6,863,201,516.45
Total	6,744,439,742.00	100.00	52,067,622.13	0.77	6,692,372,119.87	6,918,122,511.08	100.00	54,920,994.63	0.79	6,863,201,516.45

Provision for impairment on credit risk characteristics portfolio:

Items for which allowance is made on group basis:

Name	Book balance	Closing balance Provision for impairment	Proportion ratio (%)
Contract assets generated by electricity sales contract	212,419,196.31	1,537,602.04	0.72
PPP project construction services	6,532,020,545.69	50,530,020.09	0.77
Total	6,744,439,742.00	52,067,622.13	0.77





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(VII) 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 Other changes	
Contract assets generated by electricity sales contract	1,886,838.79	-349,236.75			1,537,602.04
PPP project construction services	53,034,155.84	-2,504,135.75			50,530,020.09
Total	54,920,994.63	-2,853,372.50			52,067,622.13

4. Contract assets actually written off during the period

No contract assets were actually written off during the period.

(VIII) 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	53,508,848.34
Total	46,454,709.89	53,508,848.34

(IX) Other current assets

Item	Closing balance	Balance at the end of the previous year
Input VAT to be deducted and others	200,537,444.73	257,143,592.87
Total	200,537,444.73	257,143,592.87





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(X) 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	19,850,216.64	53,508,848.34
Performance bond	36,000,000.00	107,065.90	35,892,934.10	36,000,000.00	107,065.90	35,892,934.10
Sub-total	109,359,064.98	27,011,420.99	82,347,643.99	109,359,064.98	19,957,282.54	89,401,782.44
Less: Due within one year	73,359,064.98	26,904,355.09	46,454,709.89	73,359,064.98	19,850,216.64	53,508,848.34
Total	36,000,000.00	107,065.90	35,892,934.10	36,000,000.00	107,065.90	35,892,934.10

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

Category	Book balance		Closing balance			Book balance		Balance at the end of the previous year			Carrying amount
	Amount	Proportion (%)	Amount	Proportion ratio (%)	Amount	Proportion (%)	Amount	Proportion ratio (%)	Amount		
										Allowance for bad debts	
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	27,011,420.99	24.70	82,347,643.99	109,359,064.98	100.00	19,957,282.54	18.25	89,401,782.44	
Total	109,359,064.98	100.00	27,011,420.99	24.70	82,347,643.99	109,359,064.98	100.00	19,957,282.54	18.25	89,401,782.44	





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(X) Long-term receivables (Continued)

2. Long-term receivables 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	Closing balance		Proportion ratio (%)
	Long-term receivables	Allowance for bad debts	
Receivables of BT projects	73,359,064.98	26,904,355.09	36.67
Performance bond	36,000,000.00	107,065.90	0.30
Total	109,359,064.98	27,011,420.99	24.70

3. Provision for bad debts of long-term receivables

Category	Balance at the end of the previous year	Changes in the period			Closing balance
		Provision	Recovered or reversed	Charged off or written off Other changes	
Receivables of BT projects	19,850,216.64	7,054,138.45			26,904,355.09
Performance bond	107,065.90				107,065.90
Total	19,957,282.54	7,054,138.45			27,011,420.99

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

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

(XI) Fixed assets

1. Fixed assets and disposal of fixed assets

Item	Closing balance	Balance at the end of the previous year
Fixed assets	255,311,964.44	328,924,572.85
Disposal of fixed assets		
Total	255,311,964.44	328,924,572.85





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XI) Fixed assets (Continued)

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	231,624,878.49	104,813,866.42	32,729,125.53	45,255,651.43	414,423,521.87
(2) Increase in the period		940,632.12	7,385,142.93	922,643.71	9,248,418.76
– Purchase		940,632.12	7,385,142.93	922,643.71	9,248,418.76
– Transferred from construction in progress					
(3) Decrease in the period	35,868.11		815,616.15	459,205.78	1,310,690.04
– Disposal or retirement			815,616.15	459,205.78	1,274,821.93
– Others	35,868.11				35,868.11
(4) Closing balance	231,589,010.38	105,754,498.54	39,298,652.31	45,719,089.36	422,361,250.59
2. Accumulated depreciation					
(1) Balance at the end of the previous year	15,228,722.58	21,252,276.20	19,317,796.61	29,700,153.63	85,498,949.02
(2) Increase in the period	4,002,010.72	6,941,242.68	3,590,469.07	4,639,600.90	19,173,323.37
– Provision	4,002,010.72	6,941,242.68	3,590,469.07	4,639,600.90	19,173,323.37
(3) Decrease in the period			770,738.39	426,401.13	1,197,139.52
– Disposal or retirement			770,738.39	426,401.13	1,197,139.52
(4) Closing balance	19,230,733.30	28,193,518.88	22,137,527.29	33,913,353.40	103,475,132.87
3. Provision for impairment					
(1) Balance at the end of the previous year					
(2) Increase in the period	46,424,851.10	17,149,302.18			63,574,153.28
– Provision	46,424,851.10	17,149,302.18			63,574,153.28
(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	165,933,425.98	60,411,677.48	17,161,125.02	11,805,735.96	255,311,964.44
(2) Carrying amount at the end of the previous year	216,396,155.91	83,561,590.22	13,411,328.92	15,555,497.80	328,924,572.85





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XI) Fixed assets (Continued)

3. Fixed assets with pending certificates of ownership

Item	Carrying amount	Reasons for not obtaining certificates of ownership
Dongguan Company	12,953,917.93	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 31 December 2024, the long-term asset group comprising each 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 impairment of asset group of Huludao hazardous waste treatment project was RMB129,354,800 (impairment of fixed assets of RMB63,574,200 and the impairment of intangible assets of RMB65,780,700).

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.

In 2024 and 2023, the key assumptions used by the Group in applying the discounted future cash flow method are as follows:

Item	2024	2023
Compound income growth rate	2.56%	1.82%
EBIT margin	-35.99% -24.46%	-6.81% -29.05%
Pre-tax discount rate	8.55%	9.01%





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XII) 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	1,542,278.08		1,542,278.08	917,164.63		917,164.63
Construction materials						
Total	1,542,278.08		1,542,278.08	917,164.63		917,164.63



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XIII) 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	1,993,096.23	1,517,339.19	1,681,228.25	5,191,663.67
(2) Increase in the period	6,399,512.16	254,719.00		6,654,231.16
(3) Decrease in the period	602,694.21	137,630.43		740,324.64
(4) Closing balance	7,789,914.18	1,634,427.76	1,681,228.25	11,105,570.19
2. Accumulated depreciation				
(1) Balance at the end of the previous year	1,175,051.06	259,557.12	218,789.00	1,653,397.18
(2) Increase in the period	2,107,261.69	744,117.26	59,853.72	2,911,232.67
(3) Decrease in the period	602,694.21	137,630.43		740,324.64
(4) Closing balance	2,679,618.54	866,043.95	278,642.72	3,824,305.21
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	5,110,295.64	768,383.81	1,402,585.53	7,281,264.98
(2) Carrying amount at the end of the previous year	818,045.17	1,257,782.07	1,462,439.25	3,538,266.49





