



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



2021
Annual Report



Important Notice

I. The board of directors, the supervisory committee and the directors, 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.

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	Li Lei	Business engagements	Qiao Dewei
Director	Liu Shu guang	Business engagements	Zhong Xia

III. KPMG Huazhen 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 RMB0.1 (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 2021, 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 its 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 6 "Discussion and Analysis of the Company's Future Development" in Section 4 "Management Discussion and Analysis".

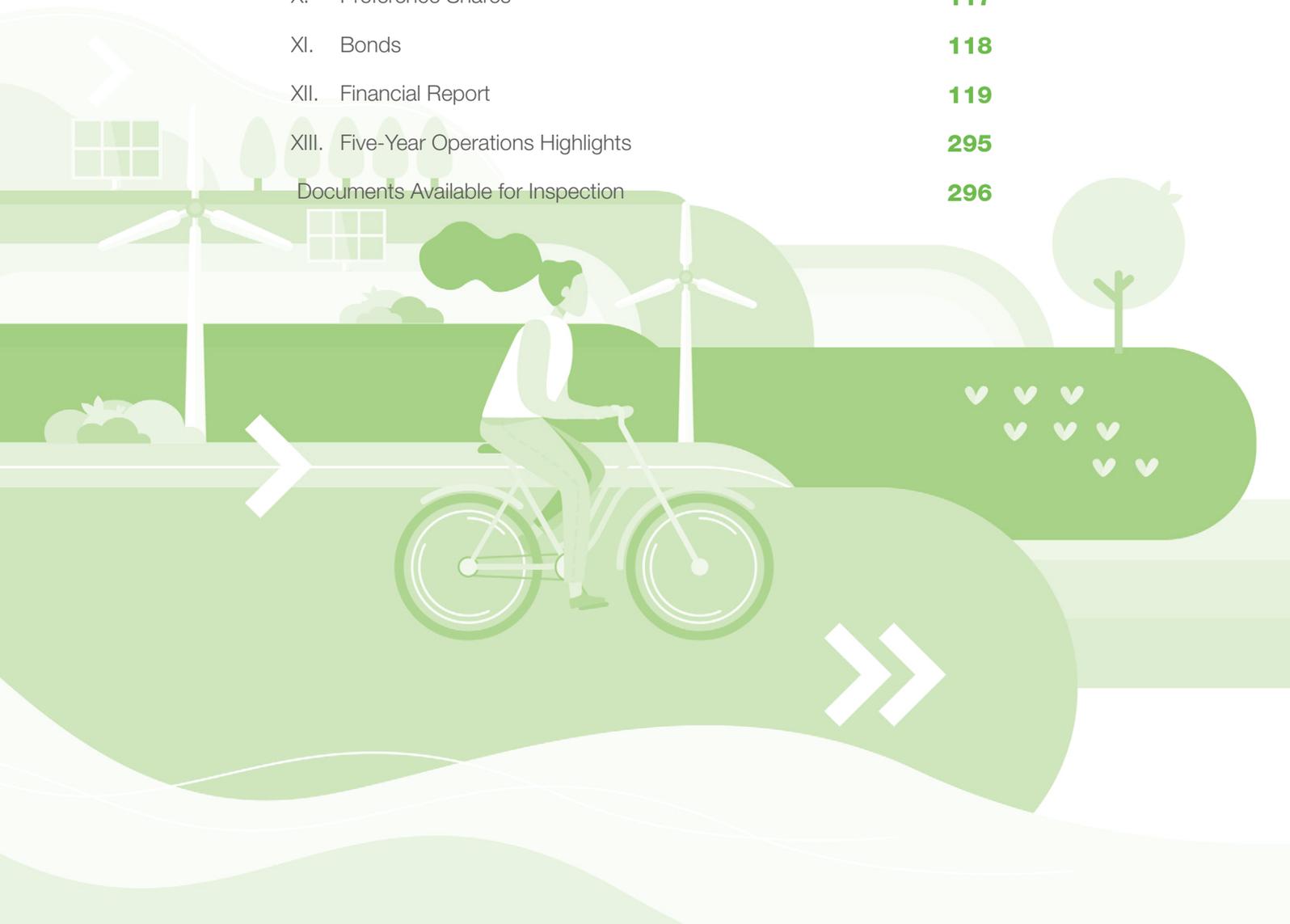
XI. Others

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 SSE Listing Rules and the Stock Exchange Listing Rules. 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.

Contents

I. Definitions	2
II. Company Profile and Key Financial Indicators	6
III. Chairman's Statement	11
IV. Management Discussion and Analysis	12
V. Supervisory Committee's Report	50
VI. Corporate Governance	51
VII. Environmental and Social Responsibility	86
VIII. Significant Events	92
IX. Changes in Shares and Particulars of Shareholders	106
X. Preference Shares	117
XI. Bonds	118
XII. Financial Report	119
XIII. Five-Year Operations Highlights	295
Documents Available for Inspection	296



I. Definitions

I. DEFINITIONS

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

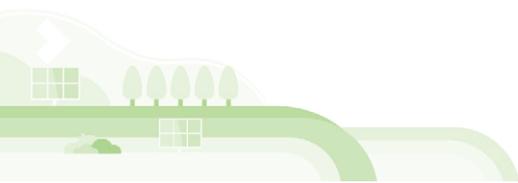
Definitions of frequently-used terms

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



I. Definitions (Continued)

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 (formerly known as Zhejiang Dongyang Fuli Construction Limited Company (浙江省東陽市富力建設有限公司))
Dengfeng Company	Dengfeng Dynagreen Renewable Energy Co., Ltd. (登封綠色動力再生能源有限公司)
Haining Expansion Company	Haining Dynagreen Haiyun Environmental Protection Energy Co., Ltd. (海寧綠動海雲環保能源有限公司)
Shishou Company	Shishou Dynagreen Renewable Energy Co., Ltd. (石首綠色動力再生能源有限公司)
Guangdong Promising Company	Guangdong Promising Environmental Protection Company Limited (廣東博海昕能環保有限公司)
Guangyuan Company	Guangyuan Boneng Renewable Energy Co., Ltd. (廣元博能再生能源有限公司)
Jiamusi Company	Jiamusi Bohai Environmental Protection and Electricity Company Limited (佳木斯博海環保電力有限公司)
Zhaoqing Company	Zhaoqing Boneng Renewable Energy Power Generation Co., Ltd. (肇慶市博能再生能源發電有限公司)
Shulan Company	Shulan Boneng Environmental Protection Company Limited (舒蘭市博能環保有限公司)
Zhangye Company	Zhangye Boneng Environmental Protection Company Limited (張掖博能環保有限公司)
Yongxing Company	Yongxing Boneng Environmental Energy Co., Ltd. (永興博能環保能源有限公司)
Dongguan Company	Dongguan Changneng Clean Energy and Greening Service Co., Ltd. (東莞市長能清潔能源綠化服務有限公司)
Jinsha Company	Guizhou Jinsha Green Energy Co., Ltd. (貴州金沙綠色能源有限公司)
Pingyang Phase II Company	Pingyang Dynagreen Environmental Energy Co., Ltd. (平陽綠動環保能源有限公司)
Jingxi Company	Baise Dynagreen Environmental Protection Co., Ltd. (百色綠動環保有限公司)
Enshi Company	Enshi Green Power Renewable Energy Co., Ltd. (恩施綠色動力再生能源有限公司)
Huludao Hazardous Waste Company	Lvyi (Huludao) Environmental Services Limited (綠益(葫蘆島)環境服務有限公司)



I. Definitions (Continued)

Huludao Power Generation Company Huizhou Three-in-One Company	Huludao Dynagreen Environment Co., Ltd. (葫蘆島綠動環保有限公司) Huizhou Dynagreen Environmental Services Co., Ltd. (惠州綠色動力環境服務有限公司)
Shantou Sludge Company	Shantou Dynagreen Environmental Services Co., Ltd. (汕頭市綠色動力環境服務有限公司)
Zhangqiu Phase II Company Shuozhou Company	Jinan Dynagreen Environmental Co., Ltd. (濟南綠動環保有限公司) Shuozhou Dynagreen Nanshan Environmental Energy Co., Ltd. (朔州綠動南山環境能源有限公司)
Laizhou Company	Laizhou Haikang Environmental Protection Energy Co., Ltd. (萊州海康環保能源有限公司)
Changzhou Project	a municipal solid waste incineration thermoelectric project in Wujin District, Changzhou City, Jiangsu (江蘇常州市武進區生活垃圾焚燒熱電項目)
Wuhan Project	Xinghuo Waste-to-Energy Plant project in Wuhan, Hubei (湖北武漢星火垃圾焚燒發電廠項目)
Taizhou Project	a municipal solid waste-to-energy project in Taizhou City, Jiangsu (江蘇泰州市生活垃圾焚燒發電項目)
Pingyang Project	a solid waste-to-energy plant project in Pingyang, Zhejiang (浙江平陽生活垃圾焚燒發電廠項目)
Anshun Project	a waste-to-energy project in Anshun, Guizhou (貴州安順垃圾焚燒發電項目)
Haining Project	a waste incineration thermoelectric plant project in Haining City, Zhejiang (浙江海寧市垃圾焚燒熱電廠項目)
Yongjia Project	a waste-to-energy plant project in Yongjia, Zhejiang (浙江永嘉垃圾焚燒發電廠項目)
Rushan Project	a municipal solid waste-to-energy project in Rushan City, Shandong (山東乳山市生活垃圾焚燒發電項目)
Jizhou Project	a municipal solid waste-to-energy project in Jizhou District, Tianjin (天津市薊州區生活垃圾焚燒發電項目)
Huizhou Project	Lanzilong municipal solid waste-to-energy project in Huiyang District, Huizhou City, Guangdong (廣東惠州市惠陽區欖子壟生活垃圾焚燒發電項目)
Jurong Project	a municipal solid waste-to-energy project in Jurong City, Jiangsu (江蘇句容市生活垃圾焚燒發電項目)
Bengbu Project	a municipal solid waste-to-energy project in Bengbu City, Anhui (安徽蚌埠市生活垃圾焚燒發電廠項目)
Tongzhou Project	a renewable energy power plant in Tongzhou District, Beijing (北京市通州區再生能源發電廠)
Ninghe Straw Project	a straw incineration power generation project in Ninghe District, Tianjin (天津寧河區秸秆焚燒發電項目)
Ninghe Biomass Project	a biomass power generation project in Ninghe District, Tianjin (天津寧河區生物質發電項目)
Miyun Project	a construction project of an integrated waste treatment centre in Miyun County, Beijing (北京密雲縣垃圾綜合處理中心工程)
Guangyuan Project	a municipal solid waste-to-energy project in Guangyuan City, Sichuan (四川廣元市生活垃圾焚燒發電項目)
Jiamusi Project	a municipal waste-to-energy BOT project in Jiamusi City, Heilongjiang (黑龍江佳木斯市城市生活垃圾焚燒發電BOT項目)
Sihui Project	an environmental energy thermal power plant BOT project in Sihui, Guangdong (廣東四會環保能源熱力發電廠BOT項目)
Shantou Project	a municipal waste-to-energy plant in Chaoyang District, Shantou City, Guangdong (廣東汕頭市潮陽區生活垃圾焚燒發電廠)
Zhangqiu Project	a municipal waste-to-energy plant in Zhangqiu City, Jinan City, Shandong (山東濟南市章丘區生活垃圾焚燒發電廠)
Bobai Project	a municipal waste-to-energy project in Bobai County, Guangxi (廣西博白縣生活垃圾焚燒發電項目)
Hong'an Project	a municipal waste-to-energy project in Hong'an County, Hubei (湖北紅安縣生活垃圾焚燒發電項目)
Yichun Project	a municipal waste-to-energy PPP project in Yichun City, Jiangxi (江西宜春市生活垃圾焚燒發電PPP項目)



I. Definitions (Continued)

Fengcheng Project	a municipal waste-to-energy PPP project in Fengcheng City, Jiangxi (江西豐城市生活垃圾焚燒發電PPP項目)
Huizhou Phase II Project	phase II of a municipal waste-to-energy PPP project in Huiyang Environmental Park (惠陽環境園), Guangdong (廣東惠陽環境園生活垃圾焚燒二期PPP項目)
Dengfeng Project	a municipal waste-to-energy BOT project in Dengfeng City, Henan (河南登封市生活垃圾焚燒發電BOT項目)
Haining Expansion Project	a municipal waste-to-energy plant expansion project in Haining City, Zhejiang (浙江海寧市生活垃圾焚燒發電廠擴建項目)
Shishou Project	a municipal waste-to-energy project in Shishou City, Hubei (湖北石首市生活垃圾焚燒發電項目)
Yongjia Phase II Project	a municipal waste-to-energy plant upgrading and reconstruction project in Yongjia County, Zhejiang (浙江永嘉縣垃圾焚燒發電廠改造提升工程項目)
Pingyang Phase II Project	phase II of waste-to-energy power plant PPP project in Pingyang County, Zhejiang (浙江省平陽縣垃圾焚燒發電廠二期擴建PPP項目)
Jingxi Project	a municipal waste-to-energy project in Jingxi, Guangxi (廣西靖西市生活垃圾焚燒發電項目)
Jinsha Project	a municipal waste-to-energy project in Jinsha County, Guizhou (貴州省金沙縣生活垃圾焚燒發電項目)
Enshi Project	a municipal solid waste-to-energy project in Enshi, Hubei (湖北恩施城市生活垃圾焚燒發電項目)
Huludao Hazardous Waste Project	Liaoning Huludao Industrial Waste Treatment and Disposal Center project (遼寧葫蘆島工業廢物處理處置中心項目)
Huludao Waste-to-energy Project	a municipal waste-to-energy project of Huludao East Waste-to-Energy Power Plant in Liaoning (遼寧葫蘆島東部垃圾焚燒發電綜合處理廠生活垃圾焚燒發電項目)
Laizhou Project	a domestic waste comprehensive treatment PPP project in Laizhou City, Shandong (山東萊州市生活垃圾綜合處理PPP項目)
Shuozhou Project	the concession project of the Nanshan enviro-energy project (including the municipal solid waste-to-energy project and the kitchen waste treatment project) in Shuozhou, Shanxi Province (山西朔州南山環境能源項目(生活垃圾焚燒發電項目和餐廚垃圾處理項目)特許經營項目)
Zhangqiu Phase II Project	the Municipal Solid Waste-to-Energy Project Phase II and the Venous Industrial Park Project in Zhangqiu District, Ji'nan City, Shandong Province (山東濟南市章丘區生活垃圾焚燒發電項目二期工程暨靜脈產業園項目)
Huizhou Three-in-One Project	the PPP project of the harmless treatment of sludge, kitchen waste and excrement for Huiyang District, Huizhou City (廣東惠州市惠陽區污泥、餐廚垃圾、糞便無害化處理PPP項目)
Wuhan Phase II Project	the reconstruction and expansion project of Xinghuo Waste-to-Energy Plant project in Wuhan, Hubei (湖北武漢星火垃圾焚燒發電廠專案改擴建工程)
The Reporting Period	1 January 2021 to 31 December 2021
The end of the Reporting Period	31 December 2021
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 region
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

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	Level 54 Hopewell Centre 183 Queen's Road East Hong Kong	2nd Floor, Jiuzhou Electronic Building, Keji South 12th Street, Nanshan District, Shenzhen
Telephone	0755-36807688-8010	–	0755-36807688-8010
Facsimile	0755-33631220	–	0755-33631220
E-mail address	ir@dynagreen.com.cn	–	ir@dynagreen.com.cn

III. BASIC INFORMATION

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

IV. INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

Name and website of the media for disclosure of the annual report of the Company	China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Website designated by the CSRC for publishing the annual report	SSE: www.sse.com.cn
Website designated by Hong Kong Stock Exchange for publishing the annual report	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	KPMG Huazhen LLP
	Office address	8/F, KPMG Tower, Oriental Plaza, 1 East Chang An Avenue, Beijing
	Names of signing accountants	Wu Huihuang Huang Qiumei
Sponsor institution responsible for continuous supervision during the Reporting Period	Name	China Securities Co., Ltd.
	Office address	Unit 1002, Guangzhou Bank Building, No. 30 Zhujiang East Road, 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 2021
Legal advisers appointed by the Company (Domestic)	Name	Beijing Kangda Law Firm
Legal advisers appointed by the Company (Foreign)	Name	Morrison & Foerster
Share registrar of the Company (Domestic)	Name	China Securities Depository and Clearing Corporation Limited Shanghai Branch
Share registrar of the Company (Foreign)	Name	Tricor Investor Services Limited
	Office address	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
Principal bankers	Name	Asian Development Bank China Merchants Bank Co., Ltd. Bank of Beijing Co., Ltd. HSBC Bank (China) Company Limited Agricultural Development Bank of China

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	2021	2020	Increase/decrease for the current period over the corresponding period last year (%)	2019
Operating income	5,056,889,425.65	2,277,618,815.00	122.03%	1,752,449,088.97
Net profit attributable to shareholders of the listed Company	697,785,876.79	503,385,543.61	38.62%	416,088,473.60
Net profit excluding extraordinary gain and loss attributable to the shareholders of the listed Company	686,122,447.71	484,699,699.57	41.56%	388,313,038.27
Net cash flows from operating activities	514,917,738.84	230,035,074.55	123.84%	-48,189,535.55

	As at the end of 2021	As at the end of 2020	Increase/decrease for the end of the current period over the end of the corresponding period last year (%)	As at the end of 2019
Net assets attributable to shareholders of the Company	6,528,089,590.66	5,487,665,900.26	18.96%	3,296,228,917.35
Total assets	20,214,466,018.97	17,446,071,422.38	15.87%	13,670,787,404.47

(II) Key financial indicators

Key financial indicators	2021	2020	Increase/decrease for the current period over the corresponding period last year (%)	2019
Basic earnings per share (RMB/share)	0.50	0.43	16.28	0.36
Diluted earnings per share (RMB/share)	0.50	0.43	16.28	0.36
Basic earnings per share excluding extraordinary gain and loss (RMB/share)	0.49	0.41	19.51	0.33
Weighted average return on equity (%)	11.06	13.8	Decreased by 2.74 percentage points	13.23
Weighted average return on equity (excluding extraordinary gain and loss) (%)	10.87	13.29	Decreased by 2.42 percentage points	12.34

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

Pursuant to the interpretation on accounting treatment for public-private partnership (PPP) project contracts under the CAS Bulletin No.14 ("Bulletin No. 14") issued by the Ministry of Finance, PPP project contracts that meet the corresponding conditions shall be subject to accounting treatment in accordance with the Accounting Standards for Business Enterprises No. 14 – Revenue. The preparation of the Company's 2021 annual financial report will follow the Interpretation No. 14 in terms of recognition of construction revenue and adjustments to the amounts of retained earnings at the beginning of 2021 and other relevant items in the financial statements as required, and no adjustment to the information of the comparable period is required. The restated total assets and the net assets attributable to shareholders of the Company at the beginning of 2021 amounted to RMB18,300,555,104.42 and RMB6,094,911,115.52 respectively. The total assets and the net assets attributable to shareholders of the Company at the end of 2021 increased by 10.46% and 7.11%, respectively, as compared with the restated opening balances.



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 2021 BY QUARTER

Unit: RMB

Key accounting data	Q1	Q2	Q3	Q4
	(January to March)	(April to June)	(July to September)	(October to December)
Operating income	1,163,496,483.27	1,342,526,596.38	1,352,532,106.03	1,198,334,239.98
Net profit attributable to shareholders of the listed Company	209,434,657.22	228,101,333.02	267,013,300.98	-6,763,414.44
Net profit excluding extraordinary gain and loss attributable to the shareholders of the listed Company	207,478,832.03	224,588,583.72	264,966,750.66	-10,911,718.70
Net cash flows from operating activities	21,004,668.68	152,926,111.39	125,613,326.69	215,373,632.08

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

Applicable Not Applicable

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

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 2021	Note (if applicable)	Amount for 2020	Amount for 2019
Gains and losses on disposal of non-current assets	-1,993,136.09		68,229.39	-72,516.10
Government grants recognised through profit or loss (except for government grants which closely related to company business that are fixed or quantified based on the national standard)	8,483,877.31		19,894,695.13	27,485,767.51
Fund usage fees received from non-financial institutions recognised in profit or loss	503,396.23		3,830.20	747,727.57
Gain from the difference between the cost of investment on the subsidiaries, associates and joint ventures and the shared fair value of identifiable net assets of the investee				545,075.45
Other non-operating income and expenses besides items above	5,265,809.70		840,538.00	750,151.69
Other gains and losses within the definition of non- recurring gains and losses	237,845.56			
Less: Effects on income tax	666,788.83		1,552,708.93	1,589,005.78
Effects on non-controlling shareholders (after tax)	161,664.30		568,739.75	91,765.01
Total	11,669,339.58		18,685,844.04	27,775,435.33

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

Applicable Not Applicable

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 2021 and its business prospects for the year 2022.

The year 2021 is the first year of the "14th Five-Year Plan". In order to make a good start, the Group focused on high-quality development and exerted efforts on both epidemic prevention and control and production and operation, as a result major operating indicators hit a new record high. The waste treatment capacity of the Group increased by 7,500 tons per day and the increase in production capacity was over 6,000 tons for three consecutive years; there are 31 power generation projects under operation bringing the Company's operation scale to another level; the waste treatment volume exceeded 10 million tons for the first time, and the Group treated a total of 10,537,600 tons of domestic waste, representing a year-on-year increase of 17.43% and generated 3,329,148,200 kWh of on-grid electricity, representing a year-on-year increase of 22.10%, and the on-grid electricity generated by a ton of waste reached the best level in history; in response to waste sorting and the decline of National Subsidies, the Group's waste-to-energy projects proactively developed the solid waste co-treatment business and steam supply business. As of the end of 2021, the Group were granted eight kitchen waste treatment projects, five of which successfully developed steam supply business, and the accumulative steam supply throughout the year was 139,500 tons. 2021 saw a significant growth in the Group's results. The Group recorded RMB5,057 million in operating income (including construction income) representing an increase of 122.03% as compared to the same period last year, and RMB742 million in net profit, representing an increase of 40.39% as compared to the same period last year.

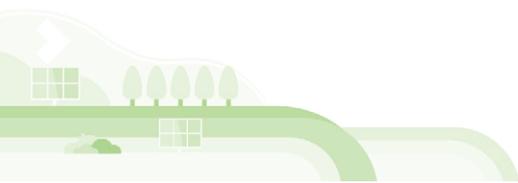
The capital market is the booster for the rapid development of the Company. Following the successful completion of the non-public issuance of A shares in 2020, the Company officially launched the public issuance of A share convertible bonds in June 2021 and the issuance was successfully completed in early 2022. The issuance has set a record for the Company's single financing scale and significantly improved the Company's debt structure, and will provide a strong guarantee for the Group's stable and long-term development. As a state-controlled company listed in Hong Kong and the mainland China, the Company always regards standardized operation as the bottom line of corporate governance, production and operation. It respects the market and the rule of law, and strictly fulfills its information disclosure obligations in accordance with the listing rules of the places where the A shares and H shares are listed; the Company attaches great importance to communication with shareholders and investor relations. In the past year, it maintained good interaction with investors by holding video results briefings and interim results briefings and attendance of the online collective reception day for investors of listed companies in Shenzhen.

In recent years, the measures of the PRC to promote pollution prevention and control and build a beautiful China have been unprecedented in terms of practicality, efforts and remarkable results. However, as the structural, deep rooted and trend pressures over the ecological environment protection of the PRC have not been fundamentally alleviated, the task of peak carbon dioxide emission and carbon neutrality are arduous and there is a long way to go for ecological protection. In 2021, top-level designs were successively made in the PRC for the development of urban domestic waste sorting and treatment facilities during the "14th Five-Year Plan" period, intensifying the battle against pollution, and achieving peak carbon dioxide emission and carbon neutrality. The reduction of pollution and carbon will be promoted simultaneously and the waste-to-energy industry is still full of opportunities. However, the growth potential of the industry can no longer be compared with that during the "13th Five-Year Plan" period and the policy adjustment to the National Subsidies has also settled down, and the industry will shift from high-speed development to high-quality development. For over two decades, the Group has adhered to its original intention and always been deeply engaged in the waste-to-energy industry. In the future, with the mission of "creating a better living environment", the Company will continue to focus on the main business, strengthen the market development of waste-to-energy projects, and take advantage of the capital market to strengthen mergers and acquisitions. It will improve the operation and management of completed projects, and refine, optimise and consolidate the main business of power generation. Meanwhile, new growth drivers will be proactively cultivated in the solid waste industry, to create returns to all shareholders with better results and contribute to the construction of ecological civilization of the PRC.

Last, I, on behalf of the Board, would like to express my gratitude to all shareholders for their trust and support for the Group and to all staff of the Group for their efforts and dedication in the last year.

Qiao Dewei
Chairman

Shenzhen, the PRC
29 March 2022



IV. Management Discussion and Analysis

I. DISCUSSION AND ANALYSIS OF OPERATIONS

(1) Industry overview

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

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

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



IV. Management Discussion and Analysis (Continued)

(2) Business review

For details of the principal businesses of the Group, please refer to “III. Operations of the Company during the Reporting Period” in this section. During the Reporting Period, the principal businesses of the Group 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 Group are set out in Section III and this section of this annual report, respectively. The above discussion is part of the Report of Directors.

The year 2021 is the first year of the “14th Five-Year Plan”. In order to make a good start, the Company focused on high-quality development in accordance with the annual work plan and exerted efforts on both epidemic prevention and control and production and operation, and all works were advanced together, as a result major operating indicators hit a new record high. The scattered outbreaks of the COVID-19 did not have a significant impact on the operations of the Company. In 2021, the Group achieved revenue of RMB5,056,889,425.6, representing an increase of 122.03% as compared to the corresponding period last year, and a net profit attributable to shareholders of the Company of RMB697,785,876.76, representing an increase of 38.62% as compared to the corresponding period last year. As at 31 December 2021, the total assets of the Group amounted to RMB20,214,466,019.29, representing an increase of 15.87% over the beginning of the year. During the year, the Company officially launched the issuance of A share convertible corporate bonds, and the waste treatment and on-grid electricity hit new highs. The annual plan of the projects under construction has been successfully completed and the preparatory projects have been steadily promoted. Details are as follows:

1. Official launch of the issuance of A share convertible corporate bonds and successful completion of the issuance before disclosure of the annual report

The Group officially launched the application for issuance of A share convertible bonds in June 2021 and submitted the application documents to the CSRC in late August. The Group received feedback from the CSRC in mid-September, and submitted the feedback report to the CSRC at the end of September. In January 2022, the Group’s application for the issuance of A share convertible bonds passed the review by the Issuance Review Committee of the CSRC. The Group obtained the issuance approval at the end of January and all procedures for the issuance of A share convertible bonds were completed in March. The total amount of proceeds from the issuance of A share convertible bonds is RMB2.36 billion and the net amount of proceeds is RMB2.35 billion. The issuance will help strengthen the Company’s strength, improve the Company’s debt structure, and provide financial guarantee for sustainable development.

IV. Management Discussion and Analysis (Continued)

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

In 2021, the Group's waste treatment exceeded 10 million tons for the first time and the Group treated 10.5376 million tons of municipal waste, representing a year-on-year increase of 17.43%, and generated on-grid electricity of 3,329.1482 million kWh, representing a year-on-year increase of 22.10%. On-grid electricity converted by waste per tonne reached the best level in history. Meanwhile, the total amount of steam supplied was 139,500 tons throughout the year. The Company constantly attaches great importance to operation management. In 2021, the Company conducted its operation under the concepts of being "safe, environmental friendly, civilized and effective" to further strengthen security and environment protection management and continuously deepen refined management, maintaining stable production and meeting emission standards. Haining Expansion Project won the 2020-2021 "National Quality Project Award", becoming the second project of the Group to receive this honor.

Major operating data of the Group in each region in 2021

Region	Item	2021
East China	Waste input volume ('0,000 tons)	449.23
	Electricity generation volume ('0,000 kWh)	174,355.47
	On-grid electricity volume ('0,000 kWh)	144,379.62
North China	Waste input volume ('0,000 tons)	162.01
	Electricity generation volume ('0,000 kWh)	51,369.28
	On-grid electricity volume ('0,000 kWh)	40,562.50
South China	Waste input volume ('0,000 tons)	233.18
	Electricity generation volume ('0,000 kWh)	108,959.89
	On-grid electricity volume ('0,000 kWh)	91,713.77
Central China	Waste input volume ('0,000 tons)	92.06
	Electricity generation volume ('0,000 kWh)	33,690.40
	On-grid electricity volume ('0,000 kWh)	27,840.95
Southwest China	Waste input volume ('0,000 tons)	74.12
	Electricity generation volume ('0,000 kWh)	25,519.66
	On-grid electricity volume ('0,000 kWh)	20,930.07
Northeast China	Waste input volume ('0,000 tons)	43.16
	Electricity generation volume ('0,000 kWh)	9,613.97
	On-grid electricity volume ('0,000 kWh)	7,487.92

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



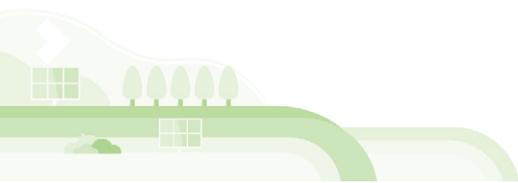
IV. Management Discussion and Analysis (Continued)

3. The projects under construction successfully conducted and six new projects and three phase II projects were completed and commenced operation

In 2021, the projects under construction of the Company were conducted smoothly. Six new projects and three phase II projects were completed and put into production, including Shishou Project, Yongjia Phase II Project, Pingyang Phase II Project, Jinsha Project, Dengfeng Project, Laizhou Project, second stage of Huizhou Phase II Project, Phase II of Jiamusi Project and Phase II of Sihui Project, with an increase in production capacity of 7,500 tons per day. The increase in production capacity was over 6,000 tons for three consecutive years. As of the end of 2021, 80%, 65% and 50% of construction works were completed in Huludao Waste-to-energy Project, Shuozhou Project and Enshi Project, respectively. The construction of Jingxi Project and Wuhan Phase II Project has commenced. The construction of the Huludao Hazardous Waste Project has been completed and the project obtained the hazardous waste operation license at the end of the year.

Major projects and works under construction in 2021

No.	Project	Design treatment capacity (tons/day)	Status
1	Shishou Project	700	Put into production in March 2021
2	Yongjia Phase II Project	750	Put into production in March 2021
3	Pingyang Phase II Project	750	Put into production in April 2021
4	Stage II of Huizhou Phase II Project	1,700	Put into production in August 2021
5	Jinsha Project	800	Put into production in November 2021
6	Dengfeng Project	800	Put into production in December 2021
7	Laizhou Project	1,000	Put into production in December 2021
8	Jiamusi Project Phase II	500	Put into production in November 2021
9	Sihui Project Phase II	500	Put into production in December 2021
10	Huludao Waste-to-energy Project	1,000	In construction
11	Shuozhou Project	800	In construction
12	Enshi Project	1,200	In construction
13	Jingxi Project	800	In construction
14	Wuhan Phase II Project	1,000	In construction
15	Huludao Hazardous Waste Project	–	Completed



IV. Management Discussion and Analysis (Continued)

4. Conforming to the development trend of the industry and great achievements in new business development

In response to industry trends such as waste sorting and changes in policy on national renewable energy subsidies, the Company proactively developed new businesses centering on existing waste incineration projects. In 2021, the Company was granted kitchen waste treatment projects in Chaoyang, Shantou and Ninghe, Tianjin. Therefore, the number of the Company's kitchen waste treatment projects reached eight. The kitchen waste treatment projects will achieve business synergy with the Company's local waste-to-energy project; Pingyang Project, Rushan Project and Jiamusi Project successfully developed heating business and the Company had five waste-to-energy projects engaged in development of heating business.

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

In 2021, the Company continued to research and develop large incinerators in line with the Company's trend towards large projects. The 800-ton incinerator as developed independently by the Company completed trial operation and was in stable operation with good combustion conditions; the Company completed the design and optimization of the 900-1,000 ton incinerator as developed independently by the Company which will be used in the large new projects; the online warning and control system of dioxin generated in waste incineration was tested and applied in Changzhou Project, with good results; the experiment of polymer denitration SER and low-temperature synthesis retarder of dioxin in the incinerator was carried out in Changzhou Project, and the expected results were achieved. As of the end of the year, the Group has obtained a total of 70 patents (including 17 invention patents).