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XIV) Intangible assets

1. Intangible assets

Item	BOT				Total
	concession rights	Land use rights	Software	Others	
1. Original carrying amount					
(1) Balance at the end of the previous year	13,351,257,238.79	71,446,558.44	4,083,522.38	6,529,123.58	13,433,316,443.19
(2) Increase in the period	94,334,941.80		2,428,794.70		96,763,736.50
(3) Decrease in the period					
(4) Closing balance	13,445,592,180.59	71,446,558.44	6,512,317.08	6,529,123.58	13,530,080,179.69
2. Accumulated amortisation					
(1) Balance at the end of the previous year	1,994,774,069.73	7,489,360.81	2,033,493.68	3,396,442.65	2,007,693,366.87
(2) Increase in the period	485,018,538.00	1,428,931.20	524,437.55		486,971,906.75
(3) Decrease in the period					
(4) Closing balance	2,479,792,607.73	8,918,292.01	2,557,931.23	3,396,442.65	2,494,665,273.62
3. Provision for impairment					
(1) Balance at the end of the previous year	306,931,404.23			3,132,680.93	310,064,085.16
(2) Increase in the period	51,220,035.95	14,560,635.29			65,780,671.24
(3) Decrease in the period					
(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	10,607,648,132.68	47,967,631.14	3,954,385.85		10,659,570,149.67
(2) Carrying amount at the end of the previous year	11,049,551,764.83	63,957,197.63	2,050,028.70		11,115,558,991.16





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XIV) Intangible assets (Continued)

2. Impairment test of intangible assets

In 2024, Laizhou Company, a subsidiary of the Company, showed signs of impairment due to two 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	2024 Laizhou Company	2023 Laizhou Company
Compound income growth rate	1.05%	1.84%
EBIT margin	37.35%	33.30%
Pre-tax discount rate	8.56%	9.90%

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





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XV) 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				

(XVI) 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	6,147,345.30		2,200,639.58	11,228.07	3,935,477.65
Total	6,147,345.30		2,200,639.58	11,228.07	3,935,477.65





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XVII) Deferred tax assets and deferred tax liabilities

1. Deferred tax assets before offsetting

Item	Closing balance		Balance at the end of the previous year	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Deferred income	2,454,140.99	9,816,565.23	2,553,417.04	10,213,669.11
Provision for impairment	30,078,942.24	183,778,782.97	22,456,284.42	157,601,726.81
Unrealised profits	246,630,375.73	1,048,105,395.79	255,680,729.90	1,022,722,918.95
Deductible losses	18,247,234.28	72,988,937.10	20,803,641.17	83,214,564.72
Total	297,410,693.24	1,314,689,681.09	301,494,072.53	1,273,752,879.59

2. Deferred tax liabilities before offsetting

Item	Closing balance		Balance at the end of the previous year	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
Temporary difference from concession rights and contract assets	505,607,987.14	2,022,379,811.85	486,093,050.84	1,944,372,203.36
PRC withholding tax on dividends			25,750,852.11	257,508,521.10
Asset revaluation gain from business combination not under common control	34,457,619.99	137,830,480.00	49,090,089.30	196,360,357.20
Total	540,065,607.13	2,160,210,291.85	560,933,992.25	2,398,241,081.66





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

Item	End of the period		End of the previous year	
	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	Amount offset of deferred tax assets or liabilities
Deferred tax assets	250,070,335.93	47,340,357.31	266,527,917.63	34,966,154.90
Deferred tax liabilities	492,725,249.82	47,340,357.31	525,967,837.35	34,966,154.90

4. Breakdown of unrecognised deferred tax assets

Item	Closing balance	Balance at the end of the previous year
Deductible temporary differences	400,000,250.25	319,216,718.51
Deductible losses	198,321,931.57	142,336,618.21
Total	598,322,181.82	461,553,336.72

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

Item	Closing balance	Balance at the end of the previous year	Note
2024		7,542,776.87	
2025	102,014.88	2,267,602.70	
2026	203,778.85	7,998,153.44	
2027	60,650,770.94	44,819,669.43	
2028	75,124,347.18	79,708,415.77	
2029	62,241,019.72		
Total	198,321,931.57	142,336,618.21	





XII. Financial Report (Continued)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XVIII) 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	6,370,918,642.43	49,510,617.52	6,321,408,024.91	6,508,258,817.36	52,026,390.56	6,456,232,426.80
Prepayments for projects and equipment	34,822,935.12		34,822,935.12	49,292,170.97		49,292,170.97
Input VAT to be deducted	295,313,509.87		295,313,509.87	409,144,286.17		409,144,286.17
Others				1,515,453.32		1,515,453.32
Total	6,701,055,087.42	49,510,617.52	6,651,544,469.90	6,968,210,727.82	52,026,390.56	6,916,184,337.26

(XIX) Assets with restricted ownerships or right to use

Item	Carrying amount	End of the period		Carrying amount	End of the previous year	
		Restricted type	Restricted situation		Restricted type	Restricted situation
Cash at bank and on hand				2,039,180.00	Deposit for letter of guarantee	Used for issuing performance bond
Accounts receivables	1,733,445,921.40	Pledge	Used for pledged borrowings	1,319,752,710.62	Pledge	Used for pledged borrowings
Contract assets	297,894,159.93	Pledge		341,067,032.77	Pledge	
Other non-current assets	4,154,508,984.18	Pledge		4,007,336,391.53	Pledge	
Intangible assets	5,901,317,945.15	Pledge		5,228,829,544.18	Pledge	
Total	12,087,167,010.66			10,899,024,859.10		



**V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(XX) 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	511,776,315.78	516,440,084.96
Total	545,805,404.65	516,440,084.96

As at 31 December 2024, guaranteed borrowings of RMB34,000,000.00 (31 December 2023: RMB0) represented bank borrowings of subsidiaries guaranteed by the Company of RMB34,000,000.00 (31 December 2023: RMB0).

2. Outstanding overdue short-term borrowings

There were no outstanding overdue short-term borrowings.

(XXI) Accounts payables**1. Presentation of accounts payables**

Item	Closing balance	Balance at the end of the previous year
Payables for engineering, equipment and others	661,561,718.22	1,014,132,043.06
Total	661,561,718.22	1,014,132,043.06

Explanation: As at 31 December 2024 and 31 December 2023, the balance of accounts payable of the Group aged over one year based on their recording dates was RMB303,379,368.50 and RMB345,203,137.56, respectively, which were mainly used as the balance payable for engineering and equipment quality assurance funds, and balances of all remaining accounts payables were aged within 1 year.





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXII) Contract liabilities

1. Contract liabilities

Item	Closing balance	Balance at the end of the previous year
Tariff and waste treatment fees received in advance	1,780,465.71	614,204.13
Total	1,780,465.71	614,204.13

(XXIII) 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	107,810,923.03	492,293,458.69	493,059,181.44	107,045,200.28
Post-employment Benefits – Defined Contribution Plans	2,025,798.00	52,468,776.81	52,343,953.78	2,150,621.03
Termination benefits	47,743.03	2,594,838.89	2,562,581.92	80,000.00
Total	109,884,464.06	547,357,074.39	547,965,717.14	109,275,821.31





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXIII) Employee benefits payable (Continued)

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	104,200,189.88	386,098,150.48	386,203,783.52	104,094,556.84
(2) Staff welfare	486,026.16	30,236,073.68	30,548,982.65	173,117.19
(3) Social insurance	307,380.85	27,317,245.62	27,271,187.48	353,438.99
Including: Medical insurance	272,535.88	24,063,895.12	24,027,763.72	308,667.28
Work injury insurance	18,565.30	2,291,829.08	2,282,167.49	28,226.89
Maternity insurance	16,279.67	961,521.42	961,256.27	16,544.82
(4) Housing funds	132,379.04	40,349,429.98	40,349,898.98	131,910.04
(5) Union running costs and employee education costs	2,683,632.54	7,669,687.82	8,061,143.14	2,292,177.22
(6) Other short-term employee benefits	1,314.56	622,871.11	624,185.67	
Total	107,810,923.03	492,293,458.69	493,059,181.44	107,045,200.28

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	2,011,485.87	50,411,578.67	50,289,446.46	2,133,618.08
Unemployment insurance	14,312.13	2,057,198.14	2,054,507.32	17,002.95
Total	2,025,798.00	52,468,776.81	52,343,953.78	2,150,621.03





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXIV) Taxes payable

Tax item	Closing balance	Balance at the end of the previous year
Enterprise income tax	50,746,255.31	35,733,249.32
Property tax	10,850,976.15	10,554,288.15
VAT	8,817,202.64	6,055,601.55
Urban land use tax	5,365,850.46	4,955,283.52
City maintenance and construction tax	556,823.28	391,618.45
Individual income tax	281,348.15	249,863.24
Others	1,416,151.42	1,267,890.50
Total	78,034,607.41	59,207,794.73





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXV) Other payables

Item	Closing balance	Balance at the end of the previous year
Dividends payable	1,400,000.00	19,600,000.00
Other payables	151,750,819.25	132,750,860.79
Total	153,150,819.25	152,350,860.79

1. Dividends payable

Item	Closing balance	Balance at the end of the previous year
Dividends payable to minority shareholders	1,400,000.00	19,600,000.00
Total	1,400,000.00	19,600,000.00

2. Other payables

(1) Presentation by nature

Item	Closing balance	Balance at the end of the previous year
Deposits and guarantees payable	62,450,280.22	49,082,419.52
Management fee payable to Urban Construction Bureau	25,147,268.22	25,548,102.29
Refund of tariff	25,722,341.44	17,443,927.26
Fees payable	25,541,373.38	25,219,430.06
Payable for purchase of equity	1,234,620.00	1,234,620.00
Others	11,654,935.99	14,222,361.66
Total	151,750,819.25	132,750,860.79

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





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXVI) Current portion of non-current liabilities

Item	Closing balance	Balance at the end of the previous year
Current portion of long-term borrowings	1,082,903,535.74	2,120,325,657.41
Current portion of debentures payable	12,064,461.98	8,017,177.56
Current portion of long-term payables	9,811,153.15	9,184,738.63
Current portion of lease liabilities	3,989,788.05	1,007,511.54
Total	1,108,768,938.92	2,138,535,085.14

(XXVII) Long-term borrowings

Item	Closing balance	Balance at the end of the previous year
Guaranteed and pledged borrowings	7,387,774,009.80	7,597,792,241.77
Unsecured borrowings	1,223,541,542.75	1,556,099,444.44
Sub-total	8,611,315,552.55	9,153,891,686.21
Less: Current portion of long-term borrowings	1,082,903,535.74	2,120,325,657.41
Including: Guaranteed and pledged borrowings	825,512,992.99	886,226,212.97
Unsecured borrowings	257,390,542.75	1,234,099,444.44
Total	7,528,412,016.81	7,033,566,028.80





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXVII) Long-term borrowings (Continued)

As at 31 December 2024, pledged borrowings of RMB6,562,753,659.04 (31 December 2023: RMB6,228,813,359.22) 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 31 December 2024, pledged borrowings of RMB95,000,000.00 (31 December 2023: RMB0) 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 31 December 2024, the Group's guaranteed borrowings of RMB719,890,804.94 (31 December 2023: RMB1,359,036,492.89) included the bank borrowings of RMB719,890,804.94 (31 December 2023: 1,357,366,941.71) from subsidiaries only guaranteed by the Company.

Explanations on classification of long-term borrowings:

Other explanations including the range of interest rate: as at 31 December 2024, the Group had no overdue long-term borrowings and the range of interest rate was from 2.60% to 4.30%.

(XXVIII) Debentures payable

1. Details of debentures payable

Item	Closing balance	Balance at the end of the previous year
Convertible bonds	2,354,143,208.17	2,275,489,512.51
Total	2,354,143,208.17	2,275,489,512.51





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXVIII) Debentures payable (Continued)

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 during the year	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	2,275,489,512.51		13,486,860.42	78,672,377.17	18,681.51	1,422,398.44	12,064,461.98	2,354,143,208.17	No
Total					2,360,000,000.00	2,275,489,512.51		13,486,860.42	78,672,377.17	18,681.51	1,422,398.44	12,064,461.98	2,354,143,208.17	

3. Explanations on convertible corporate bonds

The Company publicly issued convertible debentures totalling RMB2.36 billion on 25 February 2022. The convertible debentures have a term of six years, with a nominal interest rate of 0.20% for the first year, and thereafter it will be gradually increased to 2.00% over the remaining years. Holders of the convertible debentures can exercise the right to convert the convertible debentures into stocks of the Company at the current conversion price during the conversion period. Within five trading days after the expiration of the conversion period, the Company will redeem all the convertible debentures that have not been converted at 109% of the par value of such convertible debentures (including the final 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 debentures at par value of the convertible debentures plus the current accrued interest. During the last two interest bearing years of the convertible debentures issued, where the closing price of the Company's shares is lower than 70% (excluding 70%) of the current conversion price in any 30 consecutive trading days, holders of the convertible debentures shall have the right to sell all or part of the convertible debentures back to the Company at par value plus the current accrued interest.

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





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXVIII) Debentures payable (Continued)

3. Explanations on convertible corporate bonds (Continued)

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

On 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.

In the year, convertible bonds with a total par value of RMB19,000.00 have been converted into shares. As a result, the Company's share capital increased by RMB1,991.00 and the capital reserve increased by RMB18,494.11.

As at 31 December 2024, convertible bonds with a total par value of RMB124,000.00 have been converted into shares. As a result, the Company's share capital increased by RMB12,725.00 and the capital reserve increased by RMB115,053.30.





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXIX) Lease liabilities

Item	Closing balance	Balance at the end of the previous year
Lease liabilities	7,511,712.37	3,582,802.18
Less: Reclassification to current portion of non-current liabilities	3,989,788.05	1,007,511.54
Total	3,521,924.32	2,575,290.64

(XXX) Long-term payables

Item	Closing balance	Balance at the end of the previous year
Long-term payables for leachate treatment stations	246,923,128.75	256,107,867.65
Less: Current portion of long-term payables	9,811,153.15	9,184,738.63
Total	237,111,975.60	246,923,129.02

(XXXI) Estimated liabilities

Item	Balance at the end of the previous year	Increase in the period	Decrease in the period	Closing balance	Reason
Decommissioning costs of hazardous waste landfill	13,658,690.52	614,641.08		14,273,331.60	
Total	13,658,690.52	614,641.08		14,273,331.60	

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)

(XXXII) Deferred income

Item	Balance at the end of the previous year	Increase in the period	Decrease in the period	Closing balance
Government grants	173,963,722.30	4,500,000.00	7,046,701.63	171,417,020.67
Total	173,963,722.30	4,500,000.00	7,046,701.63	171,417,020.67

(XXXIII) Share capital

Item	Balance at the end of the previous year	Increase (+) or (-) in the period				Sub-total	Closing balance
		New issue	Bonus issue	Shares converted from reserves	Others		
RMB ordinary shares	989,090,942.00				1,991.00	1,991.00	989,092,933.00
Overseas listed foreign shares	404,359,792.00						404,359,792.00
Total	1,393,450,734.00				1,991.00	1,991.00	1,393,452,725.00

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





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXIV) Other equity instruments

Item	Opening balance	Increase in the year	Conversion during the year	Others	Closing balance
Convertible bonds	217,559,203.01		1,751.61		217,557,451.40
Total	217,559,203.01		1,751.61		217,557,451.40

(XXXV) 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)	2,412,236,299.22	18,494.11	417,100.00	2,411,837,693.33
Other capital surplus	271,165.70			271,165.70
Total	2,412,507,464.92	18,494.11	417,100.00	2,412,108,859.03

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 (XXVIII).
- (2) The decrease in capital surplus for the period was due to the purchase of minority interests.