II. INDUSTRY SITUATION OF THE COMPANY DURING THE REPORTING PERIOD

With the steady population growth, continuous advancement of urbanization and economic development in the PRC, the volume of municipal waste generated in the PRC continues to rise, and the demand for treatment is growing. According to the Statistical Yearbook of China Urban Construction, from 2008 to 2020, the number of domestic waste harmless treatments in the PRC increased from 509 to 1,287, and the daily treatment capacity increased from 315,200 tons to 963,500 tons, with a compound growth rate of 9.76%. The daily treatment capacity, actual treatment volume and treatment rate of harmless treatment increased significantly. Detoxification waste treatment is mainly divided into three ways: incineration, landfill and composting. Incineration has the advantages of significant reduction in quantity, less space required and relatively small impact on the environment and is the fastest growing segment. From 2008 to 2020, the number of municipal waste-to-energy plants increased from 74 to 463 in the PRC, which increased by 525.68%. The daily processing capacity increased from 51,600 tons to 567,800 tons and the actual annual processing capacity increased from 15.697 million tons to 146 million tons, with a compound growth rate of both capacities of over 20%. Compared with the developed countries, the percentage of waste-to-energy processing capability in China is still relative low. According to the national "14th Five-Year" plan, by the end of 2025, the national urban domestic waste incineration capacity will reach about 800,000 tons per day, and the municipal solid waste incineration treatment capacity will account for about 65%, with great growth potential.



IV. Management Discussion and Analysis (Continued)

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

- (1) In recent years, with the continuous advancement of China's industrialization and urbanization, the environmental problems facing our country have become increasingly serious. The State has raised the construction in relation to ecological civilization to an unprecedented level. Energy-saving and environmental protection industry, including waste treatment, is the top of the seven strategic emerging industries of the PRC. In the context of a small per capita land area in the PRC, waste-to-energy is an important means to achieve the "reduction, recycling, and harmless treatment" of waste and improve the ecological environment. Due to the large initial investment and high operating costs of waste-to-energy business, the State has introduced preferential policies in various aspects such as on-grid tariff and tax to promote the rapid development of the waste-to-energy industry, e.g. implementation of the national unified waste-to-energy benchmarking tariff of RMB0.65 per kWh for the part that does not exceed 280 kWh per ton of municipal waste; eligible waste-to-energy projects will be eligible for a tax exemption for the first year to the third year, and a 50% reduction in CIT for the fourth year to the sixth year starting from the year in which the projects first generate operating income; VAT on tariff revenue is subject to 100% refund and VAT on waste treatment fees is subject to 70% refund.
- (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

1. Principal operations of the Company

The Company is one of the earliest enterprises to conduct municipal waste-to-energy business in the PRC, and is mainly engaged in the investment, construction, operation, maintenance and technical consulting business of municipal waste-to-energy plants under BOT and other concessions. Focusing on the vast market space of the economically developed Yangtze River Delta, Pearl River Delta and Bohai Economic Rim, the Company has extended its business network to the central and western regions such as Anhui, Hubei, Guizhou, Shanxi, Guangxi, Jiangxi, Hunan, Shaanxi, Henan and Sichuan, preliminarily forming a market layout based in the Yangtze River Delta, Pearl River Delta and Bohai Rim and spanning across the country. As at 31 December 2021, in respect of the municipal waste-to-energy sector, the Company had 31 projects under operation and 5 projects under construction. The waste treatment capacity of the projects under operation reached 34,000 tons/day and the installed capacity was 699.5MW, placing the Company in a leading position in the industry in terms of the number of projects and waste treatment capacity.

2. Major business model

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

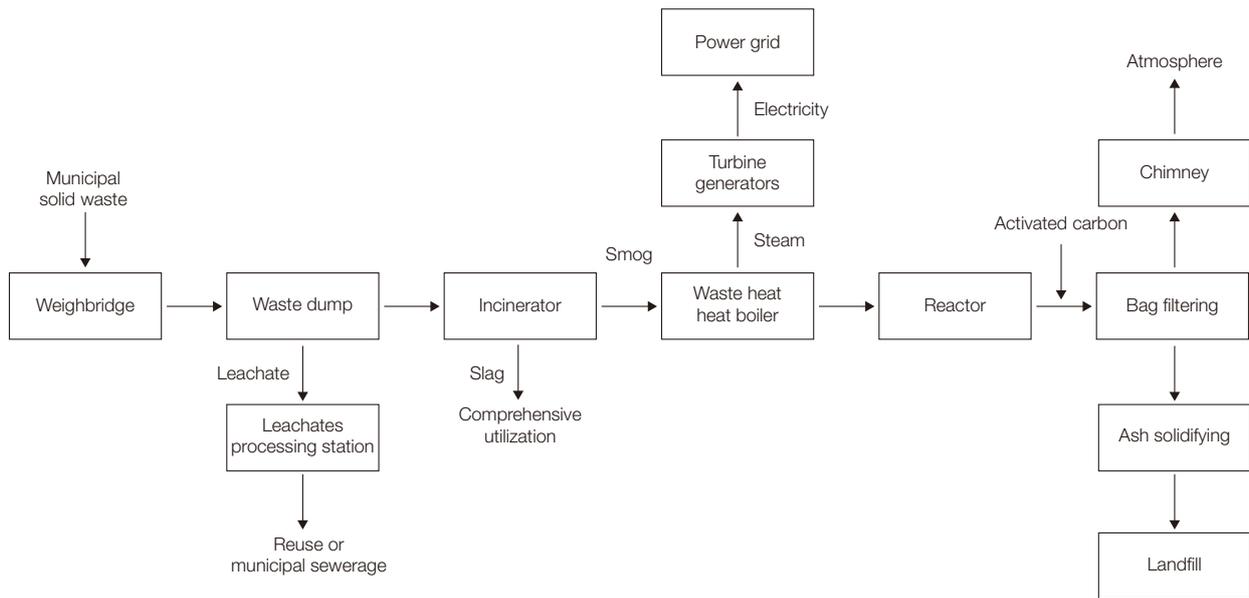
The upstream industries of the Company include construction enterprises, installation companies, waste treatment and power generation equipment (such as incinerators, smog and gas treatment systems, turbine generators and waste heat boilers) suppliers, and the Company selects suppliers through tenders.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



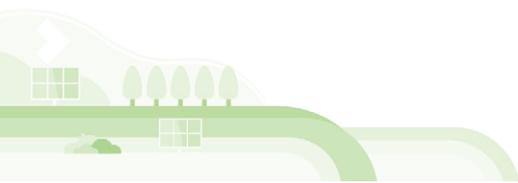
IV. Management Discussion and Analysis (Continued)

3. Main processes and technologies

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



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

IV. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

Applicable Not applicable

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

1. Focused market layout spanning across the whole country

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

2. Extensive industry experience

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

3. Leading expertise

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



IV. Management Discussion and Analysis (Continued)

4. Experienced management team

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

V. MAJOR OPERATIONAL PARTICULARS DURING THE REPORTING PERIOD

In 2021, the Group achieved an operating income of RMB5,056,889,425.65 and net profit of RMB686,116,535.05. As at 31 December 2021, the Group’s total assets and total liabilities amounted to RMB20,214,466,018.97 and RMB13,296,884,507.65 respectively. The total equity amounted to RMB6,917,581,511.32 and the gearing ratio (calculated as total liabilities over total assets) was 65.78%, and the net asset value per share attributable to the shareholders of the parent company was RMB4.68.

(1) Analysis of main businesses

1. Analysis on changes of 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 (%)
Operating income	5,056,889,425.65	2,277,618,815.00	122.03%
Operating cost	3,325,173,180.51	967,675,984.97	243.62%
Administrative expenses	181,440,756.77	161,321,513.88	12.47%
Finance costs	447,634,138.22	446,176,244.89	0.33%
Research and development expenditure	7,085,349.05	7,603,578.05	-6.82%
Net cash flows from operating activities	514,917,738.84	230,035,074.55	123.84%
Net cash flow generated from investing activities	-1,619,392,165.00	-1,643,777,701.95	-1.48%
Net cash flow generated from financing activities	466,574,265.58	2,652,841,900.07	-82.41%

IV. Management Discussion and Analysis (Continued)

Explanation on changes in operating income:	Mainly due to the increase in operating projects, the improvement of capacity utilization rate of certain operating projects, and the recognition of construction revenue in an amount of RMB2.427 billion for BOT projects during the construction period in accordance with the Accounting Standards for Business Enterprises, the Interpretation No. 14 and other relevant regulations
Explanation on changes in operating cost:	Mainly due to the increase in operating projects and the recognition of construction revenue in an amount of RMB2.238 billion for BOT projects during the construction period in accordance with the Accounting Standards for Business Enterprises, the Interpretation No. 14 and other relevant regulations
Explanation on changes in administrative expenses:	Mainly due to the increase in operating projects
Explanation on changes in finance costs:	Minor changes
Explanation on changes in research and development expenditure:	Minor changes
Explanation on changes in net cash flows from operating activities:	Mainly due to the increase in operating income and in cash received from sales of goods and rendering of services; and the decrease in fuel procurement costs due to the shutdown of Ninghe Straw Power Generation Project in February, resulting in a year-on-year substantial decrease in operating costs of Ninghe Straw Power Generation Project.
Explanation on changes in net cash flow generated from investing activities:	Minor changes
Explanation on changes in net cash flow generated from financing activities:	Mainly due to the receipt of proceeds from non-public issuance of A shares in an amount of RMB1.8 billion in the corresponding period last year; and the increase in dividends paid on ordinary shares in the current period by RMB163 million as compared with the same period last year.

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

Applicable Not Applicable

The construction revenue and construction cost of the BOT projects were recognized during the construction period according to the Accounting Standards for Business Enterprises, the Interpretation No. 14 and other relevant regulations, and construction profits were generated.



IV. Management Discussion and Analysis (Continued)

2. Analysis of the revenue and costs

Applicable Not Applicable

During the Reporting Period, the Group achieved an operating income of RMB5,056,889,425.65 (corresponding period in 2020: RMB2,277,618,815.00), representing an increase of 122.03% as compared to the corresponding period in 2020. The increase was mainly due to the increase in operating projects and the improvement of capacity utilization rate of certain operating projects, and the recognition of construction revenue for BOT projects. Shishou Project, Yongjia Phase II Project and Pingyang Phase II Project of the Company were put into operation in the first half of 2021. Haining Expansion Project, Huizhou Phase II Project, Hong'an Project and Yichun Project, which were put into production in the first half of 2020, were in operation throughout 2021; projects such as Shantou Project operated stably with an increase in the capacity utilization rate. In particular, operating income amounted to RMB2,277,415,258.35 (corresponding period in 2020: RMB1,964,864,278.74), representing an increase of 15.91% as compared to the corresponding period in 2020. Construction revenue was recognized for BOT projects in an amount of RMB2,427,432,006.22 during the construction period in accordance with the Accounting Standards for Business Enterprises, the Interpretation No. 14 and other relevant regulations. Interest income amounted to RMB352,042,161.08 (corresponding period in 2020: RMB312,754,536.26), representing an increase of 12.56% as compared to the corresponding period in 2020.

Gross profit and gross profit margin

During the Reporting Period, the gross profit of the Group increased by 32.20% to RMB1,731,716,245.14 (corresponding period in 2020: RMB1,309,942,830.03) and the gross profit margin was 34.24% (corresponding period in 2020: 57.51%), which was mainly due to recognition of construction revenue and the gross profit margin of the construction business being significantly lower than that of the operation business.

Total profit

During the Reporting Period, the total profit of the Group amounted to RMB890,127,059.32, representing an increase of RMB262,238,469.22 as compared to corresponding period in 2020, which was mainly due to an increase in gross profit.

IV. Management Discussion and Analysis (Continued)

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

Unit: RMB

Main businesses by segment						
By segment	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease in operating income 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	5,046,421,717.38	3,304,400,534.97	34.52	134.18	284.76	Decreased by 25.63 percentage points

Main businesses by product						
By product	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease in operating income 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	2,618,989,711.16	1,066,146,869.84	59.29	21.54	24.14	Decreased by 0.85 percentage point
BOT project construction service	2,427,432,006.22	2,238,253,665.13	7.79	N/A	N/A	N/A

Main businesses by region						
By region	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease in operating income 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	1,183,750,896.14	559,775,067.78	52.71	42.35	79.84	Decreased by 9.86 percentage points
South China	1,207,407,968.31	743,171,906.18	38.45	129.50	223.22	Decreased by 17.85 percentage points
North China	779,668,762.84	517,616,013.39	33.61	44.71	101.93	Decreased by 18.81 percentage points
Central China	968,923,338.62	787,226,038.88	18.75	545.67	1,454.16	Decreased by 47.49 percentage points
Southwest China	447,012,367.52	304,173,279.76	31.95	167.92	335.77	Decreased by 26.21 percentage points
Others	470,126,092.23	413,210,874.52	12.11	632.10	731.61	Decreased by 10.52 percentage points



IV. Management Discussion and Analysis (Continued)

Explanation on the main businesses by segment, product and region

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 BOT project construction services mainly refer to the construction of waste-to-energy projects.

(2) Analysis of production and sales
 Applicable Not Applicable

(3) Performance of material sales and procurement 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 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 (%)		
Environmental protection service	Staff cost	269,771,374.28	8.11	208,505,462.76	21.55	29.38	Increase in operation projects, number of employees and wages
Environmental protection service	Environmental protection fee	190,324,118.53	5.72	170,509,573.09	17.62	11.62	Increase in operation projects and improved environmental requirements
Environmental protection service	Amortization of intangible assets	309,718,857.74	9.31	221,405,576.76	22.88	39.89	Recognition of BOT construction revenue, increase in original value and amortization of intangible assets, and increase in operation projects
Environmental protection service	Material fee	135,017,371.74	4.06	123,627,924.21	12.78	9.21	Increase in operation projects
Environmental protection service	Overhaul and other maintenance costs	66,963,006.29	2.01	62,777,264.04	6.49	6.67	Minor changes
Environmental protection service	Construction costs	2,238,253,665.13	67.31				Recognition of construction revenue and construction cost of the BOT projects during the construction period according to the "Interpretation No. 14 of Accounting Standards for Business Enterprises"



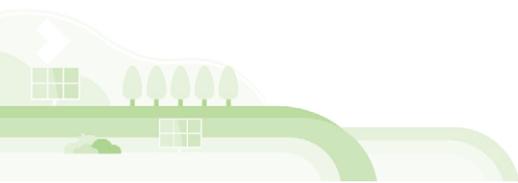
IV. Management Discussion and Analysis (Continued)

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	269,771,374.28	8.11	208,505,462.76	21.55	29.38	Increase in operation projects, number of employees and wages
Solid waste treatment	Environmental protection fee	190,324,118.53	5.72	170,509,573.09	17.62	11.62	Increase in operation projects and improved environmental requirements
Solid waste treatment	Amortization of intangible assets	309,718,857.74	9.31	221,405,576.76	22.88	39.89	Recognition of BOT construction revenue, increase in original value and amortization of intangible assets and increase in operation projects
Solid waste treatment	Material fee	135,017,371.74	4.06	123,627,924.21	12.78	9.21	Increase in operation projects
Solid waste treatment	Overhaul and other maintenance costs	66,963,006.29	2.01	62,777,264.04	6.49	6.67	Minor changes
BOT project construction service	Construction costs	2,238,253,665.13	67.31				Recognition of construction revenue and construction cost of the BOT projects during the construction period according to the "Interpretation No. 14 of Accounting Standards for Business Enterprises"

Description of other situations of cost analysis

Nil

- (5) Changes in the scope of consolidation due to changes in the equity of major subsidiaries during the Reporting Period
 Applicable Not Applicable



IV. Management Discussion and Analysis (Continued)

- (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

The customers of the Group 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 Group 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 Group 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 Group and the power grid companies, the Group 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 based on the unified price issued 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 RMB223,196,600, accounting for 8.49% of the total sales for the year.

Sales to the Group's five largest customers amounted to RMB851,900,700, accounting for 32.40% of the total sales for the year, in which sales to related parties was nil, accounting for nil% 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 customers of the Company

The Group mainly procures various kinds of equipment, construction and installation services and consumables. The Group 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 Group will enter into procurement contracts with the selected suppliers and make payment according to the time the suppliers provide products or services. The Group 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 RMB367,927,000, accounting for 10.02% of the total purchases for the year.

Purchases from the Group’s five largest suppliers amounted to RMB115,280.47, accounting for 31.40% of the total purchases for the year, in which purchases from related parties was RMBnil, accounting for nil% 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 Group’s five largest customers and five largest suppliers.

IV. Management Discussion and Analysis (Continued)

3. Expenses

Applicable Not Applicable

(1) *Administrative expenses*

During the Reporting Period, the administrative expenses of the Group amounted to approximately RMB181,440,756.77 (corresponding period in 2020: RMB161,321,513.88), representing a year-on-year increase of 12.47%, which accounted for approximately 3.59% (corresponding period in 2020: 7.08%) of the operating income of Group.

(2) *Finance costs*

During the Reporting Period, the finance costs for the Group amounted to RMB447,634,138.22, representing an increase of approximately RMB1,457,893.33 or 0.33% over the previous year.

(3) *Income tax expenses*

During the Reporting Period, the income tax expenses of the Group amounted to approximately RMB148,283,994.85 (2020: RMB99,453,958.03), accounting for approximately 16.66% (2020: 15.84%) of total profit of the Group. The increase in the proportion of income tax expenses and total profits is mainly due to an increase in deferred income tax recognized as a result of an increase in the book value of intangible assets arising from the recognition of construction revenue.

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	7,085,349.05
Capitalised research and development expenses for the current period	0
Total R&D expenditures	7,085,349.05
Proportion of total research and development expenses to the revenue (%)	0.14
Percentage of capitalised R&D investment (%)	0



IV. Management Discussion and Analysis (Continued)

(2) *Table of R&D staff*

Applicable Not Applicable

Number of R&D staff	9
Percentage of R&D staffs to the total staffs of the Company (%)	0.30

Educational structure of R&D staff

Category of educational structure	Number of staff
--	------------------------

Doctor	0
Master	1
Bachelor	5
Junior college	3
High school and below	0

Age structure of R&D staff

Category of age structure	Number of staff
----------------------------------	------------------------

Under 30 (excluding 30)	0
30-40 (including 30, excluding 40)	3
40-50 (including 40, excluding 50)	3
50-60 (including 50, excluding 60)	3
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 and the Build-Operate-Transfer ("BOT") projects and the BuildTransfer ("BT") projects	2,611,030,834.05	2,175,616,049.41	435,414,784.64	20.01	Shishou Project, Yongjia Phase II Project, and Pingyang Phase II Project were put into operation in the year and Haining Expansion Project, Huizhou Phase II Project, Hong'an Project, Yichun Project and other projects that were put into operation in the first half of 2020 operated throughout 2021, resulting in an increase in revenue
Cash paid from sale of goods, rendering of services	621,894,623.57	659,630,599.25	-37,735,975.68	-5.72	Mainly due to a decrease in fuel procurement costs as a result of the shutdown of Ninghe Straw Project since February
Increase in principal of contract assets of BOT project construction	941,107,777.81	868,984,007.15	72,123,770.66	8.30	Mainly due to an increase in investment in project construction
Cash paid to and for employees	400,497,529.52	325,538,692.22	74,958,837.30	23.03	Increase in operation projects, number of employees and wages
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	1,590,728,331.61	1,599,009,706.95	-8,281,375.34	-0.52	Minor changes
Cash received from non-public issuance of shares	5,743,183,587.60	3,958,912,274.30	1,784,271,313.30	45.07	Increase in loans from banks and BSAM
Cash paid for repayment of loans	4,563,722,757.32	2,590,329,167.68	1,973,393,589.64	76.18	Increase in repayment of bank loans and loans from BSAM
Cash paid for distribution of dividends and profit or payment of interests	729,655,125.50	556,650,057.29	173,005,068.21	31.08	Mainly due to an increase in dividends on ordinary shares by RMB163 million as compared with the same period last year

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

Applicable Not Applicable



IV. Management Discussion and Analysis (Continued)

(3) 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	966,741,308.85	4.78	1,608,061,795.80	9.22	-39.88	Mainly due to that part of the proceeds from the non-public issuance of A shares completed at the end of 2020 has been used
Accounts receivable	1,530,086,535.20	7.57	785,699,955.92	4.50	94.74	Yongjia Phase II Project, Shishou Project, Pingyang Phase II Project and other operating projects were newly added in the period; Tongzhou Project, Miyun Project, Jiamusi Project, Huizhou Project, Ninghe Straw Project and waste-to-energy Project, Zhangqiu Project, Jurong Project, Anshun Project Phase II were included in the national renewable energy subsidy catalogue in the period, and the income from renewable energy electricity subsidy was transferred from contract assets into the accounts receivable, most of which has not been received yet
Contract assets	227,632,558.36	1.13	467,951,853.72	2.68	-51.36	Mainly due to that Tongzhou Project, Miyun Project, Jiamusi Project, Huizhou Project, Ninghe Straw Project and Incineration Project, Zhangqiu Project, Jurong Project, Anshun Project Phase II were included in the national renewable energy subsidy catalogue in the period, and the income from renewable energy electricity subsidy was transferred from contract assets into the accounts receivable
Long-term receivables	49,619,090.97	0.25	5,239,640,603.64	30.03	-99.05	Mainly due to changes in accounting policies and adjustments to the presentation of PPP project in accordance with the Interpretation No. 14 of Accounting Standards for Business Enterprises
Fixed assets	332,942,513.29	1.65	53,174,313.11	0.30	526.13	Mainly due to that Huludao Hazardous Waste Project was completed in December this year and transferred from construction in progress to fixed assets
Intangible assets	9,546,803,985.25	47.23	7,366,230,070.06	42.22	29.60	Mainly due to the increase in construction projects and construction investment in the period, as well as the increase in intangible assets arising from recognition of construction revenue of PPP project according to "Interpretation No. 14 of Accounting Standards for Business Enterprises"

IV. Management Discussion and Analysis (Continued)

Item	Amount as at the end of the current period	Percentage of amount as at the end of the current period to total assets (%)	Amount as at the end of the 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
Other non-current assets	6,712,878,609.68	33.21	953,998,419.31	5.47	603.66	Mainly due to changes in accounting policies and adjustments to the presentation of PPP project in accordance with the Interpretation No. 14 of Accounting Standards for Business Enterprises
Short-term loans	1,248,797,640.41	6.18	2,495,169,633.87	14.30	-49.95	Mainly due to the increase in repayment of short-term loans from BSAM in the period
Accounts payable	1,411,772,142.99	6.98	1,291,193,658.66	7.40	9.34	Minor changes
Long-term loans	8,709,002,229.47	43.08	6,414,689,592.99	36.77	35.77	Increase in long-term loans from banks and BSAM

Other explanation

Nil

2. Overseas assets

Applicable Not Applicable

(1) *Asset size*

Including: overseas assets 2,031,054.24 (Unit: RMB), accounting for 0.01% of total assets.

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

Applicable Not Applicable



IV. Management Discussion and Analysis (Continued)

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

✓ Applicable Not Applicable

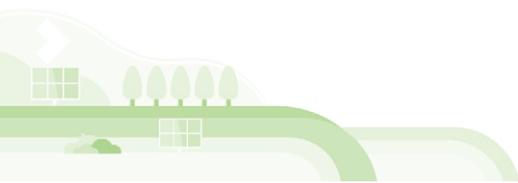
Item	Carrying amount at the end of the period (RMB)	Carrying amount at the beginning of the period (RMB) (restated)	Reason for restriction
Cash at bank and on hand and other non-current assets	2,222,929,761.93	1,680,207,631.32	Used for issuing performance bond
Intangible assets	6,419,824,246.07	4,821,753,851.33	Providing guarantees for loans
Accounts receivable	1,032,888,291.47	534,830,988.82	Providing guarantees for loans
Contract assets	84,556,379.37	353,919,836.12	Providing guarantees for loans
Total	9,760,198,678.84	6,941,498,176.48	

4. Other explanation

✓ Applicable Not Applicable

Financial resources and liquidity

The Group adopts prudent principles in cash and financial management to ensure proper risk management and reduction in costs of fund. It finances its operations primarily from cash flow generated internally and loans from principal banks. As at 31 December 2021, the Group had cash and cash equivalents of approximately RMB954,789,955.35, representing a decrease of RMB638,178,084.51 as compared to RMB1,592,968,039.86 at the end of 2020. The cash balance decreased as compared with last year mainly because that part of the proceeds from the non-public issuance of A shares completed by the Group at the end of 2020 has been used. As at 31 December 2021, the Group's gearing ratio decreased from 66.87% at the end of 2020 to 65.78%.



IV. Management Discussion and Analysis (Continued)

Capital management

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can provide returns for its shareholders while maintaining reasonable capital structure to reduce capital costs. The Group makes use of its gearing ratio for the management of capital structure. The ratio is defined as total liabilities divided by total assets. In 2021, the Group's strategy remained unchanged from 2020. As at 31 December 2021 and 31 December 2020, the gearing ratios of the Group were 65.78% and 66.87%, respectively.

Loans and pledge of assets

As at 31 December 2021, the Group had total outstanding borrowings of approximately RMB10,718,232,239.51, representing an increase of RMB1,160,194,069.82 as compared to RMB9,558,038,169.69 at the end of 2020. The borrowings included pledged loans of RMB4,663,444,481.96 and unpledged loans of RMB6,054,787,757.55. The Group's borrowings were denominated in Renminbi and Hong Kong dollars. Most of the Group's borrowings were at floating rates. As at 31 December 2021, the Group had composite banking credit facilities in the amount of RMB16,348,458,000.00, of which RMB5,836,542,299.68 had not been utilised. The composite banking credit facilities had terms ranging from 1 year to 15 years. The Group currently does not have any interest rate hedging policies. However, the management team keeps monitoring the Group's interest rate risks and would consider other necessary actions when significant interest rate risks are anticipated to occur. Certain receivables and operating rights in connection with the Group's service concession arrangements (including intangible assets, other non-current assets, contract assets and accounts receivable) were pledged under the banking credit facilities. The book value of the pledged receivables and operating rights amounted to approximately RMB9,748,247,325.34 as at 31 December 2021.

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 2020 and 31 December 2021 under the guarantees was the credit facility drawn down by the subsidiaries of RMB6,984,022,374.15 and RMB7,269,238,374.06, respectively.

Commitments

As at 31 December 2020 and 31 December 2021, the Group's outstanding purchase commitments in relation to the construction contracts which had not been provided for in the Group's financial statements were RMB4,103,681,296.50 and RMB2,367,683,664.66, respectively.



IV. Management Discussion and Analysis (Continued)

(4) Analysis for 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.

Analysis of operational information in the environmental protection industry

1. Air pollution control

(1) Main business model and upstream and downstream information

Applicable Not applicable

(2) Product sales and orders

Applicable Not applicable

(3) Project operation

Applicable Not applicable

2. Solid waste treatment

(1) Project operation

Applicable Not applicable

Project name	Place	Type of solid waste	Total investment	Designed capacity	Capacity utilization rate	Date of operation commencement	Project status	Term of concession rights	Criteria for waste treatment fees
Tongzhou Project	Tongzhou, Beijing	Municipal waste	1,240,000,000	2,250 tons/day	98.49%	August 2018	Completed	27 years	RMB152/ton
Shantou Project	Shantou, Guangdong	Municipal waste	1,040,000,000	2,250 tons/day	71.78%	March 2019 for phase I and September 2020 for phase II	Completed	30 years	RMB90/ton
Huizhou Phase II Project	Huizhou, Guangdong	Municipal waste	1,790,000,000	3,400 tons/day	90.04%	May 2020 for phase I and August 2021 for phase II	Completed	29 years	RMB74.3/ton

Notes: 1. Stage II of Huizhou Phase II Project was put into production in August 2021 and the capacity utilization rate was calculated according to the actual operating days.

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

IV. Management Discussion and Analysis (Continued)

- (2) Power generation business
 Applicable Not applicable

Project name	Electricity generation efficiency	Electricity generation volume ('0,000 kWh)	On-grid tariff (RMB/kWh)	Subsidy policy	Term of concession rights
Tongzhou Project	62.33%	27,299.40	0.65	Note	27 years
Shantou Project	64.52%	33,909.72	0.65	Note	30 years
Huizhou Phase II Project	67.98%	32,778.40	0.65	Note	29 years

Notes: 1. Stage II of Huizhou Phase II Project was put into production in August 2021 and the electricity generation efficiency was calculated based on the actual operating days.

2. 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".

- (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 denitration in SNCR furnace

- (4) Main processes and technologies
 For details, please refer to "III. Operations of the Company during the Reporting Period" in this section.
- (5) Market share
 According to the latest information disclosed in the China Statistical Yearbook, the waste incineration capacity in 2020 was 146,000,000 tons in China. In 2020, the Company's waste incineration treatment was 8,973,200 tons, accounting for 6.15% of the total treatment amount.



IV. Management Discussion and Analysis (Continued)

3. *Environmental rehabilitation business*
 Applicable Not applicable

(5) Investment analysis

Overall analysis of external equity investments

- Applicable Not Applicable

Investments during the Reporting Period (RMB)	Investments during the corresponding period last year	Change
354,100,000.00	778,828,516.00	-54.53%

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

Name of project	Source of funding	Investment during the Reporting Period (RMB'0,000)	Cumulative investment (RMB'0,000)	Project progress
Huizhou Phase II Project	Self-financing and borrowings	29,397.04	113,637.05	Stage I put into production in May 2020, and stage II put into production in August 2021

3. *Financial assets measured at fair value*
 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 2021, save for the investment or construction of the waste-to-energy projects won by the Company through tender as announced in prior announcements and described in this annual report, the Group had no other material investment (including any investment in an investee representing 5% or above of the total assets of the Company as at the end of the Reporting Period) or plan for material investment or acquisition of capital assets. However, the Company will actively pursue opportunities for investments in its ordinary course of business in order to enhance its profitability.

IV. Management Discussion and Analysis (Continued)

(6) Material disposal of assets and equity

Applicable Not Applicable

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

Applicable Not Applicable

RMB'0,000

Name of company	Principal business	Shareholding	Registered capital/ investment cost	Total assets	Net assets	Net profit	Operating income	Operating profit
Tongzhou Company	Waste treatment and power generation	100%	37,500	154,216.84	72,592.94	10,351.34	23,771.88	12,105.60
Shantou Company	Waste treatment and power generation	100%	21,000	105,941.94	43,549.20	9,914.05	20,732.82	10,018.20
Haining Expansion Company	Waste treatment and power generation	60%	39,000	122,934.94	59,616.98	9,014.10	23,130.57	9,230.09
Huizhou Phase II Company	Waste treatment and power generation	100%	45,000	132,633.01	56,424.69	11,688.05	50,758.66	12,180.70

As at the end of the Reporting Period, the total assets of Tongzhou Company represented 7.63% of the total assets of the Group, the total assets of Shantou Company represented 5.24% of the total assets of the Group, the total assets of Haining Expansion Company represented 6.08% of the total assets of the Group, and the total assets of Huizhou Phase II Company represented 6.56% of the total assets of the Group. 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 Group's discussion on the investment strategies for the above investments, please refer to Details of future material investment or capital assets planning under (5) Investment analysis in the section.

(8) 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

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

The adjustment to the policy on National Subsidies has been implemented, and the upper limit of the National Subsidies for the existing projects is limited by 82,500 reasonable utilization hours or 15 years. The on-grid tariff of projects newly commenced after 2021 shall be subject to on-grid competitive bidding. In August 2021, the NDRC, the Ministry of Finance, and the National Energy Administration jointly issued the Notice on 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〈2021年生物質發電項目建設工作方案〉的通知》(發改能源[2021]1190號)), which clarified the details of implementation measures of on-grid competitive bidding. The changes in the policy on National Subsidies highlight the importance of project quality and the urgency of diversifying project revenue sources.