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XXXVI) 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: Amount transferred to retained profit for the period for those previously included in other comprehensive income	
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)

(XXXVII) Special reserve

Item	Balance at the end of the previous year	Increase in the period	Decrease in the period	Closing balance
Safety production expenses	16,667,067.53	47,208,549.15	38,151,984.22	25,723,632.46
Total	16,667,067.53	47,208,549.15	38,151,984.22	25,723,632.46

(XXXVIII) 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

(XXXIX) Undistributed profits

Item	Amount for the period	Amount for the previous period
Undistributed profits at end of last year before adjustment	3,424,837,011.73	3,063,822,504.78
Adjustment for undistributed profits at beginning of year ("+" for plus; "-" for less)		
Undistributed profits at beginning of year after adjustment	3,424,837,011.73	3,063,822,504.78
Increase in the period	585,082,147.27	629,281,357.74
Including: Net profit for the period	585,082,147.27	629,281,357.74
Decrease in the period	348,362,969.50	268,266,850.79
Including: Appropriation of statutory surplus reserve		101,052,837.59
Dividends payable on ordinary shares	348,362,969.50	167,214,013.20
Undistributed profits at end of period	3,661,556,189.50	3,424,837,011.73

In accordance with the resolution at the shareholders' meeting, dated 29 April 2024, the Company proposed a cash dividend to the shareholders at RMB0.15 per share, amounting to approximately RMB209,017,800 calculated by approximately 1,393,451,900 issued shares.

In accordance with the resolution at the 2024 second extraordinary general meeting convened on 20 September 2024, the Company proposed a cash dividend to the shareholders at RMB0.1 per share, amounting to approximately RMB139,345,200 calculated by approximately 1,393,452,000 issued shares.





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XL) 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	3,301,064,084.61	1,852,508,366.78	3,901,188,741.67	2,428,844,692.10
Other businesses	97,508,188.05	1,907,249.10	54,359,769.94	2,953,616.82
Total	3,398,572,272.66	1,854,415,615.88	3,955,548,511.61	2,431,798,308.92

Presentation of revenue from principal businesses:

Item	2024		2023	
	Revenue	Costs	Revenue	Costs
Waste treatment, power generation and steam supply business	2,764,652,482.95	1,741,746,946.66	2,607,650,756.29	1,621,544,434.00
Construction services	37,326,307.19	34,296,190.96	815,496,845.88	748,474,510.63
Interest income from PPP projects	397,203,881.14		395,987,209.22	
Others	101,881,413.33	76,465,229.16	82,053,930.28	58,825,747.47
Total	3,301,064,084.61	1,852,508,366.78	3,901,188,741.67	2,428,844,692.10

Revenue and cost of sale from other operations:

Item	2024		2023	
	Revenue	Costs	Revenue	Costs
Revenue from sludge and others	97,508,188.05	1,907,249.10	54,359,769.94	2,953,616.82
Total	97,508,188.05	1,907,249.10	54,359,769.94	2,953,616.82





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XL) 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	2024					Total
	Waste treatment fees	Revenue from power generation and steam supply	Revenue from construction services	Revenue from sludge and others	Interest income	
Revenue from main operations	502,096,152.17	2,262,556,330.78	37,326,307.19	101,881,413.33	397,203,881.14	3,301,064,084.61
Including: Recognised at a point in time		2,262,556,330.78		101,881,413.33		2,364,437,744.11
Recognised over a period of time	502,096,152.17		37,326,307.19			539,422,459.36
Interest income from PPP projects					397,203,881.14	397,203,881.14
Revenue from other operations				97,508,188.05		97,508,188.05
Total	502,096,152.17	2,262,556,330.78	37,326,307.19	199,389,601.38	397,203,881.14	3,398,572,272.66
	2023					
Revenue from main operations	482,499,966.76	2,125,150,789.53	815,496,845.88	82,053,930.28	395,987,209.22	3,901,188,741.67
Including: Recognised at a point in time		2,125,150,789.53		82,053,930.28		2,207,204,719.81
Recognised over a period of time	482,499,966.76		815,496,845.88			1,297,996,812.64
Interest income from PPP projects					395,987,209.22	395,987,209.22
Revenue from other operations				54,359,769.94		54,359,769.94
Total	482,499,966.76	2,125,150,789.53	815,496,845.88	136,413,700.22	395,987,209.22	3,955,548,511.61





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLI) Taxes and surcharges

Item	Amount for the period	Amount for the previous period
Property tax	44,556,388.89	39,767,051.58
Land use tax	12,228,071.35	12,594,524.49
City maintenance and construction tax	5,895,930.28	5,416,465.11
Educational surcharge (including local)	4,514,318.33	4,071,581.55
Others	4,252,985.77	3,679,146.65
Total	71,447,694.62	65,528,769.38

(XLII) Selling expenses

Item	Amount for the period	Amount for the previous period
Employee benefits	1,161,399.87	1,208,506.37
Depreciation and amortisation	7,172.54	7,798.83
Others	147,093.96	177,738.32
Total	1,315,666.37	1,394,043.52



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLIII) General and administrative expenses

Item	Amount for the period	Amount for the previous period
Employee benefits	149,464,318.64	132,639,331.54
External labour costs	17,586,306.67	17,443,571.44
Depreciation and amortisation	7,529,807.98	8,306,897.47
Professional fees	5,099,733.96	6,726,310.22
Auditor's fees	2,892,981.04	3,484,716.98
Including: Audit fees	2,746,754.63	3,297,169.81
Non-audit services	146,226.41	187,547.17
General office and communication expenses	4,143,701.53	3,939,305.90
Transportation expenses	5,725,866.69	5,805,545.92
Business entertainment expenses	4,821,906.18	3,582,984.26
Utilities and leasing expenses	3,663,090.99	4,370,400.50
Others	31,936,720.90	29,562,828.59
Total	232,864,434.58	215,861,892.82

Note: The auditor's fees for the period included interim review fee of RMB849,056.60 paid to PricewaterhouseCoopers Zhong Tian LLP.

(XLIV) Research and development expenses

Item	Amount for the period	Amount for the previous period
Employee benefits	6,333,539.80	6,623,713.36
Depreciation and amortisation	108,297.14	139,534.81
Utilities and leasing expenses	45,601.74	46,753.50
Travel expenses	345,759.98	365,529.86
Professional fees	157,512.26	69,802.82
Others	106,701.97	127,401.43
Total	7,097,412.89	7,372,735.78





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLV) Financial capitalisation

Item	Amount for the period	Amount for the previous period
Interest expenses	453,655,075.70	505,877,510.59
Interest costs on lease liabilities	290,981.02	144,110.64
Less: Interest capitalisation	260,029.72	20,963,256.12
Net interest expenses	453,395,045.98	484,914,254.47
Less: Interest income	8,597,630.34	13,595,203.93
Exchange gains or losses	999,257.95	295,802.97
Handling fees and others	1,756,865.50	1,336,881.57
Total	447,553,539.09	472,951,735.08

(XLVI) Other income

Item	Amount for the period	Amount for the previous period
VAT refund income	80,193,728.32	59,854,030.23
Additional deduction of input tax		53,025.37
Handling fee for withholding individual income tax	264,196.41	315,883.17
Amortisation of deferred income	7,046,701.63	6,032,084.46
Others	4,284,855.08	6,028,661.69
Total	91,789,481.44	72,283,684.92

(XLVII) Credit impairment losses

Item	Amount for the period	Amount for the previous period
Losses on bad debts of accounts receivables	-37,332,094.94	-24,358,963.99
Losses on bad debts of other receivables	-788,742.38	-958,348.49
Losses on bad debts of long-term receivables	-7,054,138.45	-10,045,923.39
Total	-45,174,975.77	-35,363,235.87





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(XLVIII) Impairment losses on assets

Item	Amount for the period	Amount for the previous period
Impairment losses on contract assets	2,853,372.52	31,438,262.22
Impairment losses on fixed assets	-63,574,153.28	
Impairment losses on intangible assets	-65,780,671.24	-25,575,645.03
Impairment losses on goodwill		-33,724,983.41
Total	-126,501,452.00	-27,862,366.22

(XLIX) Gains on disposal of assets

Item	Amount for the period	Amount for the previous period
Gains on disposal of fixed assets (loss is represented by “-”)	5,936.38	-132,743.67
Gains on disposal of other non-current assets (loss is represented by “-”)		4,485,464.30
Total	5,936.38	4,352,720.63

(L) Non-operating income

Item	Amount for the period	Amount for the previous period
Gains on destroy or scrap of non-current assets	2,116.98	1,991.24
Others	2,663,025.98	3,820,660.40
Total	2,665,142.96	3,822,651.64

(LI) Non-operating expenses

Item	Amount for the period	Amount for the previous period
Losses on destroy or scrap of non-current assets	4,555.82	46,339.55
Others	517,969.13	742,081.71
Total	522,524.95	788,421.26





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LII) 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	122,181,159.09	111,518,793.63
Deferred income tax expenses	-16,785,005.80	2,095,616.99
Total	105,396,153.29	113,614,410.62

2. Adjustment of accounting profit and income tax expenses

Item	Amount for the period
Total profit	706,139,517.29
Enterprise income tax calculated based on the statutory tax rate	176,534,879.07
Effect of change in the tax rates and preferential tax rates	-100,907,293.03
Non-deductible expenses	40,009,452.41
Effect of temporary differences for which no deferred tax assets were recognised	17,624,292.32
Effect of tax losses for which no deferred tax assets was recognized	15,560,254.93
Reversal and utilisation of tax losses for which deferred tax assets were recognised in prior years	9,786,280.00
Recognition of tax losses and other temporary differences for which no deferred tax assets were recognised in prior years	-137,643.68
Utilisation of tax losses of deferred tax assets not recognised of previous years	-4,463,403.12
Credit for investment in special equipment	-20,274,380.94
Reconciliation of filing difference	533,037.05
PRC withholding tax on dividends	-25,750,852.11
Non-taxable income	-1,628,050.26
Additional deduction on research and development expenses	-1,712,485.80
Others	222,066.45
Income tax expenses	105,396,153.29





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LIII) 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	585,082,147.27	629,281,357.74
Weighted average number of ordinary shares in issue of the Company	1,393,451,723.94	1,393,449,745.62
Basic earnings per share	0.42	0.45
Including: Basic earnings per share relating to continuing operations	0.42	0.45
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)	673,869,708.75	706,725,123.76
Weighted average number of ordinary shares in issue of the Company (diluted)	1,639,273,129.83	1,636,238,297.98
Diluted earnings per share	0.41	0.43
Including: Diluted earnings per share relating to continuing operations	0.41	0.43
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, research and development expenses and financial expenses in income statement classified by nature were set out as follows:

Item	Amount for the period	Amount for the previous period
Construction costs	34,296,190.96	748,474,510.63
Employee benefits	541,424,412.44	500,220,704.10
Depreciation and amortisation expenses	511,210,142.79	467,962,287.68
Environmental protection expenses	256,765,448.66	279,749,822.62
Maintenance expenses	136,508,446.13	132,550,713.87
Fuel expenses	234,044,607.08	152,266,308.00
Materials expenses	79,206,048.28	79,830,150.14
Utilities	27,826,851.34	27,177,611.25
Waste transfer costs	64,259,495.82	51,022,428.90
External labour costs	41,853,478.63	38,009,483.03
Safety production expenses	49,535,623.69	33,028,357.54
Professional fees	5,201,114.14	6,901,773.42
Auditor's fees	2,892,981.04	3,484,716.98
Including: Audit fees	2,746,754.63	3,297,169.81
Non-audit fees	146,226.41	187,547.17
Other expenses	110,668,288.72	135,748,112.88
Total	2,095,693,129.72	2,656,426,981.04

Note: The auditor's fees for the period included interim review fee of RMB849,056.60 paid to PricewaterhouseCoopers Zhong Tian LLP.

(LV) 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	9,754,684.69	31,981,593.36
Refund of income tax	28,079,326.13	10,222,428.28
Deposits	19,912,578.18	26,617,599.44
Others	10,693,351.79	20,213,800.96
Total	68,439,940.79	89,035,422.04





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LV) Statement of cash flows (Continued)

1. Cash relating to operating activities (Continued)

(2) Cash paid relating to other operating activities

Item	Amount for the period	Amount for the previous period
Payment of deposits	6,304,527.91	10,483,044.08
Others	83,732,342.37	74,069,460.78
Total	90,036,870.28	84,552,504.86

2. Cash relating to investing activities

(1) Cash received relating to other investing activities

Item	Amount for the period	Amount for the previous period
Refund of performance bond	2,039,180.00	4,182,004.95
Total	2,039,180.00	4,182,004.95

(2) Cash paid relating to other investing activities

Item	Amount for the period	Amount for the previous period
Payment of performance bond		4,024,484.95
Total		4,024,484.95





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LV) 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.

(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	3,016,301.84	3,008,265.21
Purchase of minority interests	417,100.00	
Total	3,433,401.84	3,008,265.21

(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)	9,670,331,771.17	3,942,104,400.05	344,401,568.66	4,799,716,782.68		9,157,120,957.20
Debentures payable (including those due within one year)	2,283,506,690.07		92,159,237.59	9,439,576.00	18,681.51	2,366,207,670.15
Lease liabilities (including those due within one year)	3,582,802.18		6,945,212.03	3,016,301.84		7,511,712.37
Interests payable	1,300,967.29			1,300,967.29		
Total	11,958,722,230.71	3,942,104,400.05	443,506,018.28	4,813,473,627.81	18,681.51	11,530,840,339.72





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LVI) 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	600,743,364.00	663,471,649.33
Add: Credit impairment losses	45,174,975.77	35,363,235.87
Provision for asset impairment	126,501,452.00	27,862,366.22
Depreciation of fixed assets	19,126,363.82	19,762,663.71
Depreciation of right-of-use assets	2,911,232.67	2,485,298.37
Amortisation of intangible assets	486,971,906.75	444,039,183.47
Amortisation of long-term prepaid expenses	2,200,639.58	1,675,142.13
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain is represented by “-”)	-5,936.38	-4,352,720.63
Losses on scrap of fixed assets (gain is represented by “-”)	2,438.84	44,348.31
Loss on changes in fair value (gain is represented by “-”)		
Financial expenses (gain is represented by “-”)	439,019,267.89	468,249,040.94
Investment losses (gain is represented by “-”)		
Decrease in deferred tax assets (increase is represented by “-”)	16,457,581.70	-35,981,185.79
Increase in deferred tax liabilities (decrease is represented by “-”)	-33,242,587.53	38,076,802.78
Decrease in inventories (increase is represented by “-”)	12,939,333.97	-12,279,056.33
Decrease in operating receivables (increase is represented by “-”)	-266,614,457.72	-700,066,598.36
Increase in operating payables (decrease is represented by “-”)	-23,246,596.78	13,733,972.24
Increase in special reserves	9,531,510.04	15,593,007.67
Net cash flows from operating activities	1,438,470,488.62	977,677,149.93
2. Net changes in cash and cash equivalents		
Closing balance of cash	867,810,323.28	1,032,534,956.93
Less: Opening balance of cash	1,032,534,956.93	1,864,783,293.59
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-164,724,633.65	-832,248,336.66