The PRC has clarified the timetable and roadmap for achieving peak carbon dioxide emission and carbon neutrality. Establishing a market-oriented mechanism for carbon emission is an important measure to achieve peak carbon dioxide emission and carbon neutrality. In January 2021, the Ministry of Ecology and Environment promulgated the Administrative Measures for Carbon Emission Permit Trading (Trial Implementation), and issued a quota allocation plan for the power generation industry and a list of key emission units. On 16 July, the national carbon emission permit trading was officially launched at the Shanghai Environment and Energy Exchange. The Ministry of Ecology and Environment will take the lead in conducting carbon emission permit trading nationwide in the power generation industry. Based on the stable operation of carbon market of the power generation industry, the Ministry of Ecology and Environment will gradually expand the scope of the market in the industry, to enrich trading varieties and trading methods, achieve stable and effective operation and sustainable development of the national carbon market, and effectively play the important role of the market mechanism in achieving the peak carbon dioxide emission target and the vision of carbon neutrality. The carbon reduction effect of waste incineration was significant, and enterprises in the industry may obtain additional benefits through the trading of Chinese Certified Emission Reduction (CCER) in the future.



IV. Management Discussion and Analysis (Continued)

(II) Company development strategy

Applicable Not Applicable

With “creating a better living environment” as the corporate mission, the Company properly responds to the changes in the national macro environment and industry policies, focuses on the main business, and strengthens the market development of waste-to-energy projects. It takes advantage of the capital market to strengthen mergers and acquisitions, improve the operation and management of completed projects, and make the waste-to-energy business more refined, better and stronger. New growth drivers will be proactively cultivated in the solid waste industry, to promote the enterprise to shift from high-speed development to a high-quality and healthy development, striving to build Dynagreen into a domestic first-class and internationally renowned comprehensive environmental protection industrial group.

(III) Business plan

Applicable Not Applicable

The Company will strengthen the main business, continue to strengthen market development, refine, optimise and strengthen the business of waste incineration power generation, keep up with the situation, strengthen the expansion of new business such as kitchen waste and sludge treatment, and work hard to improve the operating efficiency of the projects. The Company plans to put Huludao Waste-to-energy Project, Shuozhou Project and Enshi Project into production in the year. Jingxi Project and Wuhan Phase II Project will complete 45% and 40% of construction work respectively. The construction of Zhangqiu Phase II Project will officially start in the second quarter.

(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 ongrid electricity based on the volume of waste treatment received in the plants with a conversion ratio of 280 kWh per ton of municipal waste. The part that does not exceed the above-mentioned amount of electricity implements a national waste-to-energy benchmark price of RMB0.65 per kWh (inclusive of tax). The part that exceeds the abovementioned amount of electricity implements the on-grid tariff for the local coal-fired generating units. All the waste-to-energy projects approved after 2006 shall follow such regulation. In September 2020, the Ministry of Finance, the National Development and Reform Commission, and the National Energy Administration jointly issued the supplementary notice on relevant matters of the Several Opinions on Promoting the Healthy Development of Non-Hydro Renewable Energy Power Generation (《關於促進非水可再生能源發電健康發展的若干意見》), noting that subsidies for biomass power generation projects by the National



IV. Management Discussion and Analysis (Continued)

Renewable Energy Fund will cover only the first 82,500 hours or 15 years after the project is put into operation. In September of the same year, the Ministry of Finance, the National Development and Reform Commission, and the National Energy Administration jointly issued the Implementation Plan for Improving the Construction and Operation of Biomass Power Generation Projects (《完善生物質發電項目建設運行的實施方案》). Since 1 January 2021, the on-grid tariff of all the biomass power generation projects that have been approved but not started and newly approved in the planning will be allocated and determined through competition. In August 2021, the NDRC, the Ministry of Finance, and the National Energy Administration jointly issued the Notice on 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〈2021年生物質發電項目建設工作方案〉的通知》(發改能源[2021]1190號)), proposing to divide the biomass power generation projects subsidized by the central government into non-competitive allocation projects and competitive allocation projects. The projects for which all units were completed and connected to the grid in the current year after 20 January 2020 (inclusive) but which were not included in the subsidy scope of 2020 and the projects for which the construction was commenced by the end of 2020 and all units were completed and connected to the grid by the end of 2021 are non-competitive configuration projects; the projects for which the construction was commenced in the current year after 1 January 2021 (inclusive) are competitive configuration projects. The change of national renewable energy tariff subsidy policy may have adverse effects on the Company's profitability and cash flow.

The Company will pay close attention to policy developments and convey our desire to maintain policy stability through industry organizations. The Company will develop 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

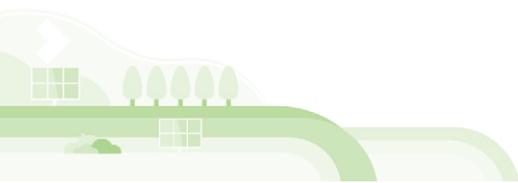
The waste-to-energy business conducted by the Company is strictly regulated by the environmental protection departments at all levels in the country. In recent years, the environmental pollution problems have become increasingly prominent in the PRC. On the one hand, the government has introduced favourable 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 2020 to 2021, the Company enjoyed total tax incentives of RMB181,869,400 and RMB205,270,400 respectively, accounting for 28.96% and 23.06% 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.



IV. Management Discussion and Analysis (Continued)

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

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

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

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

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

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



IV. Management Discussion and Analysis (Continued)

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

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

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

7. Risk of substandard performance in environmental protection

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

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

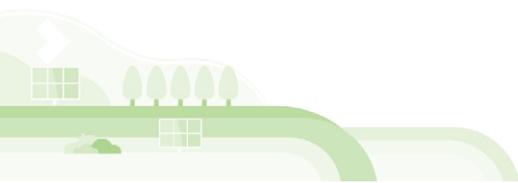
8. Risk of high gearing ratio

Municipal waste-to-energy is a capital-intensive industry, and project construction funds are generally raised by 30% of capital and 70% of bank loans. The Company has recently many projects under construction, resulting in an increase in the gearing ratio. After the completion of the Company’s additional A-share issuance in December 2020, the Company’s gearing ratio was 66.87%. As of the end of December 2021, the Company’s gearing ratio was 65.78%, which is still higher than the industry average. If the domestic monetary policy tightens and the lending channels become drained, the operations, financial conditions and cash flow of the Company may be affected adversely.

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

(V) Others

Applicable Not Applicable



IV. Management Discussion and Analysis (Continued)

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)

(1) 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 RMB711,866,475.14 (corresponding period in 2020: RMB521,980,684.71). The increase was mainly due to an increase in net profit.

(2) Foreign exchange risks and exchange gains and losses

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

(3) Use of proceeds

As approved by the Approval in Relation to the Non-public Offering of Dynagreen Environmental Protection Group Co., Ltd. (Zheng Jian Xu Ke [2020] No. 2493) 《關於核准綠色動力環保集團股份有限公司非公開發行股票的批覆》(證監許可[2020]2493號)) issued by the CSRC, the Company conducted non-public issuance 232,240,000 A shares, which were listed on the Shanghai Stock Exchange on 9 December 2020. The par value per share was RMB1.00. The issue price was RMB7.82 per share, and the gross proceeds were RMB1,816,116,800.00. After deducting the issuance expenses of RMB30,540,501.80, the net proceeds amounted to RMB1,785,576,298.20. The net proceeds per share were RMB7.69. On the date the terms of the A share non-public offering were fixed (i.e. 16 November 2020), the market price of the H shares of the Company was HK\$3.5.

In 2020, the Company had used approximately RMB1.786 billion of proceeds to replace those funds previously invested for investment projects with the proceeds, repay bank loans, and make capital increase and provide loans to wholly-owned subsidiaries. As of 31 December 2020, the unused proceeds amounted to RMB61 million. In the financial year of 2021, the Company used the proceeds to repay the bank loan of RMB1 million in January; and the remaining RMB60 million was used to finance registered capital of wholly-owned subsidiaries in July. The Company confirms that the purpose and planned use of the proceeds are consistent with the plan disclosed in the previous announcement and the proceeds have been used up.



IV. Management Discussion and Analysis (Continued)

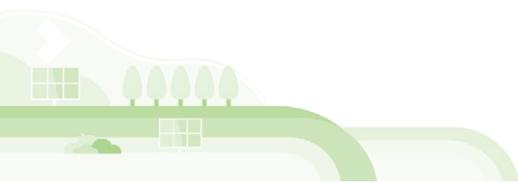
(4) Final dividend

The Board proposed to pay a dividend of RMB0.1 (before tax) per share for the year ended 31 December 2021 (“2021 Final Dividend”), totaling RMB139,344,000. 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 2021 Final Dividend is subject to the consideration and approval by shareholders at the AGM, which is expected to be paid by 29 July 2022.

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)

(5) 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.

(6) Closure of register of members

In order to determine the shareholders entitled to the 2021 Final Dividend, the register of holders of H shares of the Company will be closed from 30 June 2022 (Thursday) to 5 July 2022 (Tuesday), both days inclusive, during which no transfer of shares will be registered. In order to qualify for the entitlement to the 2021 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 54th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. (Hong Kong time) on 29 June 2022 (Wednesday), being the last share registration date.

(7) 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.

(8) 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.

(9) Fixed assets

Details of movements in the fixed assets of the Group during the Reporting Period are set out in Note VII.21 to the financial statements.

(10) Reserve

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

(11) 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 RMB2,594,406,537.26. In addition, none of the Company's share premium account is available for distribution as dividends by way of capitalization issues.



IV. Management Discussion and Analysis (Continued)

(12) 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.

(13) Charitable donation

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

(14) 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.

(15) Equity-linked agreement

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

(16) 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 Group.

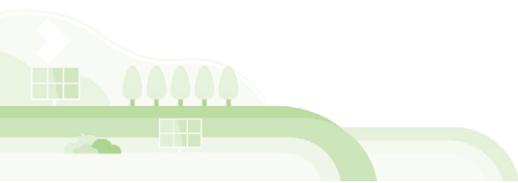
(17) Remuneration for Directors and five highest paid employees

Details of the emoluments for Directors and five highest paid employees are set out in Note XII.5 to the financial statements.

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

Chairman: Qiao Dewei

29 March 2022



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**") 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 29 March 2022, the Supervisory Committee convened a meeting, at which the 2021 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
LUO Zhaoguo

Shenzhen, the PRC
29 March 2022



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 shareholders' meeting, the Board and the Supervisory Committee were all operated according to laws and members performed their roles and responsibilities diligently. During the Reporting Period, the Company amended the Articles of Association and the rules of procedures of the Board in accordance with the Code of Corporate Governance for Listed Companies and the Guidelines for Articles of Association of Listed Companies. 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 14 of the Listing Rules of the Stock Exchange as its own code of corporate governance. During the year ended 31 December 2021, the Company has complied with the code provisions as set out in the CG Code. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

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
2020 Annual General Meeting	14 May 2021	www.hkexnews.hk/ www.sse.com.cn	14 May 2021 15 May 2021	All resolutions of the meeting were approved
First Extraordinary General Meeting for the Year 2021	24 August 2021	www.hkexnews.hk/ www.sse.com.cn	24 August 2021 25 August 2021	All resolutions of the meeting were approved
Second Extraordinary General Meeting for the Year 2021	10 November 2021	www.hkexnews.hk/ www.sse.com.cn	10 November 2021 11 November 2021	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

The 2021 first A share class meeting and first H share class meeting were held on 24 August 2021.



VI. Corporate Governance (Continued)

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 (Note)	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	shareholding during the year Reason for change	Total remuneration before tax received from the Company during the Reporting Period (RMB'000)	Whether received remuneration from the related parties of the Company
ZHI Jun	Chairman (resigned)	Male	59	2012-04-11	2021-03-30	0	0	0			Yes
QIAO Dewei	Chairman, Director	Male	55	2012-04-11	2024-11-9	0	0	0		244.64	No
CHENG Suning	Director	Male	37	2018-10-19	2024-11-9	0	0	0			Yes
LIU Shuguang	Director	Male	53	2012-04-11	2024-11-9	0	0	0			Yes
CAO Jinjun	Director (resigned)	Male	61	2018-10-19	2021-02-05	0	0	0			Yes
ZHANG Zhenhai	Director (resigned)	Male	41	2021-5-14	2021-11-10	0	0	0			No
ZHONG Xia	General Manager, Director	Female	54	2021-5-14	2024-11-9	0	0	0		202.48	No
HU Shengyong	Director	Male	52	2014-11-07	2024-11-9	0	0	0		153.68	No
LI Lei	Director	Male	38	2021-11-10	2024-11-9	0	0	0			Yes
OU Yuezhou	Independent Director (resigned)	Male	71	2015-06-19	2021-11-10	0	0	0		6.7	No
FU Jie	Independent Director	Female	43	2018-02-26	2024-11-9	0	0	0		10	No
XIE Lanjun	Independent Director	Male	56	2018-10-19	2024-11-9	0	0	0		8	No
ZHOU Beihai	Independent Director	Male	59	2021-11-10	2024-11-9	0	0	0		1.3	No
LUO Zhaoguo	Chairman of the Supervisory Committee	Male	44	2013-06-19	2024-11-9	0	0	0			Yes
HE Hong	Supervisor (resigned)	Female	46	2018-10-19	2021-5-14	0	0	0			Yes
WANG Meilin	Employee Representative Supervisor (resigned)	Female	36	2017-06-02	2021-11-10	0	0	0		31.49	No
YU Lijun	Supervisor	Female	36	2021-5-14	2024-11-9	0	0	0		18.68	No
YAN Shiwen	Employee Representative Supervisor	Male	28	2021-11-10	2024-11-9	0	0	0		17.82	No
HUANG Jianzhong	Deputy General Manager	Male	56	2012-04-11	2024-11-9	0	0	0		149.68	No
ZHANG Yong	Deputy General Manager	Male	50	2017-01-01	2024-11-9	0	0	0		143.68	No
ZHU Shuguang	Deputy General Manager/Secretary to the Board	Male	46	2017-01-01	2024-11-9	0	0	0		143.68	No
Hao Jingli	Deputy General Manager	Male	54	2019-10-10	2024-11-9	0	0	0		148.68	No
Xi Qiang	Deputy General Manager	Male	43	2019-10-10	2024-11-9	0	0	0		148.68	No
ZHANG Wei	Chief engineer	Male	54	2019-10-10	2024-11-9	0	0	0		131.59	No
Yi Zhiyong	Chief Financial Officer	Male	48	2021-3-31	2024-11-9	0	0	0		122.21	No
Total	/	/	/	/	/	0	0	0	/	1,681.79	/

Note: Qiao Dewei served as the chairman of the Company on 31 March 2021; ZHONG Xia served as the general manager of the Company on 31 March 2021.

VI. Corporate Governance (Continued)

Name	Major Working Experience
Qiao Dewei	For details, please refer to “(II) 1. Resume of existing Directors, supervisors and senior management”
CHENG Suning	For details, please refer to “(II) 1. Resume of existing Directors, supervisors and senior management”
LIU Shuguang	For details, please refer to “(II) 1. Resume of existing Directors, supervisors and senior management”
ZHONG Xia	For details, please refer to “(II) 1. Resume of existing Directors, supervisors and senior management”
HU Shengyong	For details, please refer to “(II) 1. Resume of existing Directors, supervisors and senior management”
LI Lei	For details, please refer to “(II) 1. Resume of existing Directors, supervisors and senior management”
FU Jie	For details, please refer to “(II) 1. Resume of existing Directors, supervisors and senior management”
XIE Lanjun	For details, please refer to “(II) 1. Resume of existing Directors, supervisors and senior management”
ZHOU Beihai	For details, please refer to “(II) 1. Resume of existing Directors, supervisors and senior management”
LUO Zhaoguo	For details, please refer to “(II) 1. Resume of existing Directors, supervisors and senior management”
YU Lijun	For details, please refer to “(II) 1. Resume of existing Directors, supervisors and senior management”
YAN Shiwen	For details, please refer to “(II) 1. Resume of existing Directors, supervisors and senior management”
HUANG Jianzhong	For details, please refer to “(II) 1. Resume of existing Directors, supervisors and senior management”
ZHANG Yong	For details, please refer to “(II) 1. Resume of existing Directors, supervisors and senior management”
ZHU Shuguang	For details, please refer to “(II) 1. Resume of existing Directors, supervisors and senior management”
Hao Jingli	For details, please refer to “(II) 1. Resume of existing Directors, supervisors and senior management”
XI Qiang	For details, please refer to “(II) 1. Resume of existing Directors, supervisors and senior management”
ZHANG Wei	For details, please refer to “(II) 1. Resume of existing Directors, supervisors and senior management”
YI Zhiyong	For details, please refer to “(II) 1. Resume of existing Directors, supervisors and senior management”
Other explanations	
<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable	



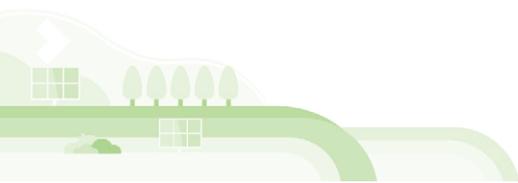
(II) Information on the positions of current Directors, supervisors and senior management

1. Resume of Current Directors, Supervisors and Senior Management

(1) Directors

Mr. QIAO Dewei (喬德衛), aged 55, 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 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, and works as the Chairman of the Board since 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.

Mr. CHENG Suning (成蘇寧), aged 37, was appointed as a non-executive director of the Company on 19 October 2018. Mr. CHENG served as the sales consultant of the sales department of Shenyang Huabao Auto Sales & Service Co., Ltd. (沈陽華寶汽車銷售服務有限公司) from September 2007 to May 2010, and served as officer of sales department of Jianghe Paper Product US Co., Ltd (江河紙業美國公司) from September 2011 to August 2012. Since April 2013, Mr. CHENG has served various positions of the Urban Function and Social Investment Department of BSAM, including project director, project manager, senior project manager, deputy general manager and general manager. He became a director of Capital Healthcare Industry Group Co., Ltd. (首都醫療健康產業集團有限公司) in April 2020 and a director of Beijing CHICARE Investment Co., Ltd. (北京誠和敬投資有限責任公司) in October 2020. Mr. CHENG graduated from the University of Illinois at Chicago with a master's degree. Mr. CHENG is a member of the Audit and Risk Management Committee and the Nomination Committee of the Company.



VI. Corporate Governance (Continued)

Mr. LIU Shuguang (劉曙光), aged 53, 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 and Remuneration and Appraisal Committee of the Company.

Ms. ZHONG Xia, aged 54, was appointed as the General Manager of the Company on 31 March 2021 and a non-executive Director of the Company on 14 May 2021. 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 has served as the deputy Party secretary of the Company since November 2018 and the general manager of the Company since March 2021. Mr. Zhong is a member of the Strategy Committee of the Company. Ms. Zhong graduated from Anhui University of Technology (安徽工業大學) with a Bachelor's degree.

Mr. HU Shengyong (胡聲泳), aged 52, 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 is a member of the Strategy 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.

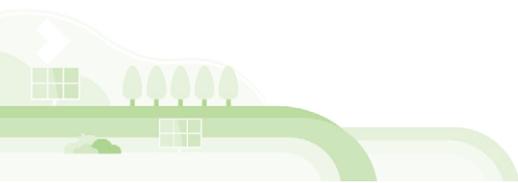


VI. Corporate Governance (Continued)

Mr. LI Lei (李雷), aged 38, was appointed as a non-executive Director of the Company on 10 November 2021. He worked at Shanghai Shangya Assets Management Company (上海尚雅資產管理公司) from June 2009 to October 2010, at Sealand Securities Co., Ltd. (國海證券股份有限公司) from March 2011 to October 2013, and at Industrial Securities Co., Ltd. (興業證券股份有限公司) from October 2013 to November 2015. He served as the temporary head and deputy general 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) from November 2015 to November 2017. Since November 2017, he has served as the deputy general manager of the Investment Business Department of Three Gorges Capital Holdings Co., Ltd. Mr. Li graduated from Beijing University with a master's degree.

Ms. FU Jie (傅捷), aged 43, was appointed as an independent non-executive Director of the Company on 26 February 2019. Ms. FU is a member of the China Institute of Certified Public Accountants, the Association of Chartered Certified Accountants (ACCA) and the Hong Kong Institute of Certified Public Accountants. 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 Hong Kong Stock Exchange (Stock Code: 8243) from June 2019 to August 2019. Ms. FU is the chairman of the Audit and Risk Management Committee and a member of the Remuneration and Appraisal Committee of the Company. Ms. FU graduated with a bachelor's degree in economics with a Finance Major from Central University of Finance and Economics.

Mr. XIE Lanjun (謝蘭軍), aged 56, was appointed as an independent non-executive Director of the Company on 19 October 2019. 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). In May 2020, he was appointed as an independent director of Shenzhen Jinjia Group Co., Ltd. (深圳勁嘉集團股份有限公司), Shenzhen Institute of Building Research Co., Ltd. (深圳市建築科學研究院股份有限公司), RAYITEK Hi-Tech Film Company, Ltd., Shenzhen (深圳瑞華泰薄膜科技股份有限公司) and Shenzhen Medlinket Medical Electronics Co. Ltd. (深圳市美的連醫療電子股份有限公司). Mr. XIE is the chairman of the Nomination Committee and a member of the Audit and Risk Management Committee of the Company. Mr. XIE graduated from Lanzhou University (蘭州大學) with a bachelor's degree.



VI. Corporate Governance (Continued)

Mr. ZHOU Beihai (周北海), aged 59, 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 has been appointed as the professor at the School of Energy and Environmental Engineering of University of Science and Technology Beijing since January 2005 and was appointed as an independent director of Yunnan Water Investment Co., Limited (雲南水務投資股份有限公司) (06839.HK) in October 2020. Mr. Zhou is the chairman of the Remuneration and Appraisal Committee and a member of the Strategy Committee and the Nomination Committee. Mr. Zhou graduated with a doctoral degree from Tsinghua University.

(2) Supervisors

Mr. LUO Zhaoguo (羅照國), aged 44, is the chairman of the Supervisory Committee of the Company and became a Supervisor of the Company on 19 June 2013. 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. Since July 2013, Mr. LUO has served as the deputy general manager and the general manager of the Department of Finance Planning 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. YU Lijun (余麗君), aged 36, 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 28, 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 and compliance supervisor of the Company since April 2020. Mr. Yan graduated from Hunan University of Arts and Science with a bachelor's degree in accounting.



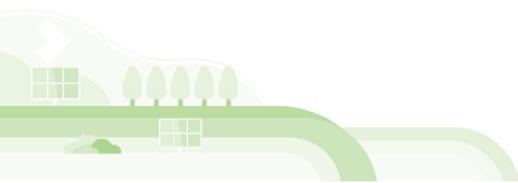
VI. Corporate Governance (Continued)

(3) Senior management

Ms. ZHONG Xia (仲夏) is the general manager of the Company. Please refer to the sub-section headed "Directors" for biographical details of Ms. ZHONG.

Mr. HUANG Jianzhong (黃建中), aged 56, 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 Subbranch (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.

Mr. ZHANG Yong (張勇), aged 50, 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.



VI. Corporate Governance (Continued)

Mr. ZHU Shuguang (朱曙光), aged 46, is currently the Secretary of the Board, joint company secretary 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. Mr. ZHU also concurrently served as the General Manager of the Legal Affairs Department of the Company from May 2015 to October 2021. Since January 2017, he has been the secretary to the Board, a deputy general manager of the Company. Mr. ZHU is appointed as a joint company secretary on 17 December 2021. 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 54, is 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.

Mr. XI Qiang (奚強), aged 43, is 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 Jiaying 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 has served the general manager of the operation management center of Dynagreen Environmental Protection Group Co., Ltd. since August 2019. 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.



VI. Corporate Governance (Continued)

Mr. ZHANG Wei (張衛), aged 54, is 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.

Mr. YI Zhiyong (易智勇), aged 48, is 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.

(4) Joint company secretaries

Mr. ZHU Shuguang is a joint company secretary of the Company. Please refer to the sub-section headed "Senior Management" 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.

VI. Corporate Governance (Continued)

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
CHENG Suning	BSAM	General manager of the urban function and social investment department		
LUO Zhaoguo	BSAM	General manager of the Department of Finance Planning		
LIU Shuguang	Anhui Jianghuai Growth Investment Fund Centre (Limited Partnership)	General manager of Anhui Botao Venture Capital Fund Management Co., Ltd. (安徽博韜創投基金管理有限公司) (Executive Partner)		
LI Lei	Three Gorges Capital Holdings Co., Ltd.	Deputy general manager of Investment Business Department		
Explanation on positions held in shareholder entities	Nil			

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		
XIE Lanjun	Beijing Zhongyin (Shenzhen) Law Firm (北京市中銀(深圳)律師事務所)	Senior partner, practicing lawyer		
ZHOU Beihai	University of Science and Technology Beijing	Professor		
Explanation on positions held in other entities	Nil			



VI. Corporate Governance (Continued)

(III) REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

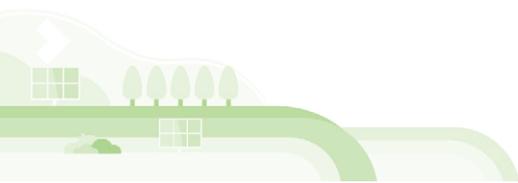
Applicable Not applicable

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
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	RMB15.7549 million
Total remuneration actually received by all Directors, supervisors and senior management at the end of the Reporting Period	RMB15.7549 million

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

Applicable Not applicable

Name	Position	Change situation	Reasons for changes
ZHI Jun	Chairman	Resignation	Resigned as the chairman due to work reasons
Qiao Dewei	Chairman	Election	By-election of director
CAO Jinjun	Director	Resignation	Resigned as a director due to personal reasons
ZHANG Zhenhai	Director	Election	By-election of director
ZHANG Zhenhai	Director	Resignation	Resigned upon expiry of the term of office
ZHONG Xia	Director	Election	By-election of director
ZHONG Xia	General Manager	Appointment	Transfer from general manager to chairman of the Company
LI Lei	Director	Election	General election
OU Yuezhou	Independent Director	Resignation	Resigned upon expiry of the term of office
ZHOU Beihai	Independent Director	Election	General election
HE Hong	Supervisor	Resignation	Resigned as a supervisor due to work reasons
WANG Meilin	Employee representative supervisor	Resignation	Resigned upon expiry of the term of office
YU Lijun	Supervisor	Election	By-election
YAN Shiwen	Employee representative supervisor	Election	General election
HU Shengyong	Chief Financial Officer	Resignation	Resigned as the Chief Financial Officer due to work reasons
YI Zhiyong	Chief Financial Officer	Appointment	Resignation of the former Chief Financial Officer



VI. Corporate Governance (Continued)

(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
28th meeting of the third session	26 January 2021	All resolutions were approved
29th meeting of the third session	30 March 2021	All resolutions were approved
30th meeting of the third session	29 April 2021	All resolutions were approved
31st meeting of the third session	31 May 2021	All resolutions were approved
32nd meeting of the third session	30 June 2021	All resolutions were approved
33rd meeting of the third session	23 July 2021	All resolutions were approved
34th meeting of the third session	30 August 2021	All resolutions were approved
35th meeting of the third session	21 October 2021	All resolutions were approved
36th meeting of the third session	29 October 2021	All resolutions were approved
1st meeting of the fourth session	10 November 2021	All resolutions were approved
2nd meeting of the fourth session	26 November 2021	All resolutions were approved
3rd meeting of the fourth session	17 December 2021	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 and the Stock Exchange 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 3% of the Shares of the Company may propose resolutions to the Company.

Shareholders who individually or together holding more than 3% 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.

(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
Level 54, Hopewell Centre, 183 Queen's Road East, 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

ZHI Jun (*Chairman*) (resigned on 30 March 2021)

CHENG Suning

LIU Shuguang

CAO Jinjun (resigned with effect from 5 February 2021)

ZHANG Zhenhai (appointed on 14 May 2021 and resigned on 10 November 2021)

LI Lei (appointed on 10 November 2021)

Executive Directors

Qiao Dewei (*Chairman*)

ZHONG Xia (*General Manager*) (appointed on 14 May 2021)

HU Shengyong

Independent Non-executive Directors

OU Yuezhou (resigned on 10 November 2021)

FU Jie

XIE Lanjun

ZHOU Beihai (appointed on 10 November 2021)

During the Reporting Period, the Board consisted of nine members, including three non-executive Directors, three executive Directors and three independent non-executive Directors. Biographic information of Directors is set out in the section headed “Current Directors, Supervisors and Senior Management during the Reporting Period” of the annual report for the year ended 31 December 2021.

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



VI. Corporate Governance (Continued)

2. Non-executive Directors and Directors' Re-election

Code provision A.4.1 of the CG Code stipulates that non-executive Directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 of the CG Code states that all Directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and 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 and control of the Company and oversees the Group's business, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board take 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 formulated 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 reserves for its decision all major matters relating to policy matters, strategies 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.

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
			Attendance in person	Attendance via communication	Attendance by proxy	Absence		
ZHI Jun	No	2	2	1	0	0	No	0
Qiao Dewei	No	12	12	0	0	0	No	3
CHENG Suning	No	12	9	8	3	0	Yes	3
LIU Shuguang	No	12	11	10	1	0	No	1
CAO Jinjun	No	1	1	1	0	0	No	0
ZHANG Zhenhai	No	6	3	3	3	0	Yes	2
LI Lei	No	3	1	1	2	0	Yes	1
ZHONG Xia	No	9	9	0	0	0	No	3
HU Shengyong	No	12	12	0	0	0	No	3
OU Yuezhou	Yes	9	9	8	0	0	No	1
FU Jie	Yes	12	12	10	0	0	No	3
XIE Lanjun	Yes	12	12	10	0	0	No	2
ZHOU Beihai	Yes	3	3	3	0	0	No	1

Explanation for not attendance in person for two consecutive times

Applicable Not applicable

CHENG Suning, ZHANG Zhenhai and LI Lei, all being non-independent directors, failed to attend the Board meeting in person for two consecutive times due to work reasons.

Number of board meetings held in the year	12
Of which: number of on-site meeting	1
Number of meeting via communication	0
Number of meeting via on-site and communication	11



VI. Corporate Governance (Continued)

(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 keep abreast of 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 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 develop and 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 2021, the following Directors attended seminars/training sessions/inhouse 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 (<i>Chairman</i>)	✓	✓
ZHONG Xia (<i>General Manager</i>)	✓	✓
HU Shengyong	✓	✓
<i>Non-executive Directors</i>		
CHENG Suning	✓	✓
LIU Shuguang	✓	✓
LI Lei	✓	✓
<i>Independent Non-executive Directors</i>		
FU Jie	✓	✓
XIE Lanjun	✓	✓
ZHOU Beihai	✓	✓

2. Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 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

The positions of the chairman and the general manager are held by Mr. QIAO Dewei and Ms. ZHONG Xia respectively. The chairman provides leadership for the Board and is responsible for formulating corporate and business strategies and making major corporations and operations 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 corporate and business strategy. Their respective responsibilities are clearly defined and set out in writing.

XI. SPECIAL COMMITTEES UNDER THE BOARD

Applicable Not applicable

(1) Members of the special committees under the Board

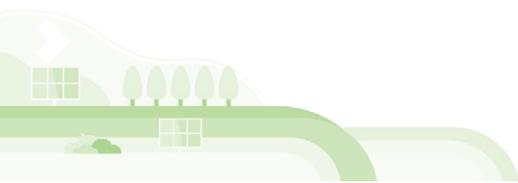
Special committees	Members
Audit and Risk Management Committee	FU Jie (Chairman), CHENG Suning, XIE Lanjun
Nomination Committee	XIE Lanjun (Chairman), ZHOU Beihai, CHENG Suning
Remuneration and Appraisal Committee	ZHOU Beihai (Chairman), FU Jie, LIU Shuguang
Strategy Committee	Qiao Dewei (Chairman), LIU Shuguang, ZHONG Xia, HU Shengyong, 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.

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 2020, considered the re-appointment of KPMG Huazhen LLP as the Company’s external auditors in 2021 and held two meetings with the external auditors in the absence of the executive Directors.



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 a general election was held during the Reporting Period, the Nomination Committee held the third meeting of the Nomination Committee of the third session of the Board of Directors in 2021 during the Reporting Period, at which the Resolution on Recommending Candidates for Directors of the Fourth Session of the Board of Directors was considered.

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) determining, with delegated responsibilities from the Board, or 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.

Pursuant to Code Provision B.1.5 of the CG Code, the annual remuneration of the members of the senior management by band for the year ended 31 December 2021 is set out below:

Remuneration band(s) (HK\$)	Number of individuals
HK\$1,000,001 to 1,500,000	1
HK\$1,500,001 to 2,000,000	6
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 2021 are set out in note X to the Financial Statements contained in the annual report.

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.

VI. Corporate Governance (Continued)

(2) The Audit and Risk Management Committee convened 5 meetings during the Reporting Period

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
2021-03-23	Resolutions in relation to the 2020 fourth quarterly and annual internal audit work reports, annual financial report, annual report, internal control evaluation plan, and engagement of auditors	All resolutions were approved	
2021-04-23	First quarterly internal audit work report and 2021 first quarterly report	All resolutions were approved	
2021-08-23	2021 second quarterly internal audit work report, semi-annual interim financial report, 2021 interim results announcement and 2021 interim report	All resolutions were approved	
2021-10-22	Third quarterly internal audit work report, 2021 third quarterly report and nomination of the head of the audit department	All resolutions were approved	
2021-12-10	Resolution in relation to 2022 internal audit work plan, 2021 internal control evaluation plan and amendments to the Terms of Reference of the Audit and Risk Management Committee of the Board of Directors	All resolutions were approved	

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

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
2021-03-30	Nomination of candidates for the chairman and directors of the Company; appointment of the general manager and chief financial officer of the Company and adjustment to the composition of the special committees of the Board of Directors	All resolutions were approved	
2021-05-21	Nomination of members of the Strategy Committee of the Board of Directors	All resolutions were approved	
2021-10-08	Recommendation of candidates for directors of the fourth session of the Board of Directors	All resolutions were approved	
2021-11-10	Appointment of the general manager, deputy general manager, chief engineer and financial director and the secretary to the Board of the Company	All resolutions were approved	



VI. Corporate Governance (Continued)

(4) The Remuneration and Appraisal Committee convened 1 meeting during the Reporting Period

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
2021-03-30	Performance of duties by senior management in 2020, appraisal of remuneration in 2020 and 2021 remuneration plan for senior management of the Company, remuneration plan for directors and supervisors of the Company in 2021	All resolutions were approved	

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

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
2021-03-30	2020 work report of general manager and 2021 business plan	All resolutions were approved	

(6) Specific matters with objections

Applicable Not applicable

XII. BOARD DIVERSITY POLICY

The Board Diversity Policy has been considered and approved at the twenty-sixth meeting of the first session of the Board, which aims to set out the Company's position on the Board diversity and the policy it will continue to adopt in the process of realization. The Board has established this policy in accordance with the following principles:

- (1) Board diversity is an important factor to maintain the Company's sound corporate governance, achieve sustainable development and achieve strategic goals.
- (2) 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.
- (3) 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 Nomination Committee of the Board has not set any quantifiable goals for implementing the Board Diversity Policy. However, the Nomination Committee of the Board will consider and review the Board Diversity Policy and set any measurable goals from time to time.

The Company has achieved gender diversity of Board members and all employees (including senior management). 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 21.75% of all employees of the Company; the Company has not formulated any plans or measurable goals for gender diversity of employees.



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

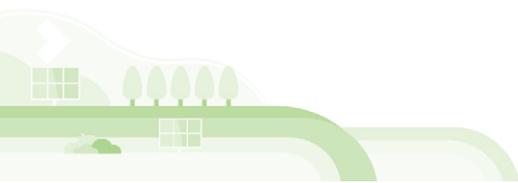
Number of in-service employees of the parent company	110
Number of in-service employees of the major subsidiaries	2,897
Total number of in-service employees	3,007
The number of retired employees whose expenses are borne by the parent company and the major subsidiaries	0

Composition of professions

Type of profession	Number of staff in the profession
Production staff	1,814
Sales staff	0
Technical staff	584
Finance staff	123
Administrative staff	306
Others	180
Total	3,007

Education level

Type of education level	Number of persons
Master and above	23
Bachelor	674
College graduate	1,355
Below college graduate	955
Total	3,007



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.

(III) Training Program

Applicable Not applicable

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

(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 2021, the Group had no forfeited contribution or forfeited contribution available for deduction of the Group’s contribution as at 31 December 2021.



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 the Three-year Shareholders' Profit Distribution Plan after Listing of A Shares had been considered and passed at the 6th meeting of the second session of the Board and the first Extraordinary General Meeting for the year 2016, the Resolution on Shareholders' Return Plan for the Next Three Years (2020-2022) had been considered and passed at the 21st meeting of the third session of the Board and the first Extraordinary General Meeting for the year 2020, and the Resolution on Shareholders' Return Plan for the Next Three Years (2021-2023) had been considered and passed at the 23rd meeting of the third session of the Board and the first Extraordinary General Meeting for the year 2021. The above profit distribution plans proposed that: while the Company may declare profit distribution by cash, stock or a combination of both, the distribution will be made primarily by cash. Profit distribution shall not exceed the accumulated profit distributable or adversely affect the sustainable operating ability of the Company. The Company may distribute interim dividends according to profit and capital needs of the Company. The Company shall give priority to the payment of cash dividends. If no cash dividends are available, no scrip dividends shall be issued for the same year. Any cash dividends proposed shall satisfy the following criteria: the current profit and accumulated retained earnings of the Company shall be positive and its cash flow shall be sufficient to support the continuous operation and long-term development of the Company; the profit to be distributed in cash shall not be less than 10% of the distributable profits of the year, and the cumulative profit distributed in cash in the previous three consecutive financial years shall not be less than 30% of the average distributable profit of the Company for such three years.

The dividend plan for the year 2018, the dividend plan for the year 2019, the dividend proposal for the year 2020 and the dividend proposal for the year 2021 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

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

(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 Self-assessment Report on the Internal Control 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.

XIX. AUDITORS' REPORT ON INTERNAL CONTROL

Applicable Not applicable

The Auditors' Report on Internal Control was issued by KPMG Huazhen LLP

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

Affected by factors including the COVID-19, the Company has independent directors whose on-site working time is less than 10 working days. The Guidelines No. 1 for the Self-regulation of Listed Companies on the Shanghai Stock Exchange has no specific requirements on on-site working hours for independent directors. 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 10 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 2021.

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.



VI. Corporate Governance (Continued)

(III) Auditors' Remuneration

The remuneration paid to the Company's external auditors (including KPMG Huazhen LLP and other PRC auditors) in respect of audit services for the year ended 31 December 2021 amounted to RMB3 million, of which RMB2.5 million is for audit services conducted under CASBE and RMB0.5 million is for audit services relating to the internal control for financial reporting rendered by KPMG Huazhen LLP. For the year ended 31 December 2021, the Company incurred a total of RMB1.51 million of fees for non-audit services by its external auditors relating to the issuance of A share convertible shares and production of the environmental, social and governance report of the Company.

(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.

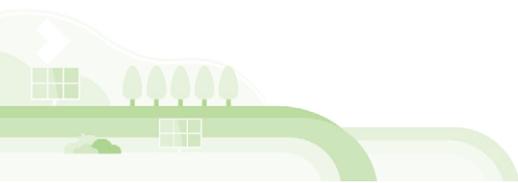
The Audit and Risk Management Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

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 2021.

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 2021.

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.



VI. Corporate Governance (Continued)

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

- When handling affairs, the Company will fully consider the disclosure requirements under the Listing Rules and the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission
- 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
- 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
- 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 2021, the risk management and internal control systems of the Company are effective and adequate.

(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, a service provider, act as the 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 the 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 endeavours to maintain an ongoing dialogue with shareholders and in particular, 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.

During the year ended 31 December 2021, the Company has amended its Articles of Association. Details of the amendments are set out in the circular to shareholders dated 15 April 2021. The latest Articles of Association of the Company may also be viewed on the website of the Company and the website of the Stock Exchange.



VI. Corporate Governance (Continued)

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

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

(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 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, it has complied in all material aspects with relevant laws and regulations which have significant impact on its business and operation.

VII. Environment and Social Responsibility

I. Environmental information

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

✓ Applicable Not applicable

1. Information on pollutant emission

✓ Applicable Not applicable

Huizhou Phase II Company, Haining Expansion Company, Tongzhou Company and Shantou Company, which are 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 implemented zero emission of COD.

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

No.	Name of unit	Name of pollutants	Testing institution	Number and date of the testing report	Emission concentration	Emission limit	
1	Huizhou Phase II Company	Sulfur dioxide	Guangzhou GRG Metrology & Test Co., Ltd. (廣州廣電計量檢測股份有限公司)	BGZ2021070414-01 (6 August 2021)	1 [#] furnace	ND	50mg/m ³
					2 [#] furnace	7mg/m ³	50mg/m ³
				BGZ2021070414-04-2 (19 November 2021)	3 [#] furnace	8mg/m ³	50mg/m ³
					4 [#] furnace	9mg/m ³	50mg/m ³
				Oxynitride	1 [#] furnace	91mg/m ³	150mg/m ³
					2 [#] furnace	78mg/m ³	150mg/m ³
					3 [#] furnace	56mg/m ³	150mg/m ³
					4 [#] furnace	102mg/m ³	150mg/m ³
		Smog	1 [#] furnace	2.3mg/m ³	10mg/m ³		
			2 [#] furnace	2.6mg/m ³	10mg/m ³		
			3 [#] furnace	2.9mg/m ³	10mg/m ³		
			4 [#] furnace	2.5mg/m ³	10mg/m ³		
		Dioxin	Jiangsu Weipu Test Technology Service Co., Ltd. (江蘇微譜檢測技術有限公司)	WJS-21086409-HJ-01C1 (1 September 2021)	1 [#] furnace	0.012ng TEQ/Nm ³	0.1ng TEQ/Nm ³
				WJS-21116157-HJ-01R1 (26 November 2021)	2 [#] furnace	0.013ng TEQ/Nm ³	0.1ng TEQ/Nm ³
					3 [#] furnace	0.002ng TEQ/Nm ³	0.1ng TEQ/Nm ³
					4 [#] furnace	0.0044ng TEQ/Nm ³	0.1ng TEQ/Nm ³



VII. Environment and Social Responsibility (Continued)

No.	Name of unit	Name of pollutants	Testing institution	Number and date of the testing report	Emission concentration	Emission limit		
2	Haining Expansion Company	Sulfur dioxide	Ningbo Centre Testing International Co., Ltd. (寧波市華測檢測技術有限公司)	A2210477161104005C	1 [#] furnace	8mg/m ³	100mg/m ³	
				A2210477161104001c	2 [#] furnace	ND	100mg/m ³	
		Oxynitride		(9-10 December 2021)	1 [#] furnace	13mg/m ³	300mg/m ³	
					2 [#] furnace	27mg/m ³	300mg/m ³	
		Smog			1 [#] furnace	ND	30mg/m ³	
					2 [#] furnace	ND	30mg/m ³	
		COD			Waste water outlet	156mg/L	500mg/L	
		Dioxin		Suzhou Centre Testing International Co., Ltd. (蘇州市華測檢測技術有限公司)	A22104771761010CD	1 [#]	0.0054ng TEQ/m ³	0.8ngTEQ/m ³
					10 December 2021 for 1# furnace 9 December 2021 for 2# furnace	2 [#]	0.0089ng TEQ/m ³	0.8ngTEQ/m ³
		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)	A2210495219101C	#1 furnace
(3 December 2021)	#2 furnace		4mg/m ³				50mg/m ³	
A2210495219101C001	#3 furnace		3mg/m ³				50mg/m ³	
Oxynitride	(16 December 2021)		#1 furnace		49mg/m ³		80mg/m ³	
	A2210495219103C		#2 furnace		34mg/m ³		80mg/m ³	
	(16 December 2021)		#3 furnace		41mg/m ³		80mg/m ³	
Smog			#1 furnace		<0.9mg/m ³		10mg/m ³	
			#2 furnace		<0.9mg/m ³		10mg/m ³	
			#3 furnace		<0.9mg/m ³		10mg/m ³	
COD			Sewage station water		4mg/L		≤60mg/L	
Dioxin	Beijing Centre Testing International Group Co., Ltd. (華測檢測認證集團北京有限公司)		A2210246019170C		#1 furnace		0.01ng TEQ/Nm ³	0.1ng TEQ/Nm ³
			(10 November 2021)		#2 furnace		0.096ng TEQ/Nm ³	0.1ng TEQ/Nm ³
					#3 furnace		0.032ng TEQ/Nm ³	0.1ng TEQ/Nm ³

VII. Environment and Social Responsibility (Continued)

No.	Name of unit	Name of pollutants	Testing institution	Number and date of the testing report	Emission concentration	Emission limit		
4	Shantou Company	Sulfur dioxide	Guangdong Bekind Testing Co., Ltd. (廣東本科檢測有限公司)	BKEN2021120123EQC 2021-12-14	1 [#] furnace	9mg/m ³	100mg/m ³	
				BKEN2021120188EQC 2021-12-21	2 [#] furnace	22mg/m ³	100mg/m ³	
				BKEN2021120123EQC 2021-12-14	3 [#] furnace	3mg/m ³	100mg/m ³	
		Oxynitride		BKEN2021120123EQC 2021-12-14	1 [#] furnace	168mg/m ³	300mg/m ³	
				BKEN2021120188EQC 2021-12-21	2 [#] furnace	180mg/m ³	300mg/m ³	
				BKEN2021120123EQC 2021-12-14	3 [#] furnace	162mg/m ³	300mg/m ³	
		Smog		BKEN2021120123EQC 2021-12-14	1 [#] furnace	5.5mg/m ³	30mg/m ³	
				BKEN2021120188EQC 2021-12-21	2 [#] furnace	4.9mg/m ³	30mg/m ³	
				BKEN2021120123EQC 2021-12-14	3 [#] furnace	5.4mg/m ³	30mg/m ³	
		COD		BKEN2021120123ESC 2021-12-14			14mg/L	100mg/L
		Dioxin		Jiangsu Weipu Test Technology Service Co., Ltd. (江蘇微譜檢測技術有限公司)	WJS-21116244-HJ-01R1 2021-11-20	1 [#] furnace	0.011ng TEQ/Nm ³	0.1ng TEQ/Nm ³
						2 [#] furnace	0.087ng TEQ/Nm ³	0.1ng TEQ/Nm ³
						3 [#] furnace	0.011ng TEQ/Nm ³	0.1ng TEQ/Nm 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.



VII. Environment and Social Responsibility (Continued)

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 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.

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	161	821
Oxynitride	991	1,940
Smog	36	200
COD	30	113

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

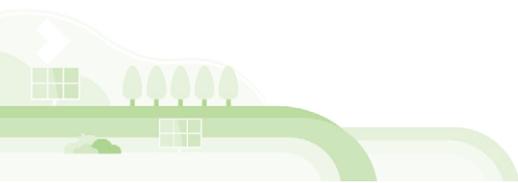
Applicable Not applicable

The pollution prevention facilities constructed for the projects of the Company mainly include smog, waste water and solid waste treatment facilities. For smog, a combination of “in-furnace SNCR denitrification + semi-dry deacidification + dry deacidification + 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



VII. Environment and Social Responsibility (Continued)

4. Emergency plan for emergency environmental incidents

Applicable Not applicable

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

5. Environmental self-monitoring programme

Applicable Not applicable

The Company formulates self-monitoring programme 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. Environment 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

Applicable Not applicable

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

II. Activities in connection with social responsibilities

Applicable Not applicable

For details, please refer to the Environmental, Social and Governance Report disclosed on the same date.

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

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 and period of the undertaking	Whether there is deadline for performance	Whether the undertaking was strictly and timely performed	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Undertakings related to initial public offering	Restriction on selling of shares	BSAM	Within 36 months from the listing date of the A shares of Dynagreen, the shares issued prior to the public offering of shares by Dynagreen directly or indirectly held by the company shall neither be transferred or entrusted to other parties for management, nor be repurchased by Dynagreen.	11 June 2018 to 10 June 2021	Yes	Yes		
	Others	BSAM	For the shares of Dynagreen held by the company prior to the initial public offering of A shares by Dynagreen, if the company reduces the shares held within two years after the expiry of the lock-up period, the price shall not be lower than the issue price and the issuer's shares reduced each year shall not exceed 5%.	11 June 2021 to 10 June 2023	Yes	Yes		
	Others	QIAO Dewei, HU Shengyong, HOU Zhiyong, CHENG Yan, HUANG Jianzhong, ZHONG Xia, ZHANG Yong, ZHU Shuguang	For the shares of Dynagreen held by the undertaking party prior to the initial public offering of A shares by Dynagreen, if the undertaking party reduces the shareholding held within two years after the expiry of the lock-up period, the price shall not be lower than the issue price.	11 June 2019 to 10 June 2021	Yes	Yes		



VIII. Significant Events (Continued)

Background of undertaking	Type of undertaking	Undertaking party	Details of undertaking	Time and period of the undertaking	Whether there is deadline for performance	Whether the undertaking was strictly and timely performed	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
	Others	BSAM, QIAO Dewei, HU Shengyong, HOU Zhiyong, CHENG Yan, HUANG Jianzhong, ZHONG Xia, ZHANG Yong, ZHU Shuguang	The proposal on price stabilisation will be executed when the share prices of Dynagreen are lower than the latest audited net assets per share for 20 consecutive trading days within 3 years after listing.	11 June 2018 to 10 June 2021	Yes	Yes		
	Others	BSAM	For any loss or risk of Dynagreen and its subsidiaries caused by BOT projects not obtained through bidding, BSAM will provide timely, full and effective compensation to Dynagreen and its subsidiaries to ensure Dynagreen and/or its domestic subsidiaries will not suffer any loss.	30 May 2016	No	Yes		
Undertakings related to refinancing	Restriction on selling of shares	BSAM	Within 18 months from the listing date of the non-public offering of shares, the non-publicly issued shares held by the undertaking party shall neither be transferred nor entrusted to other parties for management.	9 December 2020 to 8 June 2022	Yes	Yes		
	Restriction on selling of shares	Three Gorges Capital Holdings Co., Ltd. (三峡资本控股有限责任公司)	Within 6 months from the listing date of the non-public offering of shares, the non-publicly issued shares held by the undertaking party shall neither be transferred nor entrusted to other parties for management.	9 December 2020 to 8 June 2021	Yes	Yes		

VIII. Significant Events (Continued)

Background of undertaking	Type of undertaking	Undertaking party	Details of undertaking	Time and period of the undertaking	Whether there is deadline for performance	Whether the undertaking was strictly and timely performed	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
	Restriction on selling of shares	Guangdong Yue Macao Cooperative Development Fund Management Ltd. – Zhuhai Fuheng Investment Partnership (Limited Partnership) (廣東粵澳合作發展基金管理有限公司-珠海福恒投資合夥企業(有限合夥))	Within 6 months from the listing date of the non-public offering of shares, the non-publicly issued shares held by the undertaking party shall neither be transferred nor entrusted to other parties for management.	9 December 2020 to 8 June 2021	Yes	Yes		
	Restriction on selling of shares	Guangdong Hengjian Asset Management Co., Ltd. – Guangdong Henghang Industrial Investment Fund Partnership (Limited Partnership) (廣東恒健資產管理有限公司-廣東恒航產業投資基金合夥企業(有限合夥))	Within 6 months from the listing date of the non-public offering of shares, the non-publicly issued shares held by the undertaking party shall neither be transferred nor entrusted to other parties for management.	9 December 2020 to 8 June 2021	Yes	Yes		
	Restriction on selling of shares	First Capital Securities Co., Ltd. (第一創業證券股份有限公司)	Within 6 months from the listing date of the non-public offering of shares, the non-publicly issued shares held by the undertaking party shall neither be transferred nor entrusted to other parties for management.	9 December 2020 to 8 June 2021	Yes	Yes		
	Restriction on selling of shares	China International Capital Corporation Limited (中國國際金融股份有限公司)	Within 6 months from the listing date of the non-public offering of shares, the non-publicly issued shares held by the undertaking party shall neither be transferred nor entrusted to other parties for management.	9 December 2020 to 8 June 2021	Yes	Yes		



VIII. Significant Events (Continued)

(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

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

For the contents and reasons of the changes in the current accounting policies and the main impact of the changes, please refer to Note V.44.

(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) Other Explanation

Applicable Not Applicable

VI. INFORMATION IN RELATION TO THE REVIEW OF THE ANNUAL RESULTS BY AUDIT COMMITTEE

The Audit and Risk Management Committee of the Board has reviewed the accounting standards and policies adopted by the Group and the audited consolidated financial statements for the year together with the management and the external independent auditors.

The Audit and Risk Management Committee of the fourth session of Board of the Company heard the report of KPMG Huazhen LLP on the progress of the audit on 2021 annual report of the Company, reviewed the “key audit matters” in the auditor’s Report, and agreed with the judgment of KPMG Huazhen LLP on the “key audit matters” and the audit procedures implemented.

VII. APPOINTMENT AND DISMISSAL OF AUDITOR

Unit: RMB0'000

Existing Auditors		
<hr/>		
Name of domestic auditor	KPMG Huazhen LLP	
Remuneration of domestic auditor	300	
Term of the domestic auditor for audit services	Six years	
<hr/>		
	Name	Compensation
<hr/>		
The auditors for internal control audit	KPMG Huazhen LLP	50
Sponsor	China Securities Co., Ltd.	0

Explanation of appointment or dismissal of auditors

Applicable Not Applicable

Explanation of change of auditors during the audit period

Applicable Not Applicable



VIII. 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

IX. MATTERS RELATED TO BANKRUPTCY AND REORGANISATION

Applicable Not Applicable

X. 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.

XI. 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

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

Applicable Not applicable

XIII. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

Applicable Not applicable

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

Applicable Not applicable

Continuing connected transaction

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

In 2021, the actual contract amount of contract between the Company and Shenzhen CDT was RMB130,500.00 which did not exceed the annual cap for the year.

Shenzhen Crystal Digital Technology Co., Ltd. (深圳水晶石數字科技有限公司) is 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 1 June 2021. The value and terms of the continuing connected transactions between the Company and Shenzhen CDT in 2021 are in line with the pricing terms disclosed in the announcement and the Guidance Letter 73-14.



VIII. Significant Events (Continued)

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 2021:

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.

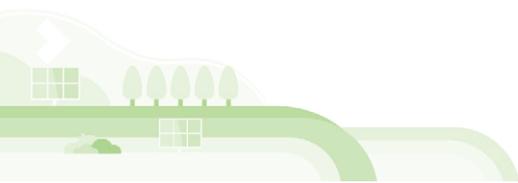
The Company's auditors have confirmed that the respective counterparties to the aforementioned continuing connected transactions had allowed them sufficient access to their records for the purpose of reporting on the transactions as set out in this report, and the aforementioned continuing connected transactions carried out during the year ended 31 December 2021:

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 Listing Rules and meets the relevant requirements.

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 balance of the financial assistance provided by BSAM to the Company based on benchmark interest rate for RMB loans was RMB2,588 million as at the end of the Reporting Period.

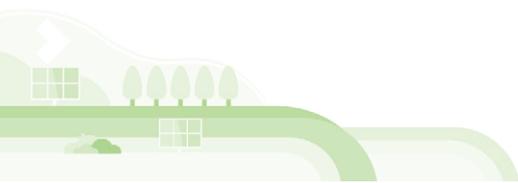
Fengcheng Company applied for a loan of RMB35 million from the Company, the balance of the borrowings was RMB10 million as at the end of the Reporting Period.

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



VIII. Significant Events (Continued)

(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 Hong Kong Stock Exchange or other regulatory authorities, BSAM will use its best endeavors to procure its associated companies and joint ventures (if any) to comply with the Non-Competition Agreement. According to the Non-Competition Agreement, when the Group decides whether to exercise the options for acquisition of new business opportunities, subscription right or the pre-emptive rights, the Group shall comply with related requirements under the Chapter 14A of the Stock Exchange Listing Rules. The Company and the independent non-executive Directors have received the statement issued by BSAM confirming its compliance with the Non-Competition Agreement during the Reporting Period.

The Group entered into certain transactions with parties regarded as “related parties” under the applicable accounting standards during the year ended 31 December 2021. Save as the non-exempt connected transaction and continuing connected transaction as set out in the section headed “Connected transactions” on pages 98-99 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 X.5 to the Financial Statements. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Exchange Listing Rules.

XIV. 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



VIII. Significant Events (Continued)

(II) Guarantees

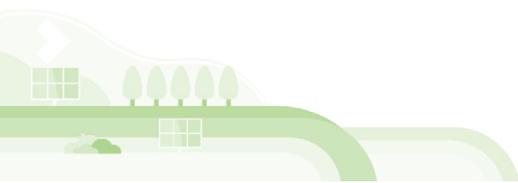
✓ Applicable □ Not applicable

Unit: RMB

External guarantees provided by the Company (excluding those for subsidiaries)														
Guarantor	Relationship Between the guarantor and the Company	Guaranteed party	Amount of guarantee	Date of occurrence 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	Connected parties		
												Antiguarantee	Connected relations	
The Company	Head office of the Company	Fengcheng Company	310,000,000	1 July 2019	30 July 2019	29 July 2029	Joint and several liability guarantee		No	No	0	Yes	Yes	Joint venture
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)												296,049,999.97		
Guarantees for subsidiaries provided by the Company and its subsidiaries														
Total guarantees for subsidiaries during the Reporting Period												2,462,872,119.24		
Total guarantee balance for subsidiaries as at the end of Reporting Period (B)												6,984,022,374.16		
Total amount of guarantees provided by the Company (including those for subsidiaries)														
Total amount of guarantees (A+B)												7,280,072,374.13		
Total amount of guarantees over the net assets of the Company (%)												111.52		
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)												1,085,150,160.46		
Amount of the total guarantees exceeding 50% of net assets (E)												4,016,027,578.79		
Total amount of above three guarantees (C+D+E)												5,101,177,739.25		
Explanations on outstanding guarantee which may undertake joint liability for satisfaction														
Explanations on guarantees														

Guarantee to banks in respect of banking credit facilities granted to certain subsidiaries

In order to ensure the smooth completion of operating targets of the Company, to support the development of the subsidiary project companies, and to meet financing needs of the project companies, the Company sought shareholders' approval on the provision of guarantee in respect of banking facilities granted to its project companies at the 2020 annual general meeting. As contained in the relevant circular to shareholders, it is expected that the amount of guarantee to be provided in respect of new banking facilities granted to the project companies in 2021 would not exceed RMB5,376.75 million. As at 31 December 2021, guarantee provided by the Company in respect of new banking facilities granted to its project companies amounted to RMB2,463 million.



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



VIII. Significant Events (Continued)

3. Others

Applicable Not applicable

(IV) Other material contracts

Applicable Not applicable

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

Applicable Not applicable

XVI. SUBSEQUENT EVENTS

As approved by the Approval for the Public Issuance of A Share Convertible Corporate Bonds of Dynagreen Environmental Protection Group Co., Ltd.* (綠色動力環保集團股份有限公司)" (Zheng Jian Xu Ke [2022] No. 132) issued by the CSRC, the Company issued 23.6 million convertible corporate bonds with a nominal value of RMB100 each, with an issuance size of RMB2.36 billion on 25 February 2022. As approved by the Self-regulation Decision [2002] No. 70 of the Shanghai Stock Exchange, the convertible corporate bonds in an amount of RMB2.36 billion were listed for trading on the Shanghai Stock Exchange on 23 March 2022. The abbreviation and code of the bonds issued are "Dynagreen Convertible Bonds" and "113054", respectively. The initial conversion price is RMB9.82 per share.

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

Unit: share

	Before change		Increase or decrease (+/-) Shares converted				After change		
	Number	Percentage (%)	New issue	Bonus issue	from reserves	Others	Sub-total	Number	Percentage (%)
I. Restricted shares	733,429,618	52.63				-640,533,618	-640,533,618	92,896,000	6.67
1. Shares held by the state									
2. Shares held by state-owned legal persons	723,199,439	51.90				-630,303,439	-630,303,439	92,896,000	6.67
3. Shares held by other domestic investors	10,230,179	0.73				-10,230,179	-10,230,179	0	0
Including: shares held by domestic non-state-owned legal persons	10,230,179	0.73				-10,230,179	-10,230,179	0	0
Shares held by domestic natural persons									
4. Shares held by overseas investors									
Including: shares held by overseas legal persons									
Shares held by overseas natural persons									
II. Non-restricted shares	660,010,382	47.37				640,533,618	640,533,618	1,300,544,000	93.33
1. RMB ordinary shares	255,650,590	18.35				640,533,618	640,533,618	896,184,208	64.31
2. Domestic listed foreign shares									
3. Overseas listed foreign shares	404,359,792	29.02						404,359,792	29.02
4. Others									
III. Total number of shares	1,393,440,000	100						1,393,440,000	100

2. Explanation of changes in shares

✓ Applicable Not applicable

The 501,189,618 restricted shares before the initial public offering and listing of A shares of the Company held by BSAM were released on 11 June 2021. The Company completed the non-public offering of A shares in December 2020. The lock-up period for the shares subscribed by BSAM is 18 months, and the 139,344,000 restricted shares subscribed by other investors were released on 9 June 2021. For details, please refer to relevant announcements published by the Company on the Shanghai Stock Exchange and the designated information disclosure media.



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

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
4. **Other information considered necessary by the Company or required by the securities regulatory authorities to be disclosed**
 Applicable Not applicable

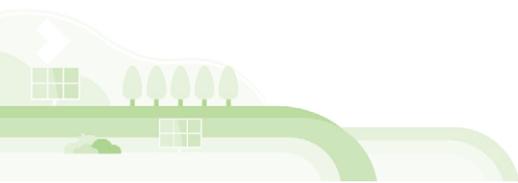
(II) Changes in restricted shares

Applicable Not applicable

Unit: share

Name of shareholder	Number of restricted shares at the beginning of the year	Release of restricted shares during the year	Increase of restricted shares during the year	Number of restricted shares at the end of the year	Reason for restriction	Date of release of the restricted shares
Beijing State-owned Assets Management Co., Ltd.	594,085,618	501,189,618	0	92,896,000	Undertaking in relation to restriction on selling of shares and undertaking of nonpublic issuance	2021-06-11
Three Gorges Capital Holdings Co., Ltd.	76,726,342	76,726,342	0	0	Undertaking of non-public issuance	2021-06-09
Zhuhai Fuheng Investment Partnership (Limited Partnership)	38,361,892	38,361,892	0	0	Undertaking of non-public issuance	2021-06-09
Guangdong Henghang Industrial Investment Fund Partnership (Limited Partnership)	12,787,723	12,787,723	0	0	Undertaking of non-public issuance	2021-06-09
First Capital Securities Co., Ltd.	10,230,179	10,230,179	0	0	Undertaking of non-public issuance	2021-06-09
China International Capital Corporation Limited	1,237,864	1,237,864	0	0	Undertaking of non-public issuance	2021-06-09
Total	733,429,618	640,533,618	0	92,896,000	/	/

The 92,896,000 restricted shares offered in a non-public way by the Company as subscribed by Beijing State-owned Assets Management Co., Ltd. will be released on 9 June 2022.



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

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

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

Applicable Not applicable

(III) Shares held by employees

Applicable Not applicable

III. SHAREHOLDERS AND DE FACTO CONTROLLER

(I) Total number of shareholders:

Number of holders of the ordinary shares as of the end of the Reporting Period	57,563
Number of holders of the ordinary shares as of the end of the month preceding the disclosure of the annual report	69,775

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 761,183,512 shares, representing 54.63% of the issued share capital of the Company. 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 381,683,512 shares, accounting for 27.39% 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 Hong Kong 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

Name of shareholder (full name)	Shareholding of the top ten shareholders						
	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	92,896,000	Nil		State-owned legal person
HKSCC NOMINEES LIMITED	3,000	379,480,000	27.23	0	Unknown		Overseas legal person
Three Gorges Capital Holdings Co., Ltd.	7,539,554	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.	0	18,000,707	1.29	0	Nil		Domestic non-state-owned legal person
National Social Security Fund Portfolio 110 (全國社保基金一一零組合)	10,814,953	10,814,953	0.78	0	Nil		Other
Gongqingcheng Jingxiu Investment Partnership (Limited Partnership)	-6,180,700	7,130,378	0.51	0	Nil		Domestic non-state-owned legal person
Hong Kong Securities Clearing Company Ltd.	3,021,218	4,437,540	0.32	0	Nil		Overseas legal person
Zhang Dan	2,000,000	2,000,000	0.14	0	Nil		Domestic natural person
Huatai Securities Co., Ltd.	1,539,555	1,630,559	0.12	0	Nil		State-owned legal person

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

Top ten holders of shares not subject to selling restrictions				
Name of shareholder	Number of tradable shares not subject to selling restrictions held	Class and number of shares		
		Type	Number	
Beijing State-owned Assets Management Co., Ltd.	501,189,618	RMB ordinary shares	501,189,618	
HKSCC NOMINEES LIMITED	379,480,000	Overseas listed foreign shares	379,480,000	
Three Gorges Capital Holdings Co., Ltd.	84,265,896	RMB ordinary shares	84,265,896	
Beijing State-Owned Assets Management (Hong Kong) Company Limited	24,859,792	Overseas listed foreign shares	24,859,792	
Beijing Huitai Hengrui Investment Co., Ltd.	18,000,707	RMB ordinary shares	18,000,707	
National Social Security Fund Portfolio 110 (全國社保基金一零組合)	10,814,953	RMB ordinary shares	10,814,953	
Gongqingcheng Jingxiu Investment Partnership (Limited Partnership)	7,130,378	RMB ordinary shares	7,130,378	
Hong Kong Securities Clearing Company Ltd.	4,437,540	RMB ordinary shares	4,437,540	
Zhang Dan	2,000,000	RMB ordinary shares	2,000,000	
Huatai Securities Co., Ltd.	1,630,559	RMB ordinary shares	1,630,559	
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 Stateowned Assets Management Co., Ltd.			
Explanation on shareholders of preference shares with restored voting rights and the number of shares held by them	N/A			



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

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

Applicable Not applicable

Unit: share

No.	Name of shareholders subject to selling restrictions	Number of shares held subject to selling restrictions	Listing and trading of restricted shares		Conditions of selling restrictions
			Time permitted to be listed and traded in the market	Number of shares permitted to be listed and traded in the market	
1	Beijing State-owned Assets Management Co., Ltd.	92,896,000	2022-6-9		Undertaking of non-public issuance

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

Note: The 92,896,000 shares held by BSAM subject to selling restrictions will be released on 9 June 2022.

(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 2021, according to the register kept under Section 336 of the SFO, the following shareholders who had 5% or more interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO:

Shareholder	Number of shares held	Capacity	Approximate percentage of share holding in the relevant class of shares ⁽¹⁾	Approximate percentage of share holding in the total share capital of the Company ⁽²⁾
Beijing State-owned Assets Management Co., Ltd. (“ BSAM ”)	594,085,618 A shares (Long position)	Beneficial owner	60.06	42.63
Beijing State-Owned Assets Management (Hong Kong) Company Limited (“ BSAM (HK) ”) ⁽³⁾	24,859,792 H shares (Long position)	Beneficial owner	6.15	1.78
BSAM ⁽³⁾	24,859,792 H shares (Long position)	Interest in controlled corporation	6.15	1.78
Three Gorges Capital Holdings Co., Ltd.	84,265,896 A shares (Long position)	Beneficial owner	8.52	6.05
Tenbagger Capital Management CO., LTD	36,230,000 H shares (Long position)	Investment manager	8.96	2.60

Notes:

- (1) The calculation is based on the number of Shares in the relevant class of shares of the Company as at 31 December 2021.
- (2) The calculation is based on the total number of 1,393,440,000 Shares in issue as at 31 December 2021.
- (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 2021, no other interests required to be recorded in the register kept under Section 336 of the SFO have been notified to the Company.

Mr. Cheng Suning, 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	YUE Peng
Date of establishment	4 September 1992
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).
Other explanations	Nil

2 Natural person

Applicable Not applicable

3 Special explanation on the Company not having controlling shareholders

Applicable Not applicable

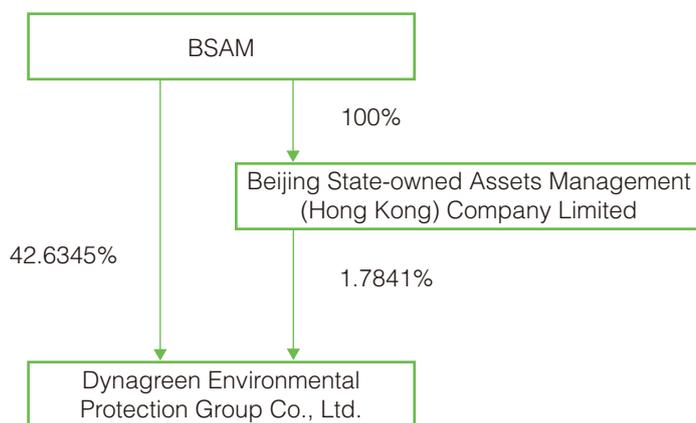
4 Changes in controlling shareholders during the Reporting Period

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	YUE Peng
Date of establishment	4 September 1992
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).
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

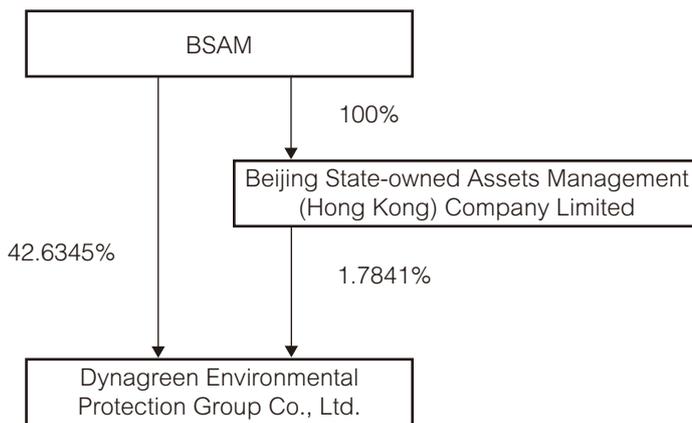
Applicable Not applicable

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

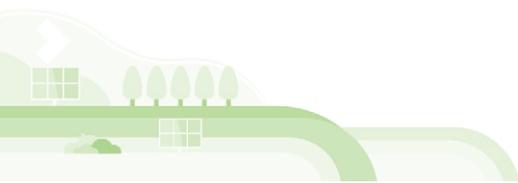


6 Control of the Company by de facto controllers by way of trust or other means of asset management

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. ENTERPRISE BONDS, CORPORATE BONDS AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES

Applicable Not applicable

II. CONVERTIBLE CORPORATE BONDS

Applicable Not applicable

(I) Issuance of convertible bonds

Applicable Not applicable

As approved by the Approval for the Public Issuance of A Share Convertible Corporate Bonds of Dynagreen Environmental Protection Group Co., Ltd.* (綠色動力環保集團股份有限公司) (Zheng Jian Xu Ke [2022] No. 132) issued by the CSRC, the Company issued 23.6 million convertible corporate bonds with a nominal value of RMB100 each, with an issuance size of RMB2.36 billion on 25 February 2022. As approved by the Self-regulation Decision [2022] No. 70 of the Shanghai Stock Exchange, the convertible corporate bonds in an amount of RMB2.36 billion were listed for trading on the Shanghai Stock Exchange on 23 March 2022. The abbreviation and code of the bonds issued are “Dynagreen Convertible Bonds” and “113054”, respectively. The initial conversion price is RMB9.82 per share. For details, please refer to the announcement on “Proposed Issuance of A Share Convertible Corporate Bonds” dated 23 July 2021, the “Announcement Poll Results of the Extraordinary General Meeting, A Shares Class Meeting and H Shares Class Meeting Held on 24 August 2021” dated 24 August 2021 and the circular on “Proposed Issuance of A Share Convertible Corporate Bonds” dated 6 August 2021.

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

Applicable Not applicable

(III) Changes in convertible bonds during the Reporting Period

Applicable Not applicable

Accumulated conversion of convertible bonds during the Reporting Period

Applicable Not applicable

(IV) Previous adjustments to conversion price

Applicable Not applicable

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

Applicable Not applicable

As of 31 December 2021, the Company's total assets amounted to RMB20.214 billion and its gearing ratio was 65.78%. China Chengxin International Credit Rating Co., Ltd. conducted a credit rating on the convertible bonds issued by the Company and issued the Credit Rating Report on the Convertible Corporate Bonds Issued Publicly by Dynagreen Environmental Protection Group Co., Ltd. (CCXI -20212332D-01) on 18 August 2021, pursuant to which the credit rating of the convertible bonds issued by the Company was 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.

(VI) Other description of convertible bonds

Applicable Not applicable



XII. Financial Report

AUDITOR'S REPORT

KPMG Huazhen Shen Zi No. 2203362

All Shareholders of Dynagreen Environmental Protection Group Co., Ltd.:

OPINION

We have audited the accompanying financial statements of Dynagreen Environmental Protection Group Co., Ltd. ("the Company"), which comprise the consolidated and company balance sheets as at 31 December 2021, the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in shareholders' 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 company financial position of the Company as at 31 December 2021, and the consolidated and company financial performance and cash flows of the Company for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the China Code of Ethics for 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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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.

AUDITOR'S REPORT (Continued)

KPMG Huazhen Shen Zi No. 2203362

KEY AUDIT MATTERS (Continued)

Recognition of construction revenue

Refer to Note III20 of Significant Accounting Policies and Accounting Estimates and Note V.36 of Notes to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
<p>The Company and its subsidiaries ("the Group") has entered into service concession arrangements with different local governments in China ("grantor") in respect of its waste-to-energy ("WTE") projects on a Build-Operate-Transfer ("BOT") basis. Under the service concession arrangements, the Group builds WTE plants (construction) and operates these WTE plants (operation) for a concession period ranging from 23 to 30 years. Upon the expiry of the concession period, the Group would transfer these WTE plants to respective grantor without consideration.</p> <p>The Group executed the accounting for private capital's contract for public-private partnership projects under the Interpretation No. 14 of Accounting Standards for Business Enterprises (the "Interpretation No. 14") in 2021. The Group has recognized the construction revenue at the commencement of project construction as well as contract assets since 2021. In 2021, the construction revenue recognized by the Group amounted to RMB2,427,432,006.22, accounting for 48.00% of operating income.</p>	<p>Our audit procedures to assess recognition of construction revenue included the following:</p> <ul style="list-style-type: none"> • understanding and assessing the design, implementation and operating effectiveness of the key internal controls over recognition of construction revenue; • understanding the Group's process for applying the requirements of the prevailing accounting standards and inspecting the associated contracts for projects which commenced construction in the current year to assess whether these fell within the scope of private capital's contract business for public-private partnership projects under Interpretation No. 14; • assessing the impact of any changes to the terms of arrangements entered into in previous years which could affect the accounting for BOT projects in the current year; • Selecting projects and engaging our internal valuation specialists to evaluate whether the assumption of gross profit margin of project construction services adopted by the management in estimating construction service income is reasonable by comparing it with the relevant market information on gross profit margin of project construction services;



AUDITOR'S REPORT (Continued)

KPMG Huazhen Shen Zi No. 2203362

KEY AUDIT MATTERS (Continued)

Recognition of construction revenue (Continued)

Refer to Note III20 of Significant Accounting Policies and Accounting Estimates and Note V.36 of Notes to the consolidated financial statements. (Continued)

The Key Audit Matter	How the matter was addressed in our audit
<p>The construction services of the Group meet the conditions for recognition of revenue within a certain period of time. The investment method is used to determine the progress of the contract performance according to the proportion of the accumulated actual cost to the estimated total construction cost. The estimated total construction cost is mainly estimated based on the purchase price of raw materials and equipment and other related costs.</p> <p>In view of the importance of construction revenue to the consolidated financial statements, and that the estimation of the gross profit margin of construction services for each project and the estimated total construction cost involves significant management judgments and estimates and may be affected by management bias, we recognize the recognition of construction revenue as a key audit matter.</p>	<ul style="list-style-type: none"> conducting site visits to significant construction projects and discussing with project managers and site personnel to understand the construction progress of BOT projects; inspecting the progress of incomplete projects based on the progress reports for BOT projects under construction which were prepared by management, and certified by independent supervising engineers if applicable, and comparing, on a sample basis, the actual costs incurred to date with relevant underlying documents, including suppliers' contracts, payment records and supervision reports, to assess whether the recorded contract progress was consistent with the terms of the contracts, the payments made to date and the surveyors' reports; comparing the total budgeted costs for BOT projects under construction in the current year with prior years' projects with similar waste treatment capacities and assessing whether or not there was an indication of management bias in the preparation of total budgeted costs by comparing the budgeted costs with the costs included in major suppliers' contracts signed for these BOT projects.

AUDITOR'S REPORT (Continued)

KPMG Huazhen Shen Zi No. 2203362

KEY AUDIT MATTERS (Continued)

Assessing potential impairment of intangible assets relating to service concession arrangements

Refer to Note III.15 of Significant Accounting Policies and Accounting Estimates and Note V.16 of Notes to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
<p>Intangible assets mainly represent waste-to-energy operating rights where the Group has the right to charge local government authorities for treating waste, which is supplied by the local government authorities, and to convert the waste to energy using the Group's waste toenergy infrastructure upon fulfilment of its obligations as stipulated in the service concession arrangements.</p> <p>There is a risk that the value of certain waste-to-energy operating rights may not be recoverable in full through the future cash flows to be generated from the specific waste-to-energy operations. Therefore, at the end of each reporting period:</p> <ul style="list-style-type: none"> for those waste-to-energy projects which have not yet commenced operations, management assesses the recoverable amount of each operating right; and the recoverable amount of each operating right when an indicator of impairment has been identified. 	<p>Our audit procedures to assess potential impairment of intangible assets relating to service concession arrangements included the following:</p> <ul style="list-style-type: none"> understanding and assessing the design, implementation and operating effectiveness of the key internal control, over impairment of intangible assets relating to service concession arrangements; inquiring the management of the criteria adopted for identifying indicators of impairment for wasteto-energy operating projects so as to assess if all BOT projects with indicators of impairment are identified by management; evaluating management's discounted cash flow forecasts for each waste-to-energy operating rights by comparing the key assumptions adopted by management with the budgets approved by management and the external data, in particular, for the assumptions relating to the revenue growth rate over the concession period and the amount of future operating costs; comparing the key assumptions and estimates included in the discounted cash flow forecasts for each operating right as projected by management in previous year with the 2021 actual results and inquiring management of the reasons for any significant differences between the forecast and actual figures to assess whether there were any indicators of management bias;



AUDITOR'S REPORT (Continued)

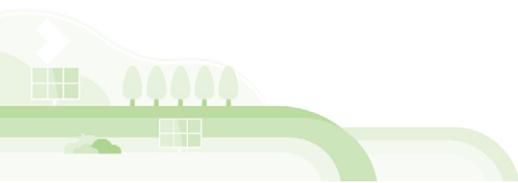
KPMG Huazhen Shen Zi No. 2203362

KEY AUDIT MATTERS (Continued)

Assessing potential impairment of intangible assets relating to service concession arrangements (Continued)

Refer to Note III.15 of Significant Accounting Policies and Accounting Estimates and Note V.16 of Notes to the consolidated financial statements. (Continued)

The Key Audit Matter	How the matter was addressed in our audit
<p>The recoverable amount of each operating right is determined based on value-in-use calculations. Management assessed value-in-use of each operating right using discounted cash flow forecasts based on financial budgets covering each specific operating period. The preparation of discounted cash flow forecasts involves the exercise of significant management judgement, in particular in assessing revenue growth rates over the concession period, future operating costs and the discount rates applied.</p>	<ul style="list-style-type: none"> engaging our internal valuation specialists to assist us in evaluating the discount rates adopted by management in the discounted cash flow forecasts by comparison with available financial information of other companies in the relevant industry on a sampling basis and considering any country and company specific risk premiums; and assessing whether the discount rates applied were within the range adopted by other companies in the same industry;
<p>We identified assessing potential impairment of intangible assets relating to service concession arrangements as a key audit matter because determining the level of impairment involves a significant degree of management judgement, in particular in estimating the present value of future cash flows forecasts, which is inherently uncertain and could be subject to management bias.</p>	<ul style="list-style-type: none"> assessing the sensitivity of key assumptions in management's discounted cash flow forecasts to changes and considering whether there were any evidence of potential management bias; considering the disclosures in the financial statements in respect of the impairment of intangible assets relating to service concession arrangements, with reference to the requirements of the prevailing accounting standards.



AUDITOR'S REPORT (Continued)

KPMG Huazhen Shen Zi No. 2203362

OTHER INFORMATION

The Company's management is responsible for the other information. The other information comprises all the information included in 2021 annual report of the Company, other than the financial statements and our auditor's report thereon.

Our 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 or otherwise appears to be materially misstated.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



AUDITOR'S REPORT (Continued)

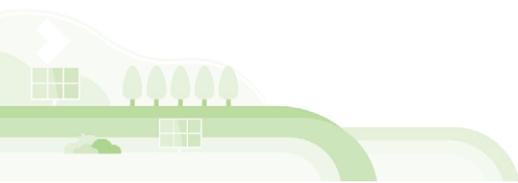
KPMG Huazhen Shen Zi No. 2203362

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the 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 CSAs 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.

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 the Company'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 the 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 the Company to cease to continue as a going concern.
- Evaluate the overall presentation, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



AUDITOR'S REPORT (Continued)

KPMG Huazhen Shen Zi No. 2203362

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

We communicate with those charged with governance regarding, among other matters, 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 have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

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 extremely rare 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.

KPMG Huazhen LLP

Certified Public Accountants

Registered in the People's Republic of China

Wu Huihuang(Engagement Partner)

Huang Qiumei

Beijing, China

29 March 2022



XII. Financial Report (Continued)

CONSOLIDATED BALANCE SHEET

(Expressed in Renminbi Yuan)

	Note	31 December 2021	1 January 2021 Restated	31 December 2020
ASSETS				
Current assets:				
Cash at bank and on hand	V.1	966,741,308.85	1,608,061,795.80	1,608,061,795.80
Bills receivable	V.2	8,816,400.00	27,687,500.00	27,687,500.00
Accounts receivable	V.3	1,530,086,535.20	785,699,955.92	785,699,955.92
Receivables under financing	V.4	500,000.00	2,000,000.00	2,000,000.00
Prepayments	V.5	26,417,264.13	15,139,014.07	15,139,014.07
Other receivables	V.6	43,457,908.02	42,029,816.24	42,029,816.24
Inventories	V.7	43,491,074.67	37,184,080.74	37,184,080.74
Contract assets	V.8	227,632,588.36	566,662,217.31	467,951,853.72
Held-for-sale assets	V.9	108,489,032.00	-	-
Long-term receivables due within one year	V.10	41,347,119.04	36,483,249.32	135,193,612.91
Other current assets	V.11	227,450,849.72	208,380,072.22	208,380,072.22
Total current assets		3,224,430,049.99	3,329,327,701.62	3,329,327,701.62
Non-current assets:				
Long-term receivables	V.12	49,619,090.97	79,576,161.81	5,239,640,603.64
Long-term equity investments	V.13	89,838,632.91	80,348,703.59	66,190,681.00
Fixed assets	V.14	332,942,513.29	53,174,313.11	53,174,313.11
Construction in progress	V.15	-	184,879,239.06	184,879,239.06
Right-of-use assets	V.55	7,185,985.49	781,466.98	781,466.98
Intangible assets	V.16	9,546,803,985.25	8,204,023,206.95	7,366,230,070.06
Goodwill	V.17	43,910,821.67	43,910,821.67	43,910,821.67
Long-term deferred expenses	V.18	76,373.47	402,028.28	402,028.28
Deferred tax assets	V.19	206,779,956.25	207,536,077.65	207,536,077.65
Other non-current assets	V.20	6,712,878,609.68	6,116,595,383.70	953,998,419.31
Total non-current assets		16,990,035,968.98	14,971,227,402.80	14,116,743,720.76
Total assets		20,214,466,018.97	18,300,555,104.42	17,446,071,422.38
Liabilities and shareholders' equity				
Current liabilities:				
Short-term loans	V.21	1,248,797,640.41	2,495,169,633.87	2,495,169,633.87
Bills payable		19,467,708.34	-	-
Accounts payable	V.22	1,411,772,142.99	1,291,193,658.66	1,291,193,658.66
Contract liabilities	V.23	11,750,162.24	26,043,106.14	26,043,106.14
Employee benefits payable	V.24	104,938,148.73	95,551,982.29	95,551,982.29
Taxes payable	V.25	46,140,255.29	47,874,599.04	47,874,599.04
Other payables	V.26	132,552,974.49	101,598,868.06	101,598,868.06
Non-current liabilities due within one year	V.27	790,591,361.79	674,419,529.18	674,419,529.18
Total current liabilities		3,766,010,394.28	4,731,851,377.24	4,731,851,377.24

The notes on pages 140 to 294 form part of these financial statements.

XII. Financial Report (Continued)

	Note	31 December 2021	1 January 2021 Restated	31 December 2020
Non-current liabilities:				
Long-term loans	V.28	8,709,002,229.47	6,414,689,592.99	6,414,689,592.99
Lease liabilities	V.55	3,569,175.43	515,729.38	515,729.38
Long-term payables	V.29	264,706,626.08	289,389,673.47	289,389,673.47
Deferred income	V.30	132,032,044.50	78,431,192.88	78,431,192.88
Deferred tax liabilities	V.19	421,564,037.89	364,631,689.96	150,915,654.85
Total non-current liabilities		9,530,874,113.37	7,147,657,878.68	6,933,941,843.57
Total liabilities		13,296,884,507.65	11,879,509,255.92	11,665,793,220.81
Shareholders' equity:				
Share capital	V.31	1,393,440,000.00	1,393,440,000.00	1,393,440,000.00
Capital reserve	V.32	2,412,410,905.73	2,412,410,905.73	2,412,410,905.73
Other comprehensive income	V.33	24,553,948.30	10,473,349.95	10,473,349.95
Surplus reserve	V.34	103,278,199.37	103,278,199.37	101,862,397.11
Retained earnings	V.35	2,594,406,537.26	2,175,308,660.47	1,569,479,247.47
Total equity attributable to shareholders of the Company		6,528,089,590.66	6,094,911,115.52	5,487,665,900.26
Non-controlling interests		389,491,920.66	326,134,732.98	292,612,301.31
Total shareholders' equity		6,917,581,511.32	6,421,045,848.50	5,780,278,201.57
Total liabilities and shareholders' equity		20,214,266,018.97	18,300,555,104.42	17,446,071,422.38

These financial statements were approved by the Board of Directors of the Company on 29 March 2022.

Qiao Dewei
Authorised Representative
(Signature and stamp)

Yi Zhiyong
Chief Financial Officer
(Signature and stamp)

Zhao Linbin
Chief Accountant
(Signature and stamp)

(Company stamp)

The notes on pages 140 to 294 form part of these financial statements.



XII. Financial Report (Continued)

COMPANY BALANCE SHEET

(Expressed in Renminbi Yuan)

	Note	31 December 2021	1 January 2021 Restated	31 December 2020
ASSETS				
Current assets:				
Cash at bank and on hand		213,422,050.77	439,958,075.95	439,958,075.95
Accounts receivable	XV.1	144,776,114.44	107,336,363.20	107,336,363.20
Prepayments		124,966.50	833,325.22	833,325.22
Other receivables	XV.2	1,014,415,904.70	1,189,714,812.51	1,189,714,812.51
Long-term receivables due within one year		74,713,094.44	196,727,227.49	196,727,227.49
Other current assets		2,401,777.37	1,267,822.89	1,267,822.89
Total current assets		1,449,853,908.22	1,935,837,627.26	1,935,837,627.26
Non-current assets:				
Long-term receivables	XV.3	304,558,272.96	261,664,200.00	261,664,200.00
Long-term equity investments	XV.4	5,886,799,500.12	5,523,209,570.80	5,509,051,548.21
Fixed assets		2,055,418.35	2,360,453.27	2,360,453.27
Right-of-use assets		5,252,917.32	–	–
Intangible assets		1,509,930.00	1,356,377.85	1,356,377.85
Long-term deferred expenses		76,373.47	–	–
Deferred tax assets		1,218,276.57	1,925,917.36	1,925,917.36
Other non-current assets		2,562,029.73	9,860,000.00	9,860,000.00
Total non-current assets		6,204,032,718.52	5,800,376,519.28	5,786,218,496.69
Total assets		7,653,886,626.74	7,736,214,146.54	7,722,056,123.95
Liabilities and shareholders' equity				
Current liabilities:				
Short-term loans		1,424,732,972.91	2,484,118,926.91	2,484,118,926.91
Bills payable		20,000,000.00	–	–
Accounts payable		214,899.14	172,721.24	172,721.24
Contract liabilities		32,144,067.78	25,864,406.74	25,864,406.74
Employee benefits payable		21,080,140.97	20,060,092.10	20,060,092.10
Taxes payable		1,923,205.56	243,209.46	243,209.46
Other payables		195,473,070.46	242,880,113.84	242,880,113.84
Non-current liabilities due within one year		115,774,009.89	108,475,385.22	108,475,385.22
Total current liabilities		1,811,342,366.71	2,881,814,855.51	2,881,814,855.51

The notes on pages 140 to 294 form part of these financial statements.

XII. Financial Report (Continued)

	Note	31 December 2021	1 January 2021 Restated	31 December 2020
Non-current liabilities:				
Long-term loans		1,690,869,071.73	388,354,927.77	388,354,927.77
Lease liabilities		1,798,167.20	–	–
Total non-current liabilities		1,692,667,238.93	388,354,927.77	388,354,927.77
Total liabilities		3,504,009,605.64	3,270,169,783.28	3,270,169,783.28
Shareholders' equity:				
Share capital	V.31	1,393,440,000.00	1,393,440,000.00	1,393,440,000.00
Capital reserve	XV.5	2,459,501,733.70	2,459,501,733.70	2,459,501,733.70
Surplus reserve	V.34	103,278,199.37	103,278,199.37	101,862,397.11
Retained earnings	XV.6	193,657,088.03	509,824,430.19	497,082,209.86
Total shareholders' equity		4,149,877,021.10	4,466,044,363.26	4,451,886,340.67
Total liabilities and shareholders' equity		7,653,886,626.74	7,736,214,146.54	7,722,056,123.95

These financial statements were approved by the Board of Directors of the Company on 29 March 2022.

Qiao Dewei
Authorised Representative
(Signature and stamp)

Yi Zhiyong
Chief Financial Officer
(Signature and stamp)

Zhao Linbin
Chief Accountant
(Signature and stamp)

(Company stamp)

The notes on pages 140 to 294 form part of these financial statements.



XII. Financial Report (Continued)

CONSOLIDATED INCOME STATEMENT

(Expressed in Renminbi Yuan)

	Note	2021	2020
I. Operating income	V.36	5,056,889,425.65	2,277,618,815.00
Less: Operating costs	V.36	3,325,173,180.51	967,675,984.97
Taxes and surcharges	V.37	52,303,160.13	46,567,497.50
General and administrative expenses	V.38	181,440,756.77	161,321,513.88
Research and development expenses	V.39	7,085,349.05	7,603,578.05
Financial expenses	V.40	447,634,138.22	446,176,244.89
Including: Interest expenses		438,381,349.64	429,221,807.42
Interest income		7,304,706.94	6,528,405.47
Add: Other income	V.41	65,427,688.62	82,424,498.85
Investment income	V.42	9,993,325.55	3,286,528.36
Including: Income from investment in joint ventures		9,489,929.32	3,282,698.16
Impairment loss of credit	V.43	(60,915,347.61)	(30,451,159.44)
Impairment loss of assets	V.44	(170,904,121.82)	(76,628,379.14)
(Loss)/gains on disposal of assets	V.45	(1,989,012.69)	57,092.39
II. Operating profit		884,865,373.02	626,962,576.73
Add: Non-operating income	V.46	5,461,418.24	2,455,092.02
Less: Non-operating expenses	V.46	199,731.94	1,529,078.65
III. Total profit		890,127,059.32	627,888,590.10
Less: Income tax expenses	V.47	148,283,994.85	99,453,958.03
IV. Net profit		741,843,064.47	528,434,632.07
Net profit attributable to shareholders of the Company		697,785,876.79	503,385,543.61
Non-controlling interests		44,057,187.68	25,049,088.46

The notes on pages 140 to 294 form part of these financial statements.

XII. Financial Report (Continued)

	Note	2021	2020
V. Other comprehensive income, net of tax			
Other comprehensive income attributable to shareholders of the Company, net of tax		-	-
Other comprehensive income to be reclassified into profit or loss in the future			
Translation differences arising from translation of foreign currency financial statements	V.33	14,080,598.35	18,595,141.10
Other comprehensive income attributable to non-controlling interests, net of tax		-	-
VI. Total comprehensive income		755,923,662.82	547,029,773.17
Total comprehensive income attributable to shareholders of the Company		711,866,475.14	521,980,684.71
Total comprehensive income attributable to non-controlling interests		44,057,187.68	25,049,088.46
VII. Earnings per share			
(I) Basic earnings per share	V.48	0.50	0.43
(II) Diluted earnings per share	V.48	0.50	0.43

These financial statements were approved by the Board of Directors of the Company on 29 March 2022.

Qiao Dewei
Authorised Representative
 (Signature and stamp)

Yi Zhiyong
Chief Financial Officer
 (Signature and stamp)

Zhao Linbin
Chief Accountant
 (Signature and stamp)

(Company stamp)

The notes on pages 140 to 294 form part of these financial statements.



XII. Financial Report (Continued)

COMPANY INCOME STATEMENT

(Expressed in Renminbi Yuan)

	Note	2021	2020
I. Operating income	XV.7	114,764,616.88	69,352,381.54
Less: Operating costs	XV.7	11,380,976.87	9,005,561.30
Taxes and surcharges		500,358.35	692,849.38
General and administrative expenses		48,508,917.13	44,138,416.55
Research and development expenses		7,085,349.05	7,603,578.05
Financial expenses		129,190,689.74	160,865,895.79
Including: Interest expenses		132,140,473.87	161,628,711.94
Interest income		4,088,193.39	4,127,837.18
Add: Other income		559,282.23	1,268,318.40
Investment income	XV.8	41,742,392.89	297,530,515.88
Including: Income from investment in joint ventures		9,489,929.32	3,282,698.16
Impairment gains/(loss) of credit		2,832,563.16	(1,449,921.25)
(Loss)/gains on disposal of assets		(4,265.39)	49,073.38
II. Operating (loss)/profit		(36,771,701.37)	144,444,066.88
Add: Non-operating income		-	-
Less: Non-operating expenses		-	4.01
III. Total (loss)/profit		(36,771,701.37)	144,444,062.87
Less: Income tax expenses		707,640.79	(987,855.13)
IV. Net (loss)/profit		(37,479,342.16)	145,431,918.00
V. Other comprehensive income, net of tax		-	-
VI. Total comprehensive income		(37,479,342.16)	145,431,918.00

These financial statements were approved by the Board of Directors of the Company on 29 March 2022.

Qiao Dewei
Authorised Representative
 (Signature and stamp)

Yi Zhiyong
Chief Financial Officer
 (Signature and stamp)

Zhao Linbin
Chief Accountant
 (Signature and stamp)

(Company stamp)

The notes on pages 140 to 294 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

(Expressed in Renminbi Yuan)

	Note	2021	2020
I. Cash flows from operating activities:			
Cash received from sale of goods, rendering of services and the Build-Operate-Transfer (“BOT”) projects and the Build-Transfer (“BT”) projects	V.50 (7)	2,611,030,834.05	2,175,616,049.41
Refund of taxes		61,294,108.54	59,441,547.76
Cash received from other operating activities	V.50 (1)	104,423,148.62	146,749,926.15
Sub-total of cash inflows from operating activities		2,776,748,091.21	2,381,807,523.32
Cash paid for goods and services		621,894,623.57	659,630,599.25
Increase of BOT projects in principal	V.50 (7)	941,107,777.81	868,984,007.15
Cash paid to and for employees		400,497,529.52	325,538,692.22
Payments of various taxes		223,907,129.70	203,260,415.84
Cash paid for other operating activities	V.50 (2)	74,423,291.77	94,358,734.31
Sub-total of cash outflows for operating activities		2,261,830,352.37	2,151,772,448.77
Net cash generated from operating activities	V.51 (1)(a)	514,917,738.84	230,035,074.55
II. Cash flows from investing activities:			
Net cash received from disposal of fixed assets		318,984.77	420,674.80
Cash received from other investing activities	V.50 (3)	27,747,355.94	2,003,830.20
Sub-total of cash inflows from investing activities		28,066,340.71	2,424,505.00
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		1,590,728,331.61	1,599,009,706.95
Cash paid for acquisition of subsidiaries	V.51 (2)	41,296,340.60	19,332,500.00
Cash paid for other investing activities	V.50 (4)	15,433,833.50	27,860,000.00
Sub-total of cash outflows for investing activities		1,647,458,505.71	1,646,202,206.95
Net cash used in investing activities		(1,619,392,165.00)	(1,643,777,701.95)

The notes on pages 140 to 294 form part of these financial statements.



XII. Financial Report (Continued)

	Note	2021	2020
III. Cash flows from financing activities:			
Cash received from investments		19,300,000.00	67,400,000.00
Including: Cash received from non-controlling shareholders of subsidiaries		19,300,000.00	67,400,000.00
Cash received from non-public issuance of shares		–	1,816,116,800.00
Cash received from loans		5,743,183,587.60	3,958,912,274.30
Cash received from other financing activities	V.50 (5)	2,732,141.89	–
Sub-total of cash inflows from financing activities		5,765,215,729.49	5,842,429,074.30
Cash paid for repayment of loans		4,563,722,757.32	2,590,329,167.68
Cash paid for distribution of dividends or payment of interests		729,655,125.50	556,650,057.28
Cash paid for other financing activities	V.50 (6)	5,263,581.09	42,607,949.27
Sub-total of cash outflows for financing activities		5,298,641,463.91	3,189,587,174.23
Net cash generated from financing activities		466,574,265.58	2,652,841,900.07
IV. Effect of foreign exchange rate changes on cash		(277,923.93)	1,885,348.64
V. Net (decrease)/increase in cash	V.51 (1)(b)	(638,178,084.51)	1,240,984,621.31
Add: Balance of cash at the beginning of the year		1,592,968,039.86	351,983,418.55
VI. Balance of cash at the end of the year	V.51 (3)	954,789,955.35	1,592,968,039.86

These financial statements were approved by the Board of Directors of the Company on 29 March 2022.

Qiao Dewei
Authorised Representative
(Signature and stamp)

Yi Zhiyong
Chief Financial Officer
(Signature and stamp)

Zhao Linbin
Chief Accountant
(Signature and stamp)

(Company stamp)

The notes on pages 140 to 294 form part of these financial statements.

COMPANY CASH FLOW STATEMENT

(Expressed in Renminbi Yuan)

	Note	2021	2020
I. Cash flows from operating activities:			
Cash received from rendering of services		87,192,146.13	55,870,473.34
Cash received from other operating activities		33,697,321.56	52,376,107.12
Sub-total of cash inflows from operating activities		120,889,467.69	108,246,580.46
Cash paid for goods		2,002,535.67	4,025,535.70
Cash paid to and for employees		49,021,957.73	44,048,207.62
Payments of various taxes		1,774,532.88	1,700,184.53
Cash paid for other operating activities		57,981,779.84	89,185,824.58
Sub-total of cash outflows for operating activities		110,780,806.12	138,959,752.43
Net cash generated from/(used in) operating activities	XV.9 (1)(a)	10,108,661.57	(30,713,171.97)
II. Cash flows from investing activities:			
Cash received from investment income		35,000,000.00	215,200,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		8,288.50	102,495.88
Cash received from other investing activities		851,121,721.53	1,171,239,206.53
Sub-total of cash inflows from investing activities		886,130,010.03	1,386,541,702.41
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		2,568,591.80	1,298,641.29
Cash paid for investments		354,100,000.00	622,457,500.00
Cash paid for acquisition of subsidiaries		41,296,340.60	48,995,272.50
Cash paid for other investing activities		556,818,103.46	1,239,694,100.00
Sub-total of cash outflows for investing activities		954,783,035.86	1,912,445,513.79
Net cash used in investing activities		(68,653,025.83)	(525,903,811.38)

The notes on pages 140 to 294 form part of these financial statements.



XII. Financial Report (Continued)

	Note	2021	2020
III. Cash flows from financing activities:			
Cash received from loans		3,737,239,072.96	1,260,000,000.00
Cash received from non-public issuance of shares		–	1,816,116,800.00
Sub-total of cash inflows from financing activities		3,737,239,072.96	3,076,116,800.00
Cash paid for repayment of loans		3,490,305,661.34	1,810,568,407.39
Cash paid for distribution of dividends or payment of interests		411,205,860.48	283,072,650.52
Cash paid for other financing activities		4,841,437.95	30,094,754.47
Sub-total of cash outflows for financing activities		3,906,352,959.77	2,123,735,812.38
Net cash (used in)/generated from financing activities		(169,113,886.81)	952,380,987.62
IV. Effect of foreign exchange rate changes on cash		(237,774.11)	19,593.57
V. Net (decrease)/increase in cash	XV.9 (1)(b)	(227,896,025.18)	395,783,597.84
Add: Balance of cash at the beginning of the year		430,958,075.95	35,174,478.11
VI. Balance of cash at the end of the year	XV.9 (2)	203,062,050.77	430,958,075.95

These financial statements were approved by the Board of Directors of the Company on 29 March 2022.

Qiao Dewei
Authorised Representative
 (Signature and stamp)

Yi Zhiyong
Chief Financial Officer
 (Signature and stamp)

Zhao Linbin
Chief Accountant
 (Signature and stamp)

(Company stamp)

The notes on pages 140 to 294 form part of these financial statements.

XII. Financial Report (Continued)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Renminbi Yuan)

	Note	Equity attributable to shareholders of the Company					Sub-total	Non-controlling interests	Total shareholders' equity
		Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings			
At 1 January 2021 (before restatement)		1,393,440,000.00	2,412,410,905.73	10,473,349.95	101,862,397.11	1,569,479,247.47	5,487,665,900.26	292,612,301.31	5,780,278,201.57
Effect of changes in accounting policies	III. 32	-	-	-	1,415,802.26	605,829,413.00	607,245,215.26	33,522,431.67	640,767,646.93
At 1 January 2021 (restated)		1,393,440,000.00	2,412,410,905.73	10,473,349.95	103,278,199.37	2,175,308,660.47	6,094,911,115.52	326,134,732.98	6,421,045,848.50
Changes for the year									
(I) Total comprehensive income		-	-	14,080,598.35	-	697,785,876.79	711,866,475.14	44,057,187.68	755,923,662.82
(II) Capital contribution and reduction from shareholders									
1. Ordinary shares contributed by shareholders		-	-	-	-	-	-	19,300,000.00	19,300,000.00
(III) Profit distribution									
1. Appropriation for surplus reserve	V.33	-	-	-	-	-	-	-	-
2. Distributions to shareholders	V.34	-	-	-	-	(278,688,000.00)	(278,688,000.00)	-	(278,688,000.00)
At 31 December 2021		1,393,440,000.00	2,412,410,905.73	24,553,948.30	103,278,199.37	2,594,406,537.26	6,528,089,590.66	389,491,920.66	6,917,581,511.32
At 1 January 2020		1,161,200,000.00	859,074,607.53	(8,121,791.15)	87,319,205.31	1,196,756,895.66	3,296,228,917.35	200,286,772.32	3,496,515,689.67
Changes for the year									
(I) Total comprehensive income		-	-	18,595,141.10	-	503,385,543.61	521,980,684.71	25,049,088.46	547,029,773.17
(II) Capital contribution from shareholders									
1. Ordinary shares contributed by shareholders		232,240,000.00	1,553,336,298.20	-	-	-	1,785,576,298.20	67,400,000.00	1,852,976,298.20
2. Others		-	-	-	-	-	-	(123,559.47)	(123,559.47)
(III) Profit distribution									
1. Appropriation for surplus reserve	V.33	-	-	-	14,543,191.80	(14,543,191.80)	-	-	-
2. Distributions to shareholders	V.34	-	-	-	-	(116,120,000.00)	(116,120,000.00)	-	(116,120,000.00)
At 31 December 2020		1,393,440,000.00	2,412,410,905.73	10,473,349.95	101,862,397.11	1,569,479,247.47	5,487,665,900.26	292,612,301.31	5,780,278,201.57

These financial statements were approved by the Board of Directors of the Company on 29 March 2022.

Qiao Dewei
Authorised Representative
 (Signature and stamp)

Yi Zhiyong
Chief Financial Officer
 (Signature and stamp)

Zhao Linbin
Chief Accountant
 (Signature and stamp)

(Company stamp)

The notes on pages 140 to 294 form part of these financial statements.



XII. Financial Report (Continued)

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Renminbi Yuan)

	Note	Share capital	Capital reserve	Surplus reserve	Retained earnings	Total
At 1 January 2021 (before restatement)		1,393,440,000.00	2,459,501,733.70	101,862,397.11	497,082,209.86	4,451,886,340.67
Effect of changes in accounting policies	III. 32	-	-	1,415,802.26	12,742,220.33	14,158,022.59
At 1 January 2021 (restated)		1,393,440,000.00	2,459,501,733.70	103,278,199.37	509,824,430.19	4,466,044,363.26
Changes for the year						
(I) Total comprehensive income		-	-	-	(37,479,342.16)	(37,479,342.16)
(II) Profit distribution						
1. Distribution of profit to shareholders	XV.6	-	-	-	(278,688,000.00)	(278,688,000.00)
At 31 December 2021		1,393,440,000.00	2,459,501,733.70	103,278,199.37	193,657,088.03	4,149,877,021.10
At 1 January 2020		1,161,200,000.00	906,165,435.50	87,319,205.31	482,313,483.66	2,636,998,124.47
Changes for the year						
(I) Total comprehensive income		-	-	-	145,431,918.00	145,431,918.00
(II) Ordinary shares contributed by shareholders		232,240,000.00	1,553,336,298.20	-	-	1,785,576,298.20
(III) Profit distribution						
1. Appropriation for surplus reserve	XV.6	-	-	14,543,191.80	(14,543,191.80)	-
2. Distribution of profit to shareholders	XV.6	-	-	-	(116,120,000.00)	(116,120,000.00)
At 31 December 2020		1,393,440,000.00	2,459,501,733.70	101,862,397.11	497,082,209.86	4,451,886,340.67

These financial statements were approved by the Board of Directors of the Company on 29 March 2022.

Qiao Dewei
 Authorised Representative
 (Signature and stamp)

Yi Zhiyong
 Chief Financial Officer
 (Signature and stamp)

Zhao Linbin
 Chief Accountant
 (Signature and stamp)

(Company stamp)

The notes on pages 140 to 294 form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

I. COMPANY OVERVIEW

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

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

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

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

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

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



II. BASIS OF PREPARATION

1. Basis of preparation

These financial statements were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC (the “MOF”) and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Provisions on Financial Reporting (amended in 2014) issued by the China Securities Regulatory Commission (the “CSRC”).

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

2. Going concern

As of 31 December 2021, the Group’s net current liabilities were RMB541,580,344.29, including short-term borrowings from BSAM of approximately RMB600,000,000.00. In addition, the Group’s committed capital expenditure within one year is approximately RMB1,403,986,017.23, which presents a certain degree of liquidity risk.

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

- (a) The Group maintained good long-term business relationship with various financial institutions, so as to ensure that it can obtain adequate lines of credit from them. At 31 December 2021, the available banking facilities of the Group amounted to RMB5,836,542,299.68;
- (b) With the constant completion and commencement of operations of the new waste-to-energy projects, the management foresees that the Group will generate stable cash inflow from future operating activities to meet its liquidity requirement.

In view of the above factors, the management is of the opinion that, the Group will have sufficient working capital to meet its operation requirement for the next twelve months from 1 January 2022, and thus the management believes that the Group’s preparation of the financial statements on a going concern basis is appropriate.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

1. Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Accounting Standards for Business Enterprises, and present truly and completely the consolidated financial position and financial position of the Company as at 31 December 2021, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for 2021.

2. Accounting period

The accounting period is from 1 January to 31 December.

3. Operating cycle

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

4. Functional currency

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

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

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

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

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

(1) Business combination involving entities under common control

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

(2) Business combination involving entities not under common control

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

For a business combination involving entities not under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its acquisition-date fair value and recognises any resulting difference between the fair value and the carrying amount as investment income for the current period. Any amount recognised in other comprehensive income that may be reclassified to profit or loss, in prior reporting periods relating to the previously-held equity interest, and any other changes in the owners' equity under equity accounting, are transferred to investment income at the date when the acquisition occurs (see Note III.11(2)).

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

6. Preparation of consolidated financial statements

(1) General principles

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

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

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

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

(2) Subsidiaries acquired through a business combination

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

6. Preparation of consolidated financial statements (Continued)

(3) Disposal of subsidiaries

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

(4) Changes in non-controlling interests

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

7. Cash and cash equivalents

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

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

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

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the construction of qualifying assets (see Note III.14). Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the spot exchange rate at the transaction date.

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments

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

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

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

A financial assets and financial liabilities is measured initially at fair value. For financial assets or financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are directly charged to profit or loss; for other categories of financial assets or financial liabilities, any related directly attributable transaction costs are included in their initial costs. A trade receivable without a significant financing component or do not consider the financing component of the contract not exceeding one year is initially measured at the transaction price determined according to the accounting policies in Note III.20.

(2) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

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

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

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

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

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

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

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably designate it as financial assets at FVOCI. This designation is made on an investment-by-investment basis, and may only be made if the investment meets the definition of equity from the issuer's perspective.

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. In addition the Group evaluates the contractual terms that may result in a change in the time distribution or amount of financial asset contractual cash flows to determine whether it meets the requirements of the above contractual cash flow characteristics.

The Group does not have financial liability at FVTPL during the Reporting Period.

(b) *Subsequent measurement of financial assets*

– Financial assets at amortised cost

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

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

(b) Subsequent measurement of financial assets (Continued)

- Equity instrument investment measured at FVTOCI as a result of interest income included in other comprehensive income.

Upon initial recognition, such financial assets are measured subsequently at fair value. Gains or losses shall be recognized in other comprehensive income. Upon termination of recognition, the accumulated gains or losses previously recorded in other comprehensive income shall be transferred to the profit and loss for the current period.

(3) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as financial liabilities measured at FVTPL and financial liabilities measured at amortised cost.

– *Financial liabilities at FVTPL*

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

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

– *Financial liabilities at amortised cost*

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

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

(4) Offsetting

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

(5) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when one of the following conditions is met:

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

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

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

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

(6) Impairment

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

The expected credit loss model is not applicable to financial assets invested in equity instruments held by the Group that are measured at fair value changes on financial assets are included in other comprehensive income.

Measurement of ECLs

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

(6) Impairment (Continued)

Measurement of ECLs (Continued)

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

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

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

Financial instruments that have low credit risk

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

Significant increases in credit risk

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

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

(6) Impairment (Continued)

Significant increases in credit risk (Continued)

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

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

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

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

Credit-impaired financial assets

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

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

Presentation of allowance for ECL

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

9. Financial instruments (Continued)

(6) Impairment (Continued)

Write-off

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

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

(7) Equity instrument

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

10. Inventories

(1) Classification and cost

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

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

(2) Measurement method of cost of inventories

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Inventories (Continued)

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

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The net realisable value of materials held for use in the production is measured based on the net realisable value of the finished goods in which they will be incorporated.

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

(4) Inventory count system

The Group maintains a periodic inventory system.

11. Long-term equity investments

(1) Investment cost of long-term equity investments

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Long-term equity investments (Continued)

(2) Subsequent measurement and recognition in profit loss of long-term equity investment

(a) Investments in subsidiaries

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

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

For the impairment of the investments in subsidiaries, please refer to Note III.18.

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

(b) Investment in joint ventures

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

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

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

- Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.
- After the acquisition of the investment, the Group recognises its share of the investee's net profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Long-term equity investments (Continued)

(2) Subsequent measurement and recognition in profit loss of long-term equity investment (Continued)

(b) *Investment in joint ventures (Continued)*

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

For the impairment test and provisioning of the investments in a joint venture, please refer to Note III.18.

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

12. Fixed assets

(1) Recognition of fixed assets

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

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

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

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

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

(2) Depreciation of fixed assets

Except the subsidiary of the Group, Lvyi (Huludao) Environmental Services Limited (defined as “Huludao Hazardous Waste Company”, whose fixed asset is depreciated using the unit-of-production method, the cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its useful life.

The useful lives, residual value rates and depreciation rates of each class of fixed assets depreciated using the straight-line method are as follows:

Class	Estimated useful life (years)	Residual value rate (%)	Depreciation rate (%)
Motor vehicles	5-10 years	5%	19.00%-33.00%
Office and other equipment	3-5 years	0%-5%	19%-33%
Buildings and structures	20-50 years	20-50%	1.90%-4.75%
Production equipment	10 years	5%	9.50%

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

(3) For the impairment of the fixed assets, please refer to Note III.18.



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

12. Fixed assets (Continued)

(4) Disposal of fixed assets

The carrying amount of a fixed asset is derecognised:

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

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

13. Construction in progress

The cost of self-built fixed assets includes costs for engineering materials and direct labor, borrowing costs for a qualifying asset (see Note III. 14) and necessary expenses incurred before the assets reach the intended available state.

Self-built fixed assets, previously presented below the construction in progress, are transferred into fixed assets when they reach the intended available state, and no provision of depreciation is made.

The construction in progress is presented in the balance sheet as cost less provision (see Note III. 18).

14. Borrowing costs

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

14. Borrowing costs (Continued)

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

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

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

15. Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note III.18). For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortised using the straight-line method over its estimated useful life.

The respective amortisation periods for intangible assets are as follows:

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

15. Intangible assets (Continued)

(1) Concession rights

The Group has entered into concession agreements with different local governments in China (“the grantor”) in respect of its waste-to-energy (“WTE”) projects on a Build-Operate-Transfer (“BOT”) basis. Under the concession agreements, the Group builds WTE plants (construction period) and operates these WTE plants (operation period) for a concession period of 23 to 30 years. Upon the expiry of the concession period, the Group would transfer these WTE plants to respective grantor without consideration. The terms of the service concession arrangements allow the Group to earn waste treatment fees and electricity tariffs for the processing of waste and generation of electricity during the operation period.

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

If the Group meets the conditions for receiving cash (or other financial assets) of an identifiable amount during the operation of the project, it shall be recognized as a account receivable when the Group has the right to receive such consideration (the right only depends on the factor of time passing), and accounting treatment shall be conducted in accordance with the Accounting Standards for Enterprises No. 22 – Recognition and Measurement of Financial Instruments. During the operation period of the project, if the Group has the right to receive variable cash flow from the party which receives the public goods and services and the right does not constitute an unconditional right to receive cash, the Group recognizes the difference between the consideration for the project assets or the amount of revenue recognized in respect of the construction project and the determinable amount of cash flow (or other financial assets) that the Group has the right to receive as an intangible asset – concession right when the project assets are ready for intended use.

(2) Research and development expenditure

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

16. Goodwill

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

Goodwill is not amortised and is stated in the balance sheet at cost less accumulated impairment losses (see Note III.18). On disposal of an asset group or a set of asset groups, any attributable goodwill is written off and included in the calculation of the profit or loss on disposal.

17. Long-term deferred expenses

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

Item	Amortisation period
Renovation costs for office under operating lease and others	1-5 years

18. Impairment of assets other than inventories and financial assets

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

- fixed assets
- construction in progress
- intangible assets
- right-of-use assets
- long-term equity investments
- goodwill
- long-term deferred expenses

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

18. Impairment of assets other than inventories and financial assets (Continued)

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value (see Note III.19) less costs to sell and its present value of expected future cash flows.

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

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

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

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

19. Fair value measurement

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

20. Revenue

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

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

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation. Stand-alone selling price refers to the price at which the Group sells goods or provides services to customers separately. If a stand-alone selling price is not directly observable, the Group shall consider all information that is reasonably available to the Group and maximize the use of observable inputs and apply estimation methods consistently in similar circumstances.

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

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

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

20. Revenue (Continued)

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

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

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

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

(1) Revenue from construction services

For participating in public infrastructure construction businesses under BOT arrangement, in accordance with the provisions of the Interpretation No. 14 on Accounting Standards for Business Enterprises, if the Group provides construction service for Public-Private Partnership projects as a principal, the Group shall measure the percentage of the actual cost incurred to date as to determine the percentage of the completion and the stand-alone selling price. The PPP project asset construction service is a performance obligation performed within a certain period of time. The changes in the accounting policy have been disclosed in Note III.32 (1).

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

(a) Electricity tariff

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

(b) Waste treatment fees

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

21. Interest income

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

22. Contract cost

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

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

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

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

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

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

23. Employee benefits

(1) Short-term employee benefits

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

(2) Post-employment benefits – defined contribution plans

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

(3) Termination benefits

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

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

24. Government grants

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

25. Income tax

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

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

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

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

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

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

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

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

26. Lease

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

26. Lease (Continued)

The Group acts as a lessee

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

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note III.18.

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

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

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

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

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

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



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

27. Held-for-sale

The Group classified a non-current asset or disposal group as held for sale when the carrying amount of a non-current asset or disposal group will be recovered through a sale transaction rather than through continuing use.

A disposal group refers to a group of assets to be disposed of, by sale or otherwise, together as a whole in a single transaction and liabilities directly associated with those assets that will be transferred in the transaction.

A non-current asset or disposal group is classified as held for sale when all the following criterias are met:

- According to the customary practices of selling such asset or disposal group in similar transactions, the non-current asset or disposal group must be available for immediate sale in their present condition subject to terms that are usual and customary for sales of such assets or disposal groups;
- Its sale is highly probable, that is, the Group has made a resolution on a sale plan and has obtained a firm purchase commitment. The sale is to be completed within one year.

Non-current assets or disposal groups held for sale are stated at the lower of carrying amount and fair value (see Note III.19) less costs to sell (except financial assets (see note III.9) and deferred tax assets (see note III.25)) initially and subsequently. Any excess of the carrying amount over the fair value (see Note III.19) less costs to sell is recognised as an impairment loss in profit or loss.

28. Profit distributions

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

29. Related parties

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

30. Segment reporting

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

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

31. Significant accounting estimates and judgements

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

Except for accounting estimates relating to depreciation and amortisation of assets such as fixed assets and intangible assets (see Notes III.12 and 15) and provision for impairment of various types of assets (see Notes V.2, 3, 4, 6, 7, 8, 15, 16 and 17 and Notes XV.1 and 2). Other significant accounting estimates are as follows:

- (1) BOT Projects – The Group's revenue from construction services is determined based on construction cost, and the performance progress of the construction services is determined according to the proportion of the actual construction service costs incurred during the construction process to the estimated total cost. In the course of project construction, the Group reviews and revises the revenue from construction services based on the budgeted construction costs and the estimated construction period.
- (2) Recognition of deferred assets (see Note V.19)



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

32. Changes in significant accounting policies and accounting estimates

(1) Description and reasons of changes in accounting policies

In 2021, the Group has adopted the following newly revised accounting standards and implementation guidance and illustrative examples issued by the MOF:

- CAS Bulletin No.14 (Caikuai [2021] No.1) (“Bulletin No. 14”)
- Notice of Extending the Applicable Period of ‘Accounting Treatment of COVID-19 Related Rent Concessions’ (Caikuai [2021] No.9)

(a) *Bulletin No.14*

Bulletin No.14 takes effect on 26 January 2021 (implementation date).

(i) “Public-private partnership” (PPP) arrangements

Bulletin No.14, implementation Q&As and illustrative examples clarify the features and conditions of PPP arrangements, sets out the accounting and disclosure requirements of a private entity in PPP arrangements. Item 5 of CAS Bulletin No.2 (Caikuai [2008] No.11) on “How to account for entities participating in public infrastructure construction businesses under build-operate-transfer arrangement” is repealed accordingly.

PPP arrangements which are commenced before 31 December 2020 and not completed on the implementation date and new PPP arrangements occurred during 1 January 2021 to the implementation date are subject to retrospective adjustments. Cumulative effects are adjusted to the opening retained earnings and other relevant line items in the financial statements for the year 2021. Comparative information is not restated.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

32. Changes in significant accounting policies and accounting estimates (Continued)

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

(a) *Bulletin No. 14 (Continued)*

(i) “Public-private partnership” (PPP) arrangements (Continued)

The impact of the above changes in accounting policies on the items in the consolidated balance sheet and company balance sheet on 1 January 2021 is summarized as follows:

	Carrying amount before adjustment	The Group Adjustment	Carrying amount after adjustment
Assets:			
Contract assets	467,951,853.72	98,710,363.59	566,662,217.31
Long-term receivables due within one year	135,193,612.91	(98,710,363.59)	36,483,249.32
Long-term receivables	5,239,640,603.64	(5,160,064,441.83)	79,576,161.81
Long-term equity investments	66,190,681.00	14,158,022.59	80,348,703.59
Intangible assets	7,366,230,070.06	837,793,136.89	8,204,023,206.95
Other non-current assets	953,998,419.31	5,162,596,964.39	6,116,595,383.70
Liabilities:			
Deferred tax liabilities	150,915,654.85	213,716,035.11	364,631,689.96
Shareholders' equity:			
Surplus reserve	101,862,397.11	1,415,802.26	103,278,199.37
Retained earnings	1,569,479,247.47	605,829,413.00	2,175,308,660.47
Non-controlling interests	292,612,301.31	33,522,431.67	326,134,732.98

	Carrying amount before adjustment	The Company Adjustment	Carrying amount after adjustment
Assets:			
Long-term equity investments	5,509,051,548.21	14,158,022.59	5,523,209,570.80
Shareholders' equity:			
Surplus reserve	101,862,397.11	1,415,802.26	103,278,199.37
Retained earnings	497,082,209.86	12,742,220.33	509,824,430.19



III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

32. Changes in significant accounting policies and accounting estimates (Continued)

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

(a) *Bulletin No.14 (continued)*

(ii) Benchmark interest rate reform

Bulletin No.14 introduces the accounting and disclosure requirements for the modification of financial instruments and lease liabilities resulting from the benchmark interest rate reform. Transactions related to the benchmark interest rate reform that occurred before 31 December 2020 and during 1 January 2021 to the implementation date are subject to retrospective adjustments. Cumulative effects are adjusted to the opening retained earnings or other comprehensive income for the year 2021. Comparative information is not restated.

The adoption of Bulletin No.14 does not have significant effect on the financial position and financial performance of the Group.

(b) *Caikuai [2021] No.9*

The Accounting Treatment of COVID-19 Related Rent Concessions(Caikuai [2020] No.10) provides practical expedient under certain conditions for rent concessions occurring as a direct consequence of the COVID-19 pandemic, and combining the requirements of Caikuai [2021] No.9, such practical expedient is only applicable to any reduction in lease payments due before 30 June 2022.Cumulative effects of adopting [2021] No.9 are adjusted to the opening retained earnings or other comprehensive income for the year 2021.Comparative information is not restated.

The adoption of the above regulations does not have significant effect on the financial position and financial performance of the Group.

IV. TAXATION

1. Main types of taxes and corresponding tax rates

Tax type	Tax basis	Tax rate
Value-added tax (VAT)	Output VAT is calculated on product sales and taxable services revenue according to taxation laws. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable.	3%*, 6% and 13%
City maintenance and construction tax	Based on VAT effectively paid	5% and 7%
Education surcharges	Based on VAT effectively paid	3%
Local education surcharges	Based on VAT effectively paid	2%
Corporate income tax ("CIT")	Based on taxable profits	25% and 16.5%
PRC withholding income tax	Based on dividends declared to foreign investors	10%

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

The applicable income tax rate for the Company and its subsidiaries (except for Dynagreen Investment Holding Company Limited ("Hong Kong Dynagreen")) was 25% for the year.

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

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



IV. TAXATION (Continued)

2. Tax preferential benefits and approvals

2.1 CIT preferential benefits and approvals

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

- The Huizhou Company Incineration Plant Project and phase I project of Jizhou Company completed the CIT preferential benefits and approvals" in 2016 and were entitled to the 3+3 tax holiday from 2016 to 2021;
- Anshun Company is an encouraged industry established in the Northwest region and completed its filing in 2018. The taxable income of phase I project of Anshun Company is subject to corporate income tax at a preferential tax rate of 15%; The phase II project of Anshun Company is entitled to the 3+3 tax holiday from 2020 to 2025;
- Jurong Company, Guangyuan Company and Bengbu Company completed the "CIT preferential benefits and approvals" in 2017 and were entitled to the 3+3 tax holiday from 2017 to 2022;
- Ninghe Company Biomass Power Generation Project, Tongzhou Company, Miyun Company and Jiamusi Company completed the "CIT preferential benefits and approvals" in 2018 and were entitled to the 3+3 tax holiday from 2018 to 2023;
- Shantou Company, Zhaoqing Company, Zhangqiu Company and Bobai Company completed the "CIT preferential benefits and approvals" in 2019 and were entitled to the 3+3 tax holiday from 2019 to 2024;

IV. TAXATION (Continued)

2. Tax preferential benefits and approvals (Continued)

2.1 CIT preferential benefits and approvals (Continued)

(1) (Continued)

- Yichun Company, Hong'an Company, Huizhou Phase II Company, Haining Expansion Project Company, phase II project of Jizhou Company and phase II project of Shantou Company were entitled to the 3+3 tax holiday from 2020 to 2025;
- Pingyang Phase II Project Company, Yongjia Phase II Project Company, Shishou Company, Dengfeng Company, Jinsha Waste Incineration, Sihui Company Phase II Company, Phase II of Jiamusi Company and Shantou Sludge Company were entitled to the 3+3 tax holiday from 2021 to 2026.

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

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

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

2.2 VAT preferential benefits and approvals

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



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at bank and on hand

Item	2021	2020
Cash on hand	2,372.96	5,666.56
Deposits with banks	954,787,582.39	1,592,962,373.30
Other monetary funds	11,951,353.50	15,093,755.94
Total	966,741,308.85	1,608,061,795.80
Including: Total overseas deposits	2,031,054.24	2,146,921.75

At 31 December 2021, the Group did not hold any time deposit (31 December 2020: Nil).

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

2. Bills receivable

(1) Classification of bills receivable

Type	2021	2020
Commercial acceptance bills	2,296,400.00	3,237,500.00
Bank acceptance bills	6,520,000.00	24,450,000.00
Total	8,816,400.00	27,687,500.00

All of the above bills receivable were due within one year.

(2) At 31 December 2021, the Group did not have any pledged bills receivable.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Bills receivable (Continued)

(3) Outstanding endorsed or discounted bills that had not matured at the balance sheet date:

Type	31 December 2021 Amount not derecognized at the end of the period
Bank acceptance bills	5,190,000.00
Commercial acceptance bills	1,996,400.00
Sub-total	7,186,400.00
Impairment loss	-
Total	7,186,400.00

As at 31 December 2021 and 31 December 2020, the Group did not have any bills transferred to accounts receivable due to non-performance of the issuers.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Accounts receivable

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

Customer Type	2021	2020
Due from third parties	1,623,839,657.64	821,771,322.02
Due from related parties	10,000,000.00	10,000,000.00
Less: Provision for bad and doubtful debts	(103,753,122.44)	(46,071,366.10)
Total	1,530,086,535.20	785,699,955.92

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

Ageing	2021	2020
Within 1 year (inclusive)	1,267,243,247.77	746,536,414.49
Over 1 year but within 2 years (inclusive)	316,451,163.03	74,522,904.67
Over 2 years but within 3 years (inclusive)	45,386,814.37	10,452,019.46
Over 3 years but within 4 years (inclusive)	4,498,449.07	259,983.40
Over 4 years but within 5 years (inclusive)	259,983.40	–
Sub-total	1,633,839,657.64	831,771,322.02
Less: Provision for bad and doubtful debts	(103,753,122.44)	(46,071,366.10)
Total	1,530,086,535.20	785,699,955.92

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

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Accounts receivable (Continued)

(3) Accounts receivable by provisioning method:

Category	Note	31 December 2021				Carrying amount
		Book balance		Provision for bad and doubtful debts		
		Amounts	Percentage (%)	Amounts	Percentage (%)	
Provision for bad and doubtful debts individually	(a)	10,000,000.00	1%	(2,000,000.00)	20%	8,000,000.00
Provision for bad and doubtful debts collectively	(b)(c)	1,623,839,657.64	99%	(101,753,122.44)	6%	1,522,086,535.20
- Receivables from national renewable energy subsidies		999,644,263.76	61%	(34,473,147.03)	3%	965,171,116.73
- Receivables from tariff and waste treatment service fee		624,195,393.88	38%	(67,279,975.41)	11%	556,915,418.47
Total		1,633,839,657.64	100%	(103,753,122.44)	6%	1,530,086,535.20

Category	Note	31 December 2020				Carrying amount
		Book balance		Provision for bad and doubtful debts		
		Amounts	Percentage (%)	Amounts	Percentage (%)	
Provision for bad and doubtful debts collectively	(b)(c)	831,771,322.02	100%	(46,071,366.10)	6%	785,699,955.92
Total		831,771,322.02	100%	(46,071,366.10)	6%	785,699,955.92



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Accounts receivable (Continued)

(3) (Continued)

- (a) Rationale for provision for bad and doubtful debts individually in 2021:

Name	Rationale for provision
<i>– Fengcheng Dynagreen Environmental Protection Co., Ltd.</i>	Overdue and not recovered

- (b) Criteria and statement of recognition of provision for bad and doubtful debts collectively in 2021:

Customers of accounts receivable of the Group are the grid customers who are located in the PRC, to whom the Group sells electricity or those public services units to whom the Group provide waste treatment service. The receivables from national renewable energy subsidies and receivables from tariff and waste treatment service fee were further segmented when calculating the provision for bad and doubtful debts.

- (c) Expected credit loss assessment on accounts receivables:

At all times the Group measures the impairment loss for accounts receivable at an amount equal to lifetime ECLs, and the ECLs are based on the comparison table of ageing and the expected credit loss rates. According to the historical experience and collection cycle of funds of the Group, the receivables from national renewable energy subsidies, receivables from tariff and waste treatment service fee were further segmented when calculating the provision for impairment. In 2020, based on the Group's historical experience, there was no significant difference in the loss incurred by different customer groups. Therefore, different customer groups were not further segmented when calculating the provision for bad and doubtful debts.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Accounts receivable (Continued)

(3) (Continued)

(c) Expected credit loss assessment on accounts receivables: (Continued)

2021

Portfolio I: Receivables from national renewable energy subsidies:

Ageing	Expected credit loss rate	Book balance at the end of the year	Provision for impairment at the end of the year
Within 1 year (inclusive)	0.92% · 1.45%	703,339,004.98	7,916,157.66
Over 1 year but within 2 years (inclusive)	3.59% · 14.04%	274,434,927.19	13,487,992.58
Over 2 years	43.00% · 100%	21,870,331.59	13,068,996.79
Total		999,644,263.76	34,473,147.03

Portfolio II: Receivables from tariff and waste treatment service fee:

Ageing	Expected credit loss rate	Book balance at the end of the year	Provision for impairment at the end of the year
Within 1 year (inclusive)	2.73% · 15.61%	563,904,242.79	29,249,976.57
Over 1 year but within 2 years (inclusive)	38.85% · 57.00%	42,016,235.84	19,755,083.59
Over 2 years	100.00%	18,274,915.25	18,274,915.25
Total		624,195,393.88	67,279,975.41

2020

Ageing	Loss give default	Book balance at the end of the year	Provision for impairment at the end of the year
Within 1 year (inclusive)	1.32% · 6.55%	746,536,414.49	15,298,497.87
Over 1 year but within 2 years (inclusive)	19.83% · 58.16%	74,522,904.67	20,060,865.37
Over 2 years	100.00%	10,712,002.86	10,712,002.86
Total		831,771,322.02	46,071,366.10

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



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Accounts receivable (Continued)

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

Item	2021	2020
Balance at the beginning of the year	46,071,366.10	25,047,141.46
Provisions for the year	57,681,756.34	21,024,224.64
Balance at the end of the year	103,753,122.44	46,071,366.10

During this Reporting Period, the Group did not write off any accounts receivable. For the accounts receivable with restricted ownership, please see Note V. 52.

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

As at 31 December 2021, the subtotal of five largest accounts receivable of the Group amounted to RMB824,234,801.47, representing 50% of the total accounts receivable at the end of the year, and the provisions of bad and doubtful debts amounted to RMB55,089,410.32.

As at 31 December 2020, the subtotal of five largest accounts receivable of the Group amounted to RMB333,749,728.96, representing 40% of the total accounts receivable at the end of the year, and the provisions of bad and doubtful debts amounted to RMB8,559,554.21.

4. Receivables under financing

Item	Balance at the end of the year	Balance at the beginning of the year
Bills receivable at fair value through other comprehensive income	500,000.00	2,000,000.00

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

Outstanding endorsed or receivables under financing of the Group that had not matured at the balance sheet date in the year:

Item	Amount derecognized in the year
Bank acceptance bills	1,000,000.00

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Prepayments

(1) Prepayments by category:

Item	2021	2020
Prepayments to third parties	26,417,264.13	15,139,014.07

The ageing is counted starting from the date when prepayments are recognised. As at 31 December 2021 and 31 December 2020, the ageing of the Group's prepayments were within one year and the Group did not need to make provisions for impairment.

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

As at 31 December 2021, the subtotal of five largest prepayments of the Group amounted to RMB8,049,534.45, representing 30% of the total prepayments at the end of the year, and no provisions for bad and doubtful debts had been made.

As at 31 December 2020, the subtotal of five largest prepayments of the Group amounted to RMB5,030,114.29, representing 33% of the total prepayments at the end of the year, and no provisions for bad and doubtful debts had been made.

6. Other receivables

	Note	2021	2020
Interest receivable		-	-
Others	(1)	43,457,908.02	42,029,816.24
Total		43,457,908.02	42,029,816.24



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

Others

(a) Analysis by category of customer type as follows:

Customer Type	2021	2020
Due from related parties	10,000,000.00	–
Due from third parties	53,608,780.30	66,868,360.20
Sub-total	63,608,780.30	66,868,360.20
Less: Provision for bad and doubtful debts	(20,150,872.28)	(24,838,543.96)
Total	43,457,908.02	42,029,816.24

(b) The ageing analysis of others is as follows:

Ageing	2021	2020
Within 1 year (inclusive)	28,639,285.85	34,841,660.78
Over 1 year but within 2 years (inclusive)	13,819,592.46	6,344,443.56
Over 2 years but within 3 years (inclusive)	1,232,752.46	1,048,235.68
Over 3 years but within 4 years (inclusive)	495,681.32	3,046,027.58
Over 4 years but within 5 years (inclusive)	2,616,714.29	545,798.94
Over 5 years	16,804,753.92	21,042,193.66
Sub-total	63,608,780.30	66,868,360.20
Less: Provision for bad and doubtful debts	(20,150,872.28)	(24,838,543.96)
Total	43,457,908.02	42,029,816.24

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

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

Others (Continued)

(c) Other receivables are disclosed by type based on the methods of provision for bad and doubtful debts:

Category	Book balance		2021 Provision for bad and doubtful debts		Carrying amount
	Amounts	Percentage	Amounts	Percentage	
		(%)		(%)	
Provision for bad and doubtful debts individually					
– Due from former shareholders	12,961,261.85	20%	(12,961,261.85)	100%	–
Provision for bad and doubtful debts collectively					
– VAT refunds receivable and other tax refunds receivable	5,584,855.58	9%	–	0%	5,584,855.58
– Others	45,062,662.87	71%	(7,189,610.43)	16%	37,873,052.44
Total	63,608,780.30	100%	(20,150,872.28)	32%	43,457,908.02

Category	Book balance		2020 Provision for bad and doubtful debts		Carrying amount
	Amounts	Percentage	Amounts	Percentage	
		(%)		(%)	
Provision for bad and doubtful debts individually					
– Performance bond	6,000,000.00	9%	(5,050,000.00)	84%	950,000.00
– Due from former shareholders	17,956,189.25	27%	(13,380,047.32)	75%	4,576,141.93
Provision for bad and doubtful debts collectively					
– VAT refunds receivable and other tax refunds receivable	8,503,492.16	13%	–	0%	8,503,492.16
– Others	34,408,678.79	51%	(6,408,496.64)	19%	28,000,182.15
Total	66,868,360.20	100%	(24,838,543.96)	37%	42,029,816.24



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

Others (Continued)

(d) Criteria and statement of recognition of provision for bad and doubtful debts individually in 2021:

Other receivables (by entity)	Provision for bad and doubtful debts			Rationale for provision
	Book balance	Percentage		
Shenzhen Hanyang Holdings Company	6,988,073.50	(6,988,073.50)	100%	Had long ageing and risk on collection
Dynagreen Environment Investment Limited	5,160,600.00	(5,160,600.00)	100%	Had long ageing and risk on collection
Zheng Sheng	355,664.38	(355,664.38)	100%	Had long ageing and risk on collection
Dynagreen International Holding (Group) Co., Ltd.	294,835.67	(294,835.67)	100%	Had long ageing and risk on collection
Huang Jianzhong	70,000.00	(70,000.00)	100%	Had long ageing and risk on collection
Han Jianhui	30,000.00	(30,000.00)	100%	Had long ageing and risk on collection
Li Yipo	23,345.00	(23,345.00)	100%	Had long ageing and risk on collection
Lu Jianhua	19,922.00	(19,922.00)	100%	Had long ageing and risk on collection
Zheng Daobin	11,061.30	(11,061.30)	100%	Had long ageing and risk on collection
Xie Aijun	3,730.00	(3,730.00)	100%	Had long ageing and risk on collection
Sun Gang	3,000.00	(3,000.00)	100%	Had long ageing and risk on collection
Zhao Hui	1,030.00	(1,030.00)	100%	Had long ageing and risk on collection
Total	12,961,261.85	(12,961,261.85)		

Criteria and statement of recognition of provision for bad and doubtful debts collectively in 2021:

Other receivables are primarily grouped by nature. Of which, VAT refunds receivable and other tax refunds receivable are mainly refunds receivable from taxation bureaus; others are mainly prepayments.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

Others (Continued)

(e) Changes in provision for bad and doubtful debts:

Provision for bad and doubtful debts:

	2021				2020			
	First stage ECL for next 12 months	Second stage Lifetime ECL – no credit impairment	Third stage Lifetime ECL – credit impairment occurred	Total	First stage ECL for next 12 months	Second stage Lifetime ECL – no credit impairment	Third stage Lifetime ECL – credit impairment occurred	Total
Balance at the beginning of the year	1,316,908.43	5,641,400.68	17,880,234.85	24,838,543.96	546,491.46	4,047,690.72	18,031,734.85	22,625,917.03
Transfer to the second stage	(679,082.12)	679,082.12	-	-	(317,222.18)	317,222.18	-	-
Transfer to the third stage	-	-	-	-	-	-	-	-
Turn back to the second stage	-	-	-	-	-	-	-	-
Turn back to the first stage	-	-	-	-	-	-	-	-
Business combination involving entities not under common control	-	-	-	-	-	-	-	-
Provisions/(Reversals) for the year	140,772.85	90,528.47	(4,918,973.00)	(4,687,671.68)	1,087,639.15	1,276,487.78	(151,500.00)	2,212,626.93
Balance at the end of the year	778,599.16	6,411,011.27	12,961,261.85	20,150,872.28	1,316,908.43	5,641,400.68	17,880,234.85	24,838,543.96



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

Others (Continued)

(f) Other receivables by nature

Nature of money	2021	2020
Performance bond	3,003,000.00	6,000,000.00
VAT refunds receivable and other tax refunds receivable	5,584,855.58	8,503,492.16
Others	55,020,924.72	52,364,868.04
Sub-total	63,608,780.30	66,868,360.20
Less: Provision for bad and doubtful debts	(20,150,872.28)	(24,838,543.96)
Total	43,457,908.02	42,029,816.24

(g) Five largest other receivables by debtor at the end of the year

Entity name	Nature of the receivable	2021			Provision for bad and doubtful debts Balance at the end of the year
		Balance at the end of the year	Ageing	Percentage of total other receivables at the end of the year (%)	
Huludao City Land Reserve Center	Others	12,550,215.00	1-2 years	20%	(627,510.75)
Fengcheng Dynagreen Environmental Protection Co., Ltd.	Borrowing	10,000,000.00	Within 1 year (inclusive)	16%	(500,000.00)
Shenzhen Hanyang Holdings Company	Current accounts of former shareholders	6,988,073.50	Over 5 years	11%	(6,988,073.50)
Dynagreen Environment Investment Limited	Current accounts of former shareholders	5,160,600.00	Over 5 years	8%	(5,160,600.00)
Shaowu Financial Treasury Collection and Payment Center	Performance bond	3,000,000.00	Within 1 year (inclusive)	5%	-
Total		37,698,888.50		60%	(13,276,184.25)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

Others (Continued)

(g) Five largest other receivables by debtor at the end of the year (Continued)

Entity name	Nature of the receivable	2020		Percentage of total other receivables at the end of the year (%)	Provision for bad and doubtful debts Balance at the end of the year
		Balance at the end of the year	Ageing		
Huludao City Land Reserve Center	Others	12,550,215.00	Within 1 year (inclusive)	19%	(627,510.75)
Shenzhen Hanyang Holdings Company	Current accounts of former shareholders	6,988,073.50	Over 5 years	10%	(6,988,073.50)
Dynagreen Environment Investment Limited	Current accounts of former shareholders	5,160,600.00	Over 5 years	8%	(5,160,600.00)
Tianjin Municipal Tax Service, State Taxation Administration	VAT refunds	5,145,209.56	Within 1 year (inclusive)	8%	-
Former shareholder of Guangyuan Promising Environmental Protection Company Limited	Current accounts of former shareholders	5,075,954.40	Within 1 year (inclusive) Within 2 years	8%	(499,812.47)
Total		34,920,052.46		53%	(13,275,996.72)



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Inventories

Inventories by category

Inventories Type	31 December 2021		
	Book balance	Provision for impairment of inventories	Carrying amount
Turnover materials	43,491,074.67	–	43,491,074.67

Inventories Type	31 December 2020		
	Book balance	Provision for impairment of inventories	Carrying amount
Turnover materials	37,184,080.74	–	37,184,080.74

The Group's balance of inventories as at 31 December neither included capitalised borrowing costs nor was pledged as security.

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

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Contract assets

(1) Contract assets by nature are as follows:

Item	31 December 2021		
	Book balance	Provision for impairment	Carrying amount
Contract assets generated			
by electricity sales contract	130,141,153.83	(10,486,126.37)	119,655,027.46
PPP project construction services	107,977,530.90	-	107,977,530.90
Total	238,118,684.73	(10,486,126.37)	227,632,558.36

Item	1 January 2021		
	Book balance	Provision for impairment	Carrying amount
Contract assets generated by			
electricity sales contract	519,261,410.38	(51,309,556.66)	467,951,853.72
PPP project construction services	98,710,363.59	-	98,710,363.59
Total	617,971,773.97	(51,309,556.66)	566,662,217.31

Item	31 December 2020		
	Book balance	Provision for impairment	Carrying amount
Contract assets generated			
by electricity sales contract	519,261,410.38	(51,309,556.66)	467,951,853.72

The Group's contract assets generated by electricity sales contract primarily relate to the tariff revenue from the national renewable energy subsidies in the electricity supply contract between the Group and the grid customers at the balance sheet date. The tariff revenue from the national renewable energy subsidies for selling electricity shall be paid after the project is included in the National Renewable Energy Subsidy Catalogue. When the Group obtains the right to receive the unconditional consideration, the contract assets will be recognized as accounts receivable.

If the Group meets the conditions for receiving cash of an identifiable amount from the contract assets recognized during PPP project construction services during the operation of the project, it shall be recognized as a account receivable when the Group has the right to receive such consideration (the right only depends on the factor of time passing).

For the details of contract assets with restricted ownership, please see Note V. 52.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Contract assets (Continued)

- (2) Significant changes in contract assets for the year:
 Significant changes in the balance of the Group's contract assets for the year are as follows:

Item	For the 12-month period ended 31 December 2021	
	Amount (Increase/ (decrease))	Reason
Jurong Company	(39,406,144.47)	Transfer from contract assets to receivables
Zhangqiu Company	(33,673,590.60)	Transfer from contract assets to receivables
Huizhou Company	(27,371,338.77)	Transfer from contract assets to receivables
Ninghe Company	(211,202,824.82)	Transfer from contract assets to receivables
Tongzhou Company	(94,231,927.20)	Transfer from contract assets to receivables
Shantou Company	15,263,487.61	Due to sales of electricity
Miyun Company	(17,267,018.43)	Transfer from contract assets to receivables
Haining Expansion Company	18,879,179.22	Due to sales of electricity
Jiamusi Company	(26,017,361.92)	Transfer from contract assets to receivables
Tongzhou Company	20,867,403.45	PPP project construction services due within one year

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Contract assets (Continued)

(3) Provision for impairment of contract assets:

Item	For the 12-month period ended 31 December 2021					Reason
	Balance at the beginning of the year	Provisions for the year	Reversed for the year	Write-back or write-off for the year	Balance at the end of the year	
Provision for impairment	51,309,556.66	6,529,164.55	(47,352,594.84)	-	10,486,126.37	Inclusion of additional companies in the category of national subsidies in the year

Item	For the 12-month period ended 31 December 2020					Reason
	Balance at the beginning of the year	Provisions for the year	Reversed for the year	Write-back or write-off for the year	Balance at the end of the year	
Provision for impairment	36,019,345.57	15,290,211.09	-	-	51,309,556.66	Extension of operating time and increase in new operating projects



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Held-for-sale assets

2021

	Held-for-sale assets	
	Carrying amount	Fair value
Fixed assets	46,078.09	46,078.09
Intangible assets	33,729,634.23	26,857,636.17
Inventories	757,396.73	388,982.00
Other non-current assets	101,931,315.51	81,196,335.74
Held-for-sale assets Total	136,464,424.56	108,489,032.00

In December 2021, the Group and Haining Municipal Bureau of Comprehensive Administration and Law Enforcement entered into the Agreement on Termination of the Yanguan Waste-to-energy Plant Project in Haining City, Zhejiang Province, pursuant to which both parties agreed that in light of the completion of the expansion and stable operation of the Group's waste-to-energy plant in Haining, the Yanguan Waste-to-energy Plant Project in Haining City shall be shut down after being recovered by Haining Municipal Bureau of Comprehensive Administration and Law Enforcement. The compensation is RMB108,489,032.00, and the expected handover time is the first half of 2022. The abovementioned Yanguan Waste-to-energy Plant Project in Haining City to be handed over was presented as held for sale assets. The Group reduced the carrying amount of the held for sale assets to the net amount after the fair value minus the selling expenses, and recognized an impairment loss of RMB27,975,392.56.

10. Long-term receivables due within one year

Item	31 December 2021	1 January 2021	31 December 2020
BOT projects	–	–	98,710,363.59
BT project	56,482,689.86	43,697,557.19	43,697,557.19
Sub-total	56,482,689.86	43,697,557.19	142,407,920.78
Less: Provision for impairment	(15,135,570.82)	(7,214,307.87)	(7,214,307.87)
Total	41,347,119.04	36,483,249.32	135,193,612.91

For the long-term receivables due within one year with restricted ownership, please see Note V.52.

11. Other current assets

As at the end of each accounting year, the other current assets of the Group mainly comprise deductible VAT.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Long-term receivables

Item	Book balance	2021 Provision for bad and doubtful debts	Carrying amount
BT projects	70,688,666.37	(15,135,570.82)	55,553,095.55
Performance bond	35,413,114.46	–	35,413,114.46
Sub-total	106,101,780.83	(15,135,570.82)	90,966,210.01
Less: Due within one year	56,482,689.86	(15,135,570.82)	41,347,119.04
Total	49,619,090.97	–	49,619,090.97

Item	Book balance	1 January 2021 Provision for impairment	Carrying amount
BT projects	67,135,861.89	(7,214,307.87)	59,921,554.02
Performance bond	56,137,857.11	–	56,137,857.11
Subtotal	123,273,719.00	(7,214,307.87)	116,059,411.13
Less: Due within one year	43,697,557.19	(7,214,307.87)	36,483,249.32
Total	79,576,161.81	–	79,576,161.81

Item	Book balance	2020 Provision for bad and doubtful debts	Carrying amount
BOT projects	5,258,774,805.42	–	5,258,774,805.42
BT projects	67,135,861.89	(7,214,307.87)	59,921,554.02
Performance bond	56,137,857.11	–	56,137,857.11
Sub-total	5,382,048,524.42	(7,214,307.87)	5,374,834,216.55
Less: Due within one year	142,407,920.78	(7,214,307.87)	135,193,612.91
Total	5,239,640,603.64	–	5,239,640,603.64

As at 31 December 2021 and 31 December 2020, the ranges of discount rates of the long-term receivables of BOT projects were 5.29% and 8.42% respectively.

For the long-term receivables with restricted ownership, please see Note V.52.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Long-term equity investments

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

Item	31 December 2021	1 January 2021	31 December 2020
Investments in joint ventures (Note VII.2)	89,838,632.91	80,348,703.59	66,190,681.00
Sub-total	89,838,632.91	80,348,703.59	66,190,681.00
Less: Provision for impairment	-	-	-
Total	89,838,632.91	80,348,703.59	66,190,681.00

(2) Analysis of the movements of long-term equity investments is as follows:

Investee	Balance at the beginning of the year before adjustment	Changes for 2021					Investment income recognized under equity method	Other changes in equity	Balance at the end of the year
		Effect of changes in accounting policies	Adjustment to balance at the beginning of the year	Additional investment	Investment deducted				
Joint ventures									
Fengcheng Company	66,190,681.00	14,158,022.59	80,348,703.59	-	-	9,489,929.32	-	89,838,632.91	

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Fixed assets

Item	Motor vehicles	Office and other equipment	Buildings and structures*	Total
Cost				
1 January 2020	24,932,718.97	35,323,831.16	23,779,400.00	84,035,950.13
Additions for the year				
– Purchases	5,840,341.53	6,468,863.20	–	12,309,204.73
Disposals during the year	(3,141,160.52)	(207,705.87)	–	(3,348,866.39)
31 December 2020	27,631,899.98	41,584,988.49	23,779,400.00	92,996,288.47
Additions for the year				
– Transfer from construction in progress	–	91,484,408.38	190,330,941.93	281,815,350.31
– Purchases	810,197.72	6,869,984.59	–	7,680,182.31
Disposals during the year	(835,613.40)	(1,124,965.84)	–	(1,960,579.24)
31 December 2021	27,606,484.30	138,814,415.62	214,110,341.93	380,531,241.85
Accumulated depreciation				
1 January 2020	13,076,394.40	16,577,780.13	4,384,933.05	34,039,107.58
Provisions for the year	2,650,224.88	4,836,252.81	1,292,815.05	8,779,292.74
Disposals during the year	(2,819,100.57)	(177,324.39)	–	(2,996,424.96)
31 December 2020	12,907,518.71	21,236,708.55	5,677,748.10	39,821,975.36
Provisions for the year	3,144,424.84	5,035,021.51	1,292,815.05	9,472,261.40
Disposals during the year	(649,039.73)	(1,056,468.47)	–	(1,705,508.20)
31 December 2021	15,402,903.82	25,215,261.59	6,970,563.15	47,588,728.56
Carrying amount				
31 December 2021	12,203,580.48	113,599,154.03	207,139,778.78	332,942,513.29
31 December 2020	14,724,381.27	20,348,279.94	18,101,651.90	53,174,313.11

* The land occupied by Dongguan Changneng Clean Energy and Greening Service Co., Ltd. (東莞市長能清潔能源綠化服務有限公司) (hereinafter referred to as “Dongguan Company”), was provided free of charge by the Chang’an Town People’s Government and the Yongtuo Community Residents Committee of Chang’an Town, Dongguan City. Dongguan Company does not have a land use right certificate, so 31 December 2021, the building with a book value of RMB16,808,836.85 (31 December 2020: RMB18,101,651.90) has no House Title Certificate. The management believes that the Group can effectively occupy and use the above fixed assets.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Construction in progress

	31 December 2021	31 December 2020
Construction in progress	–	184,879,239.06

Construction in progress

Changes of major projects under construction for the year

Item	Budget	2021					Balance at the end of the year	Proportion of cumulative project investment in budget	Accumulated amount of interest capitalisation	Including: amount of interest capitalisation for the year	Interest capitalisation rate for the year (%)	Source of funding
		Balance at the beginning of the year	Additions for the year	Transferred into fixed assets for the year	Other decrease							
Huludao Hazardous Waste Project	289,075,765.50	184,879,239.06	96,936,111.25	281,815,350.31	–	–	97.49%	12,950,153.12	10,099,463.37	4.90%	Loans from financial institutions	

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Intangible assets

(1) Intangible assets

Item	Concession rights	Land use right	Software	Construction license	Total
Cost					
1 January 2020	6,920,198,880.95	83,989,226.27	2,356,927.14	6,529,123.58	7,013,074,157.94
Additions for the year					
– Purchases/construction	1,218,978,290.61	–	464,816.85	–	1,219,443,107.46
Decreased during the year	–	(12,542,667.83)	–	–	(12,542,667.83)
Exchange gains and losses	(845,112.24)	–	–	–	(845,112.24)
31 December 2020	8,138,332,059.32	71,446,558.44	2,821,743.99	6,529,123.58	8,219,129,485.33
Effects of changes in accounting policies					
1 January 2021	975,831,001.33	–	–	–	975,831,001.33
1 January 2021	9,114,163,060.65	71,446,558.44	2,821,743.99	6,529,123.58	9,194,960,486.66
Additions for the year					
– Purchases/construction	1,891,444,265.99	–	469,223.01	–	1,891,913,489.00
Decreased during the year	(80,523,068.02)	–	–	–	(80,523,068.02)
Exchange gains and losses	(375,258.56)	–	–	–	(375,258.56)
31 December 2021	10,924,709,000.06	71,446,558.44	3,290,967.00	6,529,123.58	11,005,975,649.08
Accumulated amortisation					
1 January 2020	538,031,814.54	2,066,298.25	880,355.24	3,396,442.65	544,374,910.68
Provisions for the year	230,433,823.82	1,470,740.10	233,067.51	–	232,137,631.43
Decreased during the year	–	(334,471.14)	–	–	(334,471.14)
Exchange gains and losses	(297,268.01)	–	–	–	(297,268.01)
31 December 2020	768,168,370.35	3,202,567.21	1,113,422.75	3,396,442.65	775,880,802.96
Effects of changes in accounting policies	114,320,196.17	–	–	–	114,320,196.17
1 January 2021	882,488,566.52	3,202,567.21	1,113,422.75	3,396,442.65	890,200,999.13
Provisions for the year	316,747,514.36	1,428,931.20	272,359.54	–	318,448,805.10
Decreased during the year	(33,819,688.57)	–	–	–	(33,819,688.57)
Exchange gains and losses	(146,891.96)	–	–	–	(146,891.96)
31 December 2021	1,165,269,500.35	4,631,498.41	1,385,782.29	3,396,442.65	1,174,683,223.70
Provision for impairment of assets					
1 January 2020	12,547,763.33	–	–	3,132,680.93	15,680,444.26
Provisions for the year	61,338,168.05	–	–	–	61,338,168.05
31 December 2020	73,885,931.38	–	–	3,132,680.93	77,018,612.31
Effects of changes in accounting policies	23,717,668.27	–	–	–	23,717,668.27
1 January 2021	97,603,599.65	–	–	3,132,680.93	100,736,280.58
Provisions for the year	183,752,159.55	–	–	–	183,752,159.55
31 December 2021	281,355,759.20	–	–	3,132,680.93	284,488,440.13
Carrying amount					
31 December 2021	9,478,083,740.51	66,815,060.03	1,905,184.71	–	9,546,803,985.25
31 December 2020	7,296,277,757.59	68,243,991.23	1,708,321.24	–	7,366,230,070.06



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Intangible assets (Continued)

(1) Intangible assets (Continued)

- (a) The cost of concession rights is recognised using the method stated in Note III.15(1). The concession rights were deemed to be definite life intangible assets as the BOT arrangements stated that the operation periods vary from 23 years to 30 years.

For those waste-to-energy projects which have not yet commenced operation, the Group assesses the recoverable amount of each concession right at the end of each year. As at 31 December 2021, the recoverable amounts of the concession right of the projects which have not yet commenced operation are estimated to be higher than the carrying amount, and no impairment is required.

For those waste-to-energy projects which have commenced operation, the Group assesses the recoverable amount of each concession right when an indication of impairment has been identified. As the Ninghe Straw Power Generation Project's operating efficiency and benefits have not yet reached expectations. From the beginning of operation at the end of 2017 to 2021, it has suffered operating losses or not yet reached expectations. Management has assessed and considered the impact of national renewable energy subsidy policy, and drew a conclusion that there was an indicator of impairment for this project. In 2021, the Group made provision for asset impairment losses of RMB183,752,159.55 (2020: RMB50,388,668.05) for the difference between the recoverable amount of the franchise of the Ninghe Straw Power Generation Project and its carrying amount. The recoverable amount was determined based on the present value of the estimated future cash flows of the franchise assets, and the after-tax discount rate used to estimate its present value was 9.39% (2020: 11.00%).

- (b) For the franchise of hazardous waste disposal projects, since the BOO agreement does not stipulate the franchise period, the franchise of the hazardous waste disposal project is regarded as an intangible asset with an indefinite useful life. As the recoverable amount of the franchise of hazardous waste disposal projects is higher than the carrying amount, no impairment is required.

- (2) For the intangible assets with restricted ownership, please see Note V.52.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Goodwill

(1) Changes in goodwill

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

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

(2) Goodwill Provision for impairment

Item	2021	2020
Huludao Hazardous Waste Company	-	-

For the purpose of impairment testing of goodwill, goodwill is allocated to a group of cash-generating units (being subsidiaries acquired in each acquisition). Such group of cash-generating units represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The recoverable amount of Huludao Hazardous Waste Company is determined under the method of present value of estimated future cash flows. The present value of future cash flows of the asset group was estimated by the Group according to the nearest five-year financial budget and using the after-tax discount rate of 13% (2020: 13%). The cash flows beyond five-year financial budget remained steady. The estimated outcome of recoverable amount did not result in recognition of impairment loss. However, it is estimated that the significant assumptions on which the present value of future cash flow of the asset group is based may change. The management believes that any negative changes in the significant assumptions will probably result in the book value of the asset group exceeding its recoverable amount.

The significant assumptions used for impairment testing include the growth rates of future incomes from hazardous waste treatment, gross margin ratios and applicable discount rates, etc.. Management determined those significant assumptions based on historical operating condition and its expectation to future market development.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Long-term deferred expenses

Item	2021				Balance at the end of the year
	Balance at the beginning of the year	Additions for the year	Amortisation for the year	Decreased during the year	
Office renovation costs	152,905.20	84,859.41	(161,391.14)	-	76,373.47
Others	249,123.08	-	(249,123.08)	-	-
	402,028.28	84,859.41	(410,514.22)	-	76,373.47

Item	2020				Balance at the end of the year
	Balance at the beginning of the year	Additions for the year	Amortisation for the year	Decreased during the year	
Office renovation costs	-	366,972.48	(214,067.28)	-	152,905.20
Others	581,287.19	-	(332,164.11)	-	249,123.08
	581,287.19	366,972.48	(546,231.39)	-	402,028.28

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets and deferred tax liabilities

Item	2021		2020	
	Deductible or taxable temporary differences (for taxable temporary difference)	Deferred tax assets or liabilities (for liabilities)	Deductible or taxable temporary differences (for taxable temporary difference)	Deferred tax assets or liabilities (for liabilities)
Deferred tax assets:				
Tax losses	33,603,630.36	8,400,907.59	53,944,644.20	13,486,161.06
Deferred income	11,007,876.56	2,751,969.14	10,741,385.56	2,685,346.39
Provision for impairment	135,032,347.53	21,709,475.21	115,718,075.17	18,550,203.95
Unrealised profits	879,166,832.11	208,064,350.92	835,380,464.92	196,369,565.88
Amount offset		(34,146,746.61)		(23,555,199.63)
Balance after offsetting		206,779,956.25		207,536,077.65
Deferred tax liabilities:				
Temporary difference from concession rights and contract assets/other non-current assets/long-term receivables	(1,534,121,125.89)	(383,530,281.46)	(424,843,693.72)	(106,210,923.43)
PRC withholding tax on dividends	(132,571,382.67)	(13,257,138.27)	(46,997,446.75)	(4,699,744.68)
Additions from asset appraisal for business combination involving entities not under common control	(235,693,459.08)	(58,923,364.77)	(254,240,745.49)	(63,560,186.37)
Amount offset		34,146,746.61		23,555,199.63
Balance after offsetting		(421,564,037.89)		(150,915,654.85)



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

(2) Details of unrecognised deferred tax assets

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

Item	2021	2020
Tax losses	289,777,359.95	224,386,590.99
Deductible temporary differences	295,885,503.91	74,883,609.20
Total	585,662,863.86	299,270,200.19

According to the accounting policy stated in Note III.25, as it is not probable for some of the the Company and the Company's subsidiaries to obtain taxable profit which can be used to offset the loss and reversal of deductible temporary differences, and the Group expects that some provisions for bad and doubtful debts are not likely to be approved by the local competent tax authorities for being deducted from taxable income, the Group did not recognise deferred tax assets in respect of the above accumulated deductible tax losses and deductible temporary difference. According to the prevailing PRC tax laws, these tax deductible losses may offset future taxable profits within 5 years after the year incurred. According to the prevailing HK tax laws, these tax deductible losses may offset future taxable profits without expiration.

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

Item	2021	2020
2022	8,585,587.50	9,480,590.65
2023	2,275,726.18	2,353,480.73
2024	43,292,537.33	51,328,815.16
2025	107,374,619.00	161,223,704.45
2026 and afterwards	128,248,889.94	–
Total	289,777,359.95	224,386,590.99

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Other non-current assets

Item	31 December 2021	1 January 2021	31 December 2020
Assets of BOT projects	5,956,188,897.73	5,162,596,964.39	–
Prepayments for BOT projects and equipment	274,138,070.39	527,818,511.18	527,818,511.18
Deductible VAT	479,989,611.83	416,162,388.13	416,162,388.13
Others	2,562,029.73	10,017,520.00	10,017,520.00
Less: Provision for impairment	–	–	–
Total	6,712,878,609.68	6,116,595,383.70	953,998,419.31

21. Short-term loans

Item	2021	2020
Credit loans	1,218,787,244.58	2,449,130,690.80
Guaranteed loans	30,010,395.83	46,038,943.07
Total	1,248,797,640.41	2,495,169,633.87

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

22. Accounts payable

Details of accounts payables are as follows:

Item	2021	2020
Materials and equipment payables	1,411,772,142.99	1,291,193,658.66

As at 31 December 2021 and 31 December 2020, the accounts payable aged over one year amounted to RMB224,652,829.01 and RMB216,399,538.52 respectively, which were mainly the final payments payable that were quality guarantee deposit of construction and equipment.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Contract liabilities

Item	2021	2020
Electricity and waste treatment fees received in advance	11,750,162.24	26,043,106.14

Contract liabilities for the year mainly consist of the feces, kitchen waste and other waste disposal fees collected in advance by the Group from the Urban Management Committee of Miyun District, Beijing. The relevant revenue from that contract will be recognized upon the execution of the contractual obligation by the Group.

24. Employee benefits payable

(1) Employee benefits payable

	2021			Balance at the end of the year
	Balance at the beginning of the year	Additions for the year	Decreased during the year	
Short-term employee benefits	92,067,899.04	408,364,900.26	(399,549,682.29)	100,883,117.01
Post-employment benefits – defined contribution plans	3,484,083.25	38,151,562.14	(37,580,613.67)	4,055,031.72
Total	95,551,982.29	446,516,462.40	(437,130,295.96)	104,938,148.73
	2020			
	Balance at the beginning of the year	Additions for the year	Decreased during the year	Balance at the end of the year
Short-term employee benefits	82,094,943.43	363,881,249.02	(353,908,293.41)	92,067,899.04
Post-employment benefits – defined contribution plans	3,859,615.64	2,943,366.72	(3,318,899.11)	3,484,083.25
Total	85,954,559.07	366,824,615.74	(357,227,192.52)	95,551,982.29



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. Employee benefits payable (Continued)

(3) Post-employment benefits – defined contribution plans

	2021			Balance at the end of the year
	Balance at the beginning of the year	Additions for the year	Decreased during the year	
Basic pension insurance	3,484,057.42	36,991,444.82	(36,440,279.93)	4,035,222.31
Unemployment insurance	25.83	1,160,117.32	(1,140,333.74)	19,809.41
Total	3,484,083.25	38,151,562.14	(37,580,613.67)	4,055,031.72

	2020			Balance at the end of the year
	Balance at the beginning of the year	Additions for the year	Decreased during the year	
Basic pension insurance	3,844,669.94	2,851,464.23	(3,212,076.75)	3,484,057.42
Unemployment insurance	14,945.70	91,902.49	(106,822.36)	25.83
Total	3,859,615.64	2,943,366.72	(3,318,899.11)	3,484,083.25

As at 31 December 2021, the Group had no forfeited contribution available for deduction of retirement scheme contribution of the Group for the next year (2020: nil).

25. Taxes payable

Item	2021	2020
Corporate income tax	26,958,596.02	31,112,375.58
Individual income tax	324,129.15	257,191.48
City maintenance and construction tax	499,111.62	678,896.70
Urban land use tax	2,914,219.84	1,904,416.60
Property tax	8,291,956.55	4,700,128.49
Value-added tax	6,075,044.55	8,050,011.90
Others	1,077,197.56	1,171,578.29
Total	46,140,255.29	47,874,599.04

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26. Other payables

	Note	2021	2020
Interest payables		-	-
Others	(1)	132,552,974.49	101,598,868.06

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

Others

(a) By nature

Item	2021	2020
Intermediary fees payable	2,871,850.94	2,466,850.94
Risk guarantees payable for suppliers	27,432,048.09	16,072,590.38
Payable for purchase of equity	1,234,620.00	42,734,620.00
Management fee payable to Urban Construction Bureau	24,631,208.79	20,260,870.41
Slag processing fee	-	727,070.00
Refund of power supply bureau	59,470,086.63	-
Other payables	16,913,160.04	19,336,866.33
Total	132,552,974.49	101,598,868.06



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26. Other payables (Continued)

Others (Continued)

(b) Significant other payables aged over one year:

Significant other payables aged over one year as at 31 December 2021:

Item	Balance at the end of the year	Reason for no repayment
Risk guarantees payable for suppliers	10,037,533.99	Risk guarantees for suppliers

Significant other payables aged over one year as at 31 December 2020:

Item	Balance at the end of the year	Reason for no repayment
Risk guarantees payable for suppliers	6,485,210.50	Risk guarantees for suppliers

27. Non-current liabilities due within one year

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

Item	31 December 2021	31 December 2020
Long-term loans due within one year (Note)	778,571,898.68	665,854,955.24
Long-term payables due within one year	8,050,575.11	8,287,770.60
Lease liabilities due within one year	3,968,888.00	276,803.34
Total	790,591,361.79	674,419,529.18

Note: As at the end of the accounting year, the Group did not have overdue long-term loans due within one year.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

28. Long-term loans

(1) Long-term loans by nature:

Item	2021	2020
Credit loans	1,994,982,626.44	485,598,277.78
Guaranteed and pledged loans	7,492,591,501.71	6,594,946,270.45
Less: Long-term loans due within one year	(778,571,898.68)	(665,854,955.24)
Total	8,709,002,229.47	6,414,689,592.99

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

As at 31 December 2021 and 31 December 2020, the interest rates of the Group's long-term loans were 3.85% – 5.09% and 3.25% – 5.77%, respectively.

In 2016, Beijing Dynagreen Environment Co., Ltd. (北京綠色動力環保有限公司) (“Tongzhou Company”), a subsidiary of the Company, entered into a contract with Beijing State-owned Financial Leasing Company (“BSOFL”), pursuant to which, BSOFL appointed Tongzhou Company to purchase heat recovery steam generator and other equipment (“Underlying Equipment”) from third party suppliers, amounting to RMB102,725,000.00. At the same time, BSOFL entered into an agreement with Tongzhou Company to hand over the underlying equipment to Tongzhou Company for the construction and operation of WTE projects in a BOT business model. According to the agreement, Tongzhou Company had to pay the initial payment of RMB5,136,250.00 to BSOFL on the date of receiving the consideration for the purchase from BSOFL, and pay RMB5,510,564.99 to BSOFL at each quarter during the first five years. In substance, the above arrangement was BSOFL paid for the price of equipment for Tongzhou Company initially, and then recovered the money from Tongzhou Company by instalments, which is financing in nature. The effective interest rate of such arrangements was 5.77%. As at 31 December 2021, the balance of related loans from BSOFL was RMB0.00 (2020: RMB16,066,035.25).

In 2020, the parent company of the Group, Green Power Environmental Protection Group Co., Ltd., subsidiary Changzhou Dynagreen Environmental Protection Group Co., Ltd. (“Changzhou Company”) and CIB Leasing Co., Ltd. (“CIB Leasing Company”). Three parties jointly signed a financial lease contract. Industrial Financial Leasing Company purchased from Changzhou Company the equipment and facilities related to the item waste incineration power generation of the first phase and second phase of the domestic waste incineration thermal power project in Wujin District, Changzhou City, and leased it to the parent company and Changzhou Company. The purchase price of the leased property is RMB100 million and the lease term is 5 years. As of 31 December 2021, the balance of the Group's borrowings from CIB Leasing Company was RMB0.00, which has been repaid in advance in 2021.



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

28. Long-term loans (Continued)

(1) Long-term loans by nature: (Continued)

As at 31 December 2021 and 31 December 2020, the bank loans amounting to RMB4,098,768,965.09 and RMB3,137,597,135.32 of the Group were secured by certain accounts receivable relating to the Group's concessionary projects and concession rights (Note V.52).

As at 31 December 2021 and 31 December 2020, the bank loans amounting to RMB3,017,253,409.06 and RMB2,898,878,078.03 of the Group's subsidiaries were secured by the guarantees provided by the Company (Note X.5(1)).

As at 31 December 2021 and 31 December 2020, the bank loans amounting to RMB128,937,195.92 and RMB214,992,857.26 were secured by the guarantees provided by the parent company of the Group (Note X.5(1)).

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

	2021	2020
Over 1 year but within 2 years (inclusive)	1,140,343,729.11	801,862,826.40
Over 2 years but within 5 years (inclusive)	3,866,212,730.21	2,757,636,906.07
Over 5 years	3,702,445,770.15	2,855,189,860.52
Total	8,709,002,229.47	6,414,689,592.99

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

29. Long-term payables

Item	2021	2020
Long-term payables for leachate treatment stations	272,757,201.19	297,677,444.07
Less: Long-term payables due within one year	8,050,757.11	8,287,770.60
Total	264,706,626.08	289,389,673.47

The net amount of the above long-term payables due within one year deducting the unrecognised financing expenses is disclosed in Note V.26.

30. Deferred income

Item	2021				Reason
	Balance at the beginning of the year	Additions for the year	Decreased during the year	Balance at the end of the year	
Government grant (Note) – related to assets	78,431,192.88	56,641,710.00	(3,040,858.38)	132,032,044.50	Granted by the government

Item	2020				Reason
	Balance at the beginning of the year	Additions for the year	Decreased during the year	Balance at the end of the year	
Government grant (Note) – related to assets	46,592,569.32	33,440,000.00	(1,601,376.44)	78,431,192.88	Granted by the government



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30. Deferred income (Continued)

Projects involving government grants:

Liabilities	Balance at the beginning of the year	Increase in the period	Credited for income Others for the year	Balance at the end of the year	Related to assets/ Related to income
Infrastructure subsidies for the Anshun WTE project	16,333,333.48	7,200,000.00	(692,018.75)	22,841,314.73	Related to assets
Specific fund for Guangyuan technology upgrading and phasing out outdated production capacities	3,358,928.72	–	(135,714.24)	3,223,214.48	Related to assets
Award fund for investment promotion enterprise infrastructure in Hong'an County	4,394,172.44	661,710.00	(170,538.68)	4,885,343.76	Related to assets
Specific fund for ecological civilization construction of the Finance Bureau of Hong'an County	–	30,000,000.00	(834,129.03)	29,165,870.97	Related to assets
Subsidies for state-owned construction land use right of Yichun	6,347,213.28	–	(224,680.08)	6,122,533.20	Related to assets
Subsidies for ecological civilization construction of Zhangqiu	14,557,544.96	–	(549,341.28)	14,008,203.68	Related to assets
Shuozhou City Human Settlement Improvement Award Supplementary Fund	14,340,000.00	–	–	14,340,000.00	Related to assets
Enshi special financial subsidies	19,100,000.00	–	–	19,100,000.00	Related to assets
Specific fund for ecological civilization construction of Shishou	–	17,780,000.00	(431,301.52)	17,348,698.48	Related to assets
Specific fund for ecological civilization construction of Dengfeng	–	1,000,000.00	(3,134.80)	996,865.20	Related to assets
Total	78,431,192.88	56,641,710.00	(3,040,858.38)	132,032,044.50	

Note: On 9 December 2021 and 27 December 2021, Anshun Company received infrastructure subsidies in an amount of RMB7,200,000.00 for the phase II of the Anshun Waste-to-energy Project from the Housing and Urban-Rural Development Bureau of Anshun City; in the first half of 2021, Hong'an Company received the specific fund for ecological civilization construction of the Finance Bureau of Hong'an County in an total amount of RMB30,000,000.00 and infrastructure incentive funds of Hubei Jinyuan Investment Development Group Co., Ltd. in an amount of RMB661,710.00. Shishou Company received RMB10,000,000.00 and RMB7,780,000.00 from the specific fund for ecological civilization construction of Hubei Province on 14 January 2021 and 15 June 2021, respectively; Dengfeng Company received RMB10,000,000.00 of subsidies from the investment plan in the central budget of the specific fund for ecological civilization construction of Zhengzhou City on 9 April 2021. The government subsidy is related to assets, and is carried out according to the amortization method of BOT assets during the operating period of relevant BOT assets.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31. Share capital

		Balance at the beginning of the year	New shares issued during the year	Balance at the end of the year
Total number of shares	(a)	1,393,440,000.00	–	1,393,440,000.00

- (a) On 19 June 2014, the Company conducted an initial public offering of 300,000,000 shares with a par value of RMB1 each on the Hong Kong Stock Exchange at a price of HK\$3.45 per share, in which an amount of RMB300,000,000.00 was the par value of the ordinary shares and was included in the share capital of the Company, and the amount of RMB470,587,493.90 after deducting issuance expenses from the total amount of proceeds in the excess of the par value of the ordinary shares was included in the capital reserve of the Company.

On 29 June 2014, the underwriter of the Company in respect of the public offering project on the Hong Kong Stock Exchange exercised all of the over-allotment options stated in the Company's prospectus dated 9 June 2014 (the "Prospectus"), pursuant to which the Company issued 45,000,000 ordinary shares. The ordinary shares were issued at HK\$3.45 per share on 3 July 2014. The additional proceeds of approximately RMB123,361,650.00 from the over-allotment issuance on 3 July 2014 were included in the share capital and capital reserve of the Company respectively.

On 11 June 2018, the Company publicly issued 116,200,000.00 ordinary shares with a nominal value of RMB1 per share on the Shanghai Stock Exchange. The subscription price was RMB3.29 per share. The amount of the total proceeds is RMB382,298,000.00, after deducting the issuance expenses RMB36,279,200.00 (tax not included). The actual availability of the total proceeds is RMB346,018,800.00, RMB116,200,000.00 was included in the paid-in capital (share capital) and RMB229,818,800.00 was included in the capital reserve of the Company.

On 23 November 2020, the Company privately issued 232,240,000 shares with a par value of RMB1 per share by non-public offering on the Shanghai Stock Exchange at an issue price of RMB7.82 per share. The gross proceeds raised from the non-public issuance of shares was RMB1,816,116,800.00, and the net proceeds was RMB1,785,576,298.20 after deducting the related issuance expenses of RMB30,540,501.80 (excluding value-added tax), of which, RMB232,240,000.00 was included in equity, and RMB1,553,336,298.20 in capital reserve.

32. Capital reserve

Item	Balance at the beginning of the year	Additions for the year	Decreased during the year	Balance at the end of the year
Share capital premium	2,412,139,740.03	–	–	2,412,139,740.03
Other capital reserve	271,165.70	–	–	271,165.70
Total	2,412,410,905.73	–	–	2,412,410,905.73



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33. Other comprehensive income

Item	2021					
	Balance at the beginning of the year attributable to shareholders of the Company	Before-tax amount during the year	Less: Previously recognised amount transferred to profit or loss	Less: Income tax expenses	After-tax amount attributable to non-controlling interests	Balance at the end of the period attributable to shareholders of the Company
Other comprehensive income that may be reclassified subsequently to profit or loss Including: Translation differences arising from translation of foreign currency financial statements	10,473,349.95	14,080,598.35	-	-	-	24,553,948.30

Item	2020					
	Balance at the beginning of the year attributable to shareholders of the Company	Before-tax amount during the year	Less: Previously recognised amount transferred to profit or loss	Less: Income tax expenses	After-tax amount attributable to non-controlling interests	Balance at the end of the period attributable to shareholders of the Company
Other comprehensive income that may be reclassified subsequently to profit or loss Including: Translation differences arising from translation of foreign currency financial statements	(8,121,791.15)	18,595,141.10	-	-	-	10,473,349.95

34. Surplus reserve

Statutory surplus reserve	2021	2020
Balance at the beginning of the year before adjustment	101,862,397.11	87,319,205.31
Effect of changes in accounting policies on surplus reserve (Note III.31)	1,415,802.26	-
Surplus reserve at the beginning of the year after adjustment	103,278,199.37	87,319,205.31
Additions for the year	-	14,543,191.80
Balance at the end of the year	103,278,199.37	101,862,397.11

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

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

35. Retained earnings

	2021	2020
Retained earnings at the end of last year before adjustment	1,569,479,247.47	1,196,756,895.66
Effect of changes in accounting policies on retained earnings (Note 1)	605,829,413.00	–
Retained earnings at the beginning of the year after adjustment	2,175,308,660.47	1,196,756,895.66
Add: Net profits for the year attributable to shareholders of the Company	697,785,876.79	503,385,543.61
Less: Appropriation for statutory surplus reserve	–	(14,543,191.80)
Distributions to shareholders (Note 2)	(278,688,000.00)	(116,120,000.00)
Retained earnings at the end of the year (Note 3)	2,594,406,537.26	1,569,479,247.47

Note 1: Effect of changes in accounting policies on retained earnings

Due to the retrospective adjustment under the Accounting Standards for Business Enterprises and related new regulations, the effects on the retained earnings at the beginning of the year amounted to RMB605,829,413.00 (see Note III.32).

Note 2: Distributions to shareholders

In June 2021, as resolved at the general meeting, the Company distributed dividends of RMB278,688,000.00 at RMB0.2 per share to shareholders.

Note 3: Retained earnings at the end of the period

As at 31 December 2021, the retained earnings attributable to the Company included appropriation to surplus reserves made by the Company's subsidiaries amounting to RMB410,776,704.51 (31 December 2020: RMB301,674,555.99).

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

36. Operating income and operating costs

(1) Operating income and operating costs

Item	Note	2021		2020	
		income	cost	income	cost
Income from principal activities		5,056,889,425.65	3,325,173,180.51	2,277,618,815.00	967,675,984.97
Including: Income generated from					
contracts	V.35 (2)	4,704,847,264.57	3,325,173,180.51	1,964,864,278.74	967,675,984.97
Other income		352,042,161.08	-	312,754,536.26	-

(2) Income generated from contracts

Contract classification	2021	2020
Commodity or service type		
Income from construction services	2,427,432,006.22	-
Electricity tariff	1,741,544,658.41	1,572,648,231.41
Waste treatment fees	419,368,238.54	291,828,625.75
Others	116,502,361.40	100,387,421.58
Total	4,704,847,264.57	1,964,864,278.74
Categorized by time of transfer of commodities or rendering of services		
Recognized at a certain point of time	1,858,047,019.81	1,673,035,652.99
Recognized during a certain period	2,846,800,244.76	291,828,625.75
Total	4,704,847,264.57	1,964,864,278.74

The Group's revenue from electricity supply business and other income are recognized at the time of transfer of control rights, while construction services and waste treatment services recognize revenue during the period in which services are rendered.

37. Taxes and surcharges

Item	2021	2020
City maintenance and construction tax	4,863,802.00	5,229,117.07
Education surcharges	3,789,314.34	4,046,731.46
Property tax	32,661,391.43	26,328,108.30
Land use tax	7,501,492.60	6,248,451.55
Others	3,487,159.76	4,715,089.12
Total	52,303,160.13	46,567,497.50

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

38. General and administrative expenses

Item	2021	2020
Staff cost	113,553,194.11	94,861,836.52
Depreciation and amortisation	7,441,593.78	5,849,748.66
Utilities and leasing expenses	3,358,133.24	4,333,187.84
Business entertainment expenses	3,381,250.52	3,545,208.29
Transportation expenses	4,399,642.24	3,960,062.33
Intermediary service fees	9,747,970.98	8,084,421.89
External labour costs	16,058,873.09	15,949,859.27
Tax expenses	257.90	199,474.88
Others	23,499,840.91	24,537,714.20
Total	181,440,756.77	161,321,513.88

39. Research and development expenses

Item	2021	2020
Staff cost	6,291,848.64	6,661,757.65
Depreciation and amortisation	81,937.19	283,093.74
Utilities and leasing expenses	174,323.26	160,352.20
Others	537,239.96	498,374.46
Total	7,085,349.05	7,603,578.05

40. Financial expenses

Item	2021	2020
Interest expenses from loans and accounts payable	468,682,347.92	457,710,452.00
Interest expenses from lease liabilities	296,527.95	42,771.15
Less: Borrowing costs capitalised	30,597,526.23	28,531,415.73
Interest income from deposits and receivables	(7,304,706.94)	(6,528,405.47)
Net exchange loss	14,589,835.56	19,240,358.42
Others Financial expenses	1,967,659.96	4,242,484.52
Total	447,634,138.22	446,176,244.89

The interest rates at which the borrowing costs were capitalised by the Group during the Reporting Period were 4.10% – 4.65% (2020: 3.25% – 5.77%).



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

41. Other income

	Note	2021	2020
VAT refund income		58,375,471.96	62,454,734.17
Specific fund for ecological civilization construction of Hong'an County	Note V.30	834,129.03	–
Subsidy received for stabilizing employment		702,770.43	1,027,907.81
Infrastructure subsidies for the Anshun WTE project	Note V.30	692,018.75	666,666.64
Tax incentive funds of Hong'an		579,036.00	–
Subsidies for ecological civilization construction of Zhangqiu	Note V.30	549,341.28	549,341.28
Specific fund for ecological civilization construction of Shishou	Note V.30	431,301.52	–
Incentive income from district and city for industrial enterprises in Huizhou Phase II which were “newly upgraded” for the first time and recorded annual output value of over RMB100 million in 2020		400,000.00	–
VAT reduction		321,733.79	–
Refund of withholding tax and handling fees		237,845.56	269,179.05
Subsidies for state-owned construction land use right of Yichun	Note V.30	224,680.08	149,786.72
Special fund of Shantou for promoting high-quality economic development of small and micro enterprises in 2020		200,000.00	–
Environmental incentives from Ninghe government		–	5,000,000.00
Financial subsidy for epidemic prevention and control in Wuhan		–	3,100,000.00
Ecological subsidy for fly ash treatment in Zhangqiu		–	2,858,637.98
Partial incentives for local financial contribution by the increase in tax paid by industrial and trade enterprises in Yongjia		–	1,094,900.00
Provincial special funds for housing and urban construction of Haiyun		–	741,600.00
Property tax, land use tax refunds		–	606,314.86
Jiamusi industry and information support award		–	500,000.00
Enterprise R&D fund of Shenzhen Science and technology innovation Commission in 2019		–	445,000.00
Supporting funds for the offices of listed companies from Shenzhen Economic Promotion Bureau		–	238,200.00
Unemployment insurance refunds received by Yongjia Company		–	81,316.54
Others		1,879,360.22	2,640,913.80
Total		65,427,688.62	82,424,498.85

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

42. Investment income

Item	2021	2020
Income from long-term equity investments accounted for using equity method	9,489,929.32	3,282,698.16
Interest income	503,396.23	3,830.20
Total	9,993,325.55	3,286,528.36

43. Impairment loss of credit

Item	Note	2021	2020
Accounts receivable	V.3	57,681,756.34	21,024,224.64
Long-term receivables	V.12	7,921,262.95	7,214,307.87
Other receivables	V.6	(4,687,671.68)	2,212,626.93
Total		60,915,347.61	30,451,159.44

44. Impairment loss of assets

Item	Note	2021	2020
Contract assets	V.8	(40,823,430.29)	15,290,211.09
Intangible assets	V.16	183,752,159.55	61,338,168.05
Held-for-sale assets	V.9	27,975,392.56	–
Total		170,904,121.82	76,628,379.14

45. Gains on disposal of assets

Item	2021	2020	Included in extraordinary gains and losses in 2021
Gains/(losses) from disposal of fixed assets and intangible assets	(1,989,012.69)	57,092.39	(1,989,012.69)



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

46. Non-operating income and expenses

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

Item	2021	2020	Included in extraordinary gains and losses in 2021
Government grant	-	74,338.36	-
Gains from disposal of non-current assets	2,228.74	30,201.76	2,228.74
Others	5,459,189.50	2,350,551.90	5,459,189.50
Total	5,461,418.24	2,455,092.02	5,461,418.24

(2) Non-operating expenses

Item	2021	2020	Included in extraordinary gains and losses in 2021
Losses from retirement of non-current assets	6,352.14	19,064.74	6,352.14
Others	193,379.80	1,510,013.91	193,379.80
Total	199,731.94	1,529,078.65	199,731.94

47. Income tax expenses

Item	Note	2021	2020
Current tax expenses for the year based on tax law and relevant regulations		89,433,559.31	76,078,634.71
Adjustments for tax filling differences		1,161,966.21	3,955,608.68
Changes in deferred income tax	(1)	57,688,469.33	19,419,714.64
Total		148,283,994.85	99,453,958.03

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

47. Income tax expenses (Continued)

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

Item	2021	2020
Origination of temporary differences	(57,688,469.33)	(19,419,714.64)

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

Item	2021	2020
Profit before tax	890,127,059.32	627,888,590.10
Statutory tax rate	25%	25%
CIT based on statutory tax rate	222,531,764.83	156,972,147.53
Effect of tax preferential benefits and tax rate differences	(146,894,923.17)	(117,308,652.07)
Non-deductible expenses	2,521,334.12	2,742,587.77
Additional deduction on research and development expenses	(1,328,502.95)	(1,425,670.88)
Reversal of the temporary differences recognised in previous years	(2,027,074.02)	1,707,204.47
Tax losses and other temporary differences for which no deferred income tax was recognized	70,434,859.40	55,657,462.30
Tax effect of utilisation of tax losses not recognised of previous years	(247,435.54)	(4,167,051.67)
Adjustments for tax filling differences	1,161,966.20	3,955,608.68
PRC withholding tax on dividends	4,922,773.35	2,210,153.02
Non-taxable income	(3,343,035.10)	(989,232.72)
Others	552,267.73	99,401.60
Income tax expenses for the year	148,283,994.85	99,453,958.03



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

48. Basic earnings per share and diluted earnings per share

(1) Basic earnings per share

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

	2021	2020
Consolidated net profit attributable to ordinary shareholders of the Company	697,785,876.79	503,385,543.61
Weighted average number of ordinary shares outstanding	1,393,440,000.00	1,184,105,863.01
Basic earnings per share (RMB/share)	0.50	0.43

Weighted average number of ordinary shares is calculated as follows:

	2021	2020
Issued ordinary shares at the beginning of the year	1,393,440,000.00	1,161,200,000.00
Effect of the issue of shares under the non-public offering	-	22,905,863.01
Weighted average number of ordinary shares at the end of the year	1,393,440,000.00	1,184,105,863.01

(2) Diluted earnings per share

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

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

49. Supplementary information on income statement

Expenses in the income statement are analysed by their nature:

Item	2021	2020
Operating income	5,056,889,425.65	2,277,618,815.00
Less: Construction service, waste treatment and power generation costs	(2,732,544,068.65)	(517,793,304.27)
Depreciation and amortisation	(328,075,271.23)	(240,304,433.01)
Employee benefits	(391,545,305.86)	(316,855,076.62)
External labour costs	(16,058,873.09)	(15,949,859.27)
Intermediary service fees	(9,978,009.28)	(8,092,636.04)
Impairment loss of credit	(60,915,347.61)	(30,451,159.44)
Impairment loss of assets	(170,904,121.82)	(76,628,379.14)
Rental expenses	(2,492,485.38)	(3,369,645.96)
Financial expenses	(447,634,138.22)	(446,176,244.89)
Other income	65,427,688.62	82,424,498.85
Tax expenses	(52,303,418.03)	(46,766,972.38)
Business entertainment expenses	(3,381,250.52)	(3,545,208.29)
Transportation expenses	(4,706,023.90)	(3,960,062.33)
Communication expenses	(1,420,549.79)	(1,337,526.27)
Office expenses	(3,034,213.77)	(2,849,857.06)
Other expenses	(12,458,664.10)	(19,000,372.15)
Operating profit	884,865,373.02	626,962,576.73



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

50. Cash flow statement items

(1) Cash received from other operating activities

Item	2021	2020
Retention money	11,532,826.00	20,900,000.00
Government grants and others	62,084,728.93	49,637,363.38
Other monetary funds with restricted use	4,000,000.00	65,000,000.00
Others	26,805,593.69	11,212,562.77
Total	104,423,148.62	146,749,926.15

(2) Cash paid for other operating activities

Item	2021	2020
Retention money and deposits	9,135,168.67	18,910,000.00
Other monetary funds with restricted use	–	5,093,755.94
Intermediary service fee, travel and communication expenses and others	65,288,123.10	70,354,978.37
Total	74,423,291.77	94,358,734.31

(3) Cash received from other investing activities

Item	2021	2020
Interest income	533,600.00	3,830.20
Recovery of performance bond	24,213,755.94	–
Borrowings	3,000,000.00	2,000,000.00
Total	27,747,355.94	2,003,830.20

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

50. Cash flow statement items (Continued)

(4) Cash paid for other investing activities

Item	2021	2020
Payment of performance bond	1,933,833.50	25,860,000.00
Borrowings	13,000,000.00	2,000,000.00
Cash paid for disposal of intangible assets	500,000.00	-
Total	15,433,833.50	27,860,000.00

(5) Cash received from other financing activities

Item	2021	2020
Performance bond for financial lease	2,732,141.89	-

(6) Cash paid for other financing activities

Item	2021	2020
Financing expenses	2,822,532.08	41,568,583.05
Cash paid for repayment of lease liabilities and payment of interests and others	2,211,189.01	1,039,366.22
Payment of lease bond	229,860.00	-
Total	5,263,581.09	42,607,949.27

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



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

51. Information on cash flow statement

(1) Supplement to cash flow statement

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

Item	2021	2020
Net profit	741,843,064.44	528,434,632.07
Add: Impairment loss of credit	60,915,347.61	30,451,159.44
Impairment loss of assets	170,904,121.82	76,628,379.14
Depreciation of fixed assets	8,875,866.32	8,256,224.04
Depreciation of right-of-use assets	2,179,664.66	1,052,955.79
Amortisation of intangible assets	317,011,254.32	230,663,089.07
Amortisation of long-term deferred expenses	257,609.02	332,164.11
Losses/(Gains) from scrapping of fixed assets	1,993,136.09	(68,229.39)
Financial expenses	436,819,846.51	432,020,113.29
Investment income	(9,993,325.55)	(3,286,528.36)
Increase in inventories	(6,306,993.93)	(8,070,057.46)
Changes in deferred income tax assets	756,121.40	(4,108,942.25)
Changes in deferred income tax liabilities	56,932,347.93	23,528,656.89
Increase in restricted deposits	4,000,000.00	59,906,244.06
Increase in operating receivables	(1,620,897,483.90)	(1,343,460,376.75)
Increase in operating payables	349,627,162.07	197,755,590.86
Net cash generated from operating activities	514,917,738.84	230,035,074.55

(b) Net changes in cash:

Item	2021	2020
Cash at the end of the year	954,789,955.35	1,592,968,039.86
Less: Cash at the beginning of the year	(1,592,968,039.86)	(351,983,418.55)
Net (decrease)/increase in cash	(638,178,084.51)	1,240,984,621.31

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

51. Information on cash flow statement (Continued)

(2) Acquisition of subsidiaries and other companies during the year

Acquisition of subsidiaries and joint ventures

	2021	2020
Cash paid for the acquisition of subsidiaries	-	-
Cash and cash equivalents paid for acquisition of subsidiaries during the year	-	-
Less: Cash and cash equivalents held by subsidiaries	-	-
Add: Cash paid for acquisition of subsidiaries in the previous years	41,296,340.60	19,332,500.00
Net cash paid for the acquisition of subsidiaries	41,296,340.60	19,332,500.00

(3) Components of cash

Item	2021	2020
Cash