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LVI) 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	867,810,323.28	1,032,534,956.93
Including: Cash on hand	1,210.00	665.00
Bank deposits readily available for payment	867,809,113.28	1,032,534,291.93
III. Closing balance of cash and cash equivalents	867,810,323.28	1,032,534,956.93

3. Cash at bank and on hand which are not cash and cash equivalents:

Item	Closing balance	Balance at the end of the previous year	Reasons for they are not cash and cash equivalents
Other cash balances		2,039,180.00	Deposits for the purpose of applying to a bank for an unconditional and irrevocable letter of guarantee

(LVII) Foreign currency items

1. Foreign currency items

Item	Closing foreign currency balance	Exchange rate	Closing balance in RMB
Cash at bank and on hand			
Including: USD	285.28	7.19	2,050.71
HKD	865,795.37	0.93	801,761.14
JPY	11.00	0.05	0.51

(LVIII) Leases

1. As lessee

Item	Amount for the period	Amount for the previous period
Interest expenses of lease liabilities	290,981.02	144,110.64
Simplified short-term lease expenses included in the related cost of assets or current profit and loss	2,828,022.91	3,648,650.46
Total cash outflow related to leases	5,844,324.75	6,656,915.67





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LIX) 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.
- (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.





V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(LIX) PPP project contract (Continued)

- (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.
- (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	6,333,539.80	6,623,713.36
Depreciation and amortisation	108,297.14	139,534.81
Utilities and property fees	45,601.74	46,753.50
Travel expenses	345,759.98	365,529.86
Professional fees	157,512.26	69,802.82
Others	106,701.97	127,401.43
Total		
	7,097,412.89	7,372,735.78
Including: Expensed research and development expenditure	7,097,412.89	7,372,735.78
Capitalized research and development expenditure		

VII. CHANGES IN SCOPE OF COMBINATION

(I) Changes in the scope of consolidation due to other reasons

Changes in the scope of consolidation due to other reasons (e.g. establishment of new subsidiaries, liquidation of subsidiaries, etc.) and relevant information:

Deregistration of a subsidiary

In view of the actual situation and the business development arrangement of the Company, the Company deregistered its subsidiary, Qingdao Company on 9 August 2024.

Establishment of a subsidiary

On 27 August 2024, the Company established a new wholly-owned subsidiary, i.e. Wuhan Transfer Company.





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 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
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





XII. 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	
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
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	Biye, Guizhou	Biye, Guizhou	Garbage transfer, waste 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





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	
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
Shuzhou Company	Limited liability company	195.00 million	Shuzhou, Shanxi	Shuzhou, Shanxi	Waste treatment and power generation	98.00		Establishment
Zhanggu 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
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	Investment in environmental protection industry and new energy	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 Company	Limited liability company	225.00 million	Shihui, Guangdong	Shihui, 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 Boneng Environmental Protection Company Limited (Zhangye Company)	Limited liability company	6.00 million	Zhangye, Gansu	Zhangye, Gansu	Garbage transfer		100.00	Business combination not under common control

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		Items recorded in current profit or loss or offsetting relevant costs or losses
		Amount for the period	Amount for the previous period	
Infrastructure subsidies for the Anshun WTE project	33,200,000.00	1,197,574.41	1,185,177.72	Other income
Subsidies for ecological civilisation construction of Zhangjiu	15,290,000.00	549,341.28	549,341.28	Other income
Specific fund for ecological civilisation construction of the Finance Bureau of Hong'an County	30,000,000.00	1,029,383.76	1,029,383.76	Other income
Specific fund for ecological civilisation construction of Shishou	17,780,000.00	596,516.88	596,516.88	Other income
Enshi special financial subsidies	19,100,000.00	711,801.24	711,801.24	Other income
Laizhou ecological civilisation subsidies	17,500,000.00	632,530.08	632,530.08	Other income
Shuozhou City Human Settlement Improvement Award Supplementary Fund	14,340,000.00	527,852.76	395,889.57	Other income
Special fund for pollution control, energy conservation and carbon reduction of Zhangjiu	20,000,000.00	743,034.00	247,678.00	Other income
Special fund for ecological civilization construction of Dengfeng	10,000,000.00	400,849.08	138,447.81	Other income
Others	19,952,750.00	657,818.14	545,318.12	Other income
Total	197,162,750.00	7,046,701.63	6,032,084.46	





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 period	Amount for the previous period
VAT refund income	80,193,728.32	80,193,728.32	59,854,030.23
Additional deduction of input tax			53,025.37
Loan with discounted interest	1,000,000.00	1,000,000.00	
Others	4,284,855.08	4,284,855.08	6,028,661.69
Total	85,478,583.40	85,478,583.40	65,935,717.29

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.





X. RISK RELATING TO FINANCIAL INSTRUMENTS (Continued)

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

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.

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.





X. RISK RELATING TO FINANCIAL INSTRUMENTS (Continued)

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

2. Liquidity risk (Continued)

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

Item	Closing balance				Total
	Within 1 year	1-2 years	2-5 years	Over 5 years	
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

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





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 31 December 2024, 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 RMB32,250,000.00 (31 December 2023: approximately RMB29,776,000.00).

(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 31 December 2024, 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 31 December 2024 and 31 December 2023, 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 31 December 2024 and 31 December 2023, 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
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	4,872,739.88	4,721,446.38
Others	441,410.00	135,739.00
Total	5,314,149.88	4,857,185.38

2. Borrowings from related parties

(1) *Interest expenses*

Borrower	2024	2023
BSAM	23,495,416.67	56,575,000.00
BSAM (HK)		6,961,777.78
Bank of Beijing	14,520,837.57	
Beijing Rural Commercial Bank	14,837,374.01	18,110,488.31
Total	52,853,628.25	81,647,266.09

3. Remuneration of key management

Item	Amount for the period	Amount for the previous period
Remuneration of key management	18,417,029.13	16,590,300.88

4. Other related party transactions

As at 31 December 2014, the deposits with the Bank of Beijing amounted to RMB8,124,990.52 and the deposits with the Rural Commercial Bank of Beijing amounted to RMB1,263,432.08 (2023: RMB13,682,197.67); the interests income from the deposits with the Bank of Beijing amounted to RMB34,235.16 and the interests income from the deposits with the Rural Commercial Bank of Beijing amounted to RMB47,147.48 (2023: RMB135,103.07); handling fees for the transactions with the Bank of Beijing amounted to RMB618.05 and handling fees for the transactions with the Rural Commercial Bank of Beijing amounted to RMB2,300.37 (2023: RMB1,809.00).





XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(IV) Related party transactions (Continued)

5. Remuneration of directors, supervisors and general manager and directors' rights and interests

(a) Remuneration of directors, supervisors and general manager for 2024 is as follows:

Name	Fees	Salary and allowance	Employer's contribution to a retirement benefit scheme	Bonus	Housing funds	Total
Executive Directors:						
QIAO Dewei		888,500.00	46,927.17	1,083,700.00	61,091.28	2,080,218.45
HU Shengyong		532,844.00	50,108.49	957,976.36	61,091.28	1,602,020.13
ZHONG Xia		148,750.00		180,617.00		329,367.00
Non-executive Directors:						
LIU Shuguang						
YUE Peng						
ZHAO Zhixiong						
HU Tianhe						
YAN Chunxu						
TONG Xiangyu						
Independent non-executive Directors						
ZHOU Beihai	80,000.00					
OUYANG Jiejiao	20,000.00					
ZHENG Zhiming	73,500.00					
FU Jie	36,300.00					
XIE Lanjun	60,000.00					
Supervisors						
YU Lijun		178,376.78	24,570.00	28,000.00	24,343.92	255,290.70
YAN Shiwen		174,982.06	24,310.00		23,196.24	222,488.30
TIAN Yingying						
LUO Zhaoguo						
Total	269,800.00	1,923,452.84	145,915.66	2,250,293.36	169,722.72	4,489,384.58





XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(IV) Related party transactions (Continued)

5. Remuneration of directors, supervisors and general manager and directors' rights and interests (Continued)

(a) (Continued)

The remuneration of every Director, Supervisor and general manager for 2023 is set out below:

Name	Fees	Salary and allowance	Employer's contribution to a retirement benefit scheme	Bonus	Housing funds	Total
Executive Directors:						
QIAO Dewei		892,500.00	43,134.84	1,171,700.00	57,659.04	2,164,993.88
HU Shengyong		536,844.00	46,215.90	969,983.00	57,659.04	1,610,701.94
ZHONG Xia		892,500.00	30,363.30	1,317,520.00	37,887.84	2,278,271.14
Non-executive Directors:						
LIU Shuguang						
YUE Peng						
TONG Xiangyu						
CHENG Suning						
LI Lei						
Independent non-executive Directors						
FU Jie	107,196.60					107,196.60
XIE Lanjun	80,000.00					80,000.00
ZHOU Beihai	80,000.00					80,000.00
Supervisors						
LUO Zhaoguo						
YU Lijun		174,320.00	23,400.00	21,500.00	23,803.92	243,023.92
YAN Shiwen		174,920.00	21,840.00	11,375.00	22,711.68	230,846.68
Total	267,196.60	2,671,084.00	164,954.04	3,492,078.00	199,721.52	6,795,034.16

Note: ZHONG Xia resigned as an executive Director and the general manager in February 2024 due to retirement and the chairman Qiao Dewei served as the acting general manager; TONG Xiangyu resigned as a non-executive Director in September 2024 due to work arrangements; YUE Peng resigned as a non-executive Director due to work arrangements; ZHAO Zhixiong was appointed in June 2024, and HU Tianhe and YAN Chunxu were appointed in September 2024. FU Jie resigned as an independent Director upon expiration of the term of office as an independent Director of the Company in April 2024 and XIE Lanjun resigned as an independent non-executive Director upon expiration of the term of office in September 2024; OUYANG Jiejiao and ZHENG Zhiming were appointed in April 2024 and September 2024, respectively. LUO Zhaoguo resigned as a Supervisor due to work arrangements and TIAN Yingying was appointed.





XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(IV) Related party transactions (Continued)

5. Remuneration of directors, supervisors and CEO and directors' rights and interests (Continued)

(b) *Retirement benefits of Directors*

No Directors waived fees in 2024 (2023: nil).

(c) *Termination benefits of Directors and Supervisors*

There was no termination benefit of Directors and Supervisors in 2024 (2023: nil).

(d) *Payment to Directors or Supervisors as an incentive to join the Company*

There was no payment to Directors or Supervisors as an incentive to join the Company in 2024 (2023: nil).

(e) *Consideration paid to a third party for services provided by Directors*

There was no consideration paid to a third party for services provided by Directors in 2024 (2023: nil).

(f) *Loans and quasi-loans granted to Directors, corporations controlled by Directors and connected entities of such Directors and other transactions benefiting such persons*

There were no loans and quasi-loans granted to Directors, corporations controlled by Directors and connected entities of such Directors and other transactions benefiting such persons in 2024 (2023: nil).

(g) *Material interests of Directors in transactions, arrangements or contracts*

There were no material interests of Directors in transactions, arrangements or contracts in 2024 (2023: nil).



**XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)****(IV) Related party transactions (Continued)****6. Five highest paid individuals**

In 2024, the five individuals whose emoluments were the highest in the Group for the year included two Directors (2023: three Directors) directors whose emoluments are reflected in the analysis shown in Note XII(IV) 5. Remuneration of directors, supervisors and general manger and directors' rights and interests; The emoluments to the remaining three Directors (2023: two Directors) highest paid individuals during the year are as follows:

	2024	2023
Salaries, housing fund and other allowances	1,598,532.00	1,189,006.08
Bonus	2,871,162.56	1,841,966.00
Contribution to retirement benefit scheme	150,325.47	92,431.80
Total	4,620,020.03	3,123,403.88

	Number of persons	
	2024	2023
Emolument bands:		
HK\$1,500,000 – HK\$2,000,000	3	2





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	1,130,078.04
Total		2,461,250.08	1,130,078.04

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	BSAM		1,201,705,000.00
	Bank of Beijing	498,464,093.06	
	Beijing Rural Commercial Bank	383,985,973.00	449,087,824.39
Total		882,450,066.06	1,650,792,824.39





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 March 2025, the Board proposed that the Company distribute a cash dividend of RMB0.2 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 31 December 2024, it is proposed to distribute cash dividends of approximately RMB278,690,000. The abovementioned proposal is subject to approval at the Shareholders' general meeting and is not recognised as liabilities in the financial statements.

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 31 December 2024 and 31 December 2023, the gearing ratios of the Group are shown as follows:

	Closing balance	Balance at the end of the previous year
Gearing ratio	61.21%	63.29%





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	57,657,886.09	58,159,655.90
1 to 2 years	41,231,663.30	110,877,456.61
2 to 3 years	110,877,456.61	60,053,904.05
Over 3 years	93,093,454.05	66,852,650.00
Sub-total	302,860,460.05	295,943,666.56
Less: provision for bad debts		
Total	302,860,460.05	295,943,666.56





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

(I) 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		Carrying amount	Carrying amount
	Book balance	Allowance for bad debts	Book balance	Allowance for bad debts		
	Amount	Proportion (%)	Amount	Proportion (%)		
Provision for bad debts on an individual basis						
Total provision for bad debts on credit risk characteristic group basis	302,860,460.05	100.00			302,860,460.05	295,943,666.56
Including:						
Total outsourcing service fees and royalties receivable	302,860,460.05	100.00			302,860,460.05	295,943,666.56
Total	302,860,460.05	100.00			302,860,460.05	295,943,666.56

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
Bobai Company	35,976,000.00		35,976,000.00	11.88	
Jinsha Company	30,821,750.00		30,821,750.00	10.18	
Huizhou Phase II Company	93,992,500.00		93,992,500.00	31.03	
Dengfeng Company	34,960,000.00		34,960,000.00	11.54	
Shuozhou Company	40,903,750.00		40,903,750.00	13.51	
Total	236,654,000.00		236,654,000.00	78.14	





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

(II) Other receivables

Item	Closing balance	Balance at the end of the previous year
Interests receivable	81,492,210.51	56,777,194.46
Dividends receivable	1,256,550,000.00	1,537,650,000.00
Other receivables	540,807,861.82	644,600,728.56
Total	1,878,850,072.33	2,239,027,923.02

1. Interests receivable

Item	Closing balance	Balance at the end of the previous year
Interests on borrowings receivable from subsidiaries	81,492,210.51	56,777,194.46
Total	81,492,210.51	56,777,194.46





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

(II) Other receivables (Continued)

2. Dividends receivable

Item (or Investee)	Closing balance	Balance at the end of the previous year
Dividends receivable aged within 1 year		1,196,900,000.00
Dividends receivable aged over 1 year	1,256,550,000.00	340,750,000.00
Total	1,256,550,000.00	1,537,650,000.00

3. Other receivables

(1) Disclosed by aging

Aging	Closing balance	Balance at the end of the previous year
Within 1 year	234,249,843.05	479,888,958.05
1 to 2 years	166,949,356.84	153,821,863.87
2 to 3 years	132,138,016.27	9,431,355.84
Over 3 years	17,707,253.20	10,767,247.95
Sub-total	551,044,469.36	653,909,425.71
Less: provision for bad debts	10,236,607.54	9,308,697.15
Total	540,807,861.82	644,600,728.56



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		
	Amount	Proportion (%)	Amount	Proportion ratio (%)		Amount	Proportion (%)	Amount	Proportion ratio (%)	
Provision for bad debts on an individual basis	8,641,676.53	1.57	8,641,676.53	100.00			8,641,676.53	1.32	8,641,676.53	100.00
Total provision for bad debts on credit risk characteristic group basis	542,402,792.83	98.43	1,594,931.01	0.29	540,807,861.82	645,267,749.18	98.68	667,020.62	0.10	644,600,728.56
Total	551,044,469.36	100.00	10,236,607.54	1.86	540,807,861.82	653,909,425.71	100.00	9,308,697.15	1.42	644,600,728.56

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

Name	Book balance	Closing balance		Provision basis	Balance at the end of the previous year	
		Allowance for bad debts	Proportion ratio (%)		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			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	535,762,639.78		
Others	6,640,153.05	1,594,931.01	24.02
Total	542,402,792.83	1,594,931.01	0.29

(3) Provision for bad debts

Allowance for bad debts	Stage 1 ECL for the following 12 months	Stage 2 Lifetime ECL (without credit impairment)	Stage 3 Lifetime ECL (with credit impairment)	Total
Balance at the end of the previous year	667,020.62		8,641,676.53	9,308,697.15
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 made during the period	927,910.40			927,910.40
Reversed during the period				
Offset during the period				
Written-off during the period				
Other changes				
Closing balance	1,594,931.01		8,641,676.53	10,236,607.54





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 period			Closing balance
		Provision	Recovered or reversed	Charged off or written off Other changes	
Provision on an individual basis	8,641,676.53				8,641,676.53
Others	667,020.62	927,910.40			1,594,931.01
Total	9,308,697.15	927,910.40			10,236,607.54

(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	535,762,639.78	638,364,421.86
Receivable current accounts of former shareholders	5,973,188.35	5,973,188.35
Others	9,308,641.23	9,571,815.50
Total	551,044,469.36	653,909,425.71





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
Dengfeng Company	Current accounts of subsidiaries within the Group	158,154,087.86	Within 1 year, 1-2 years, 2-3 years	28.70	
Huludao Power Generation Company	Current accounts of subsidiaries within the Group	124,629,173.38	Within 1 year, 1-2 years	22.62	
Shuozhou Company	Current accounts of subsidiaries within the Group	117,226,892.44	Within 1 year, 1-2 years, 2-3 years	21.27	
Jinsha Company	Current accounts of subsidiaries within the Group	40,418,840.07	Within 1 year, 1-2 years, 2-3 years, 3-4 years	7.33	
Wuhan Company	Current accounts of subsidiaries within the Group	31,890,399.29	Within 1 year	5.79	
Total		472,319,393.04		85.71	

(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	6,792,666,753.76	266,759,532.81	6,525,907,220.95
Total	6,767,492,470.17	326,139,358.86	6,441,353,111.31	6,792,666,753.76	266,759,532.81	6,525,907,220.95





XII. 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	Increase in the period	Decrease in the period	Closing balance	Provision for or offset of impairment during the period	Closing balance of provision for impairment
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		
Qingdao Company	63,091,383.59	4,620,173.95		63,091,383.59		-4,620,173.95	
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	106,000,000.00			170,000,000.00	64,000,000.00	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	Increase in the period	Decrease in the period	Closing balance	Provision for or offset of impairment during the period	Closing balance of provision for impairment
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	105,000,000.00		15,000,000.00		120,000,000.00		
Enshi Company	200,000,000.00				200,000,000.00		
Huludao Power Generation Company	110,157,500.00		12,917,100.00		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	6,792,666,753.76	266,759,532.81	37,917,100.00	63,091,383.59	6,767,492,470.17	59,379,826.05	326,139,358.86





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

(III) Long-term equity investments (Continued)

2. Impairment test of long-term equity investments

Item	Balance at the end of the previous year	Increase in the period	Decrease in the period	Closing balance at the end of the year
Qingdao Company	4,620,173.95		4,620,173.95	
Ninghe Company	149,610,235.39			149,610,235.39
Shenzhen Jingxiu	6,529,123.47			6,529,123.47
Huludao Hazardous Waste Company	106,000,000.00	64,000,000.00		170,000,000.00
Total	266,759,532.81	64,000,000.00	4,620,173.95	326,139,358.86

(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	116,798,035.06	10,397,960.14	143,681,326.41	11,849,379.34
Other businesses	9,304,182.86		4,269,077.96	
Total	126,102,217.92	10,397,960.14	147,950,404.37	11,849,379.34

(V) Investment income

Item	Amount for the period	Amount for the previous period
Investment income from long-term equity investments under cost method	10,802,646.51	1,196,900,000.00
Investment income from disposals of long-term equity investments	4,443,717.60	
Interest income	39,933,614.64	38,213,223.37
Total	55,179,978.75	1,235,113,223.37





XVII. SUPPLEMENTAL INFORMATION

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

Unit: RMB

Item	Amount	Note
Gains and losses from disposal of non-current assets, including the written-off portion of the asset impairment provision	3,497.54	
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	5,284,855.08	
Other non-operating income and expenses apart from the aforesaid items	2,145,056.85	
Other gain or loss items meeting the definition of non-recurring gains or losses	264,196.41	
Sub-total	7,697,605.88	
Effect of income tax	-1,081,243.85	
Effect of non-controlling interests (after tax)	-134,535.80	
Total	6,481,826.23	

(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	7.32	0.42	0.41
Net profit attributable to holders of ordinary shares of the Company after deducting non-recurring profit or loss items	7.24	0.42	0.41





XIII. Five-Year Operations Highlights

Unit: RMB'000

Year	2024	2023	2022	2021	2020
Results					
Operating income	3,398,572	3,955,549	4,567,118	5,056,889	2,277,619
Gross profit	1,544,157	1,523,750	1,569,998	1,731,716	1,309,943
Gross profit margin	45.44%	38.52%	34.38%	34.24%	57.51%
Net profit attributable to shareholders of the parent company	585,082	629,281	744,767	697,786	503,386
Financial position					
Total assets	21,988,773	22,537,266	22,677,440	20,214,466	17,446,071
Total liabilities	13,459,983	14,263,309	14,864,161	13,296,885	11,665,793

Chairman: QIAO Dewei

Date of approval by the Board for submission: 28 March 2025

Amendments

Applicable Not applicable





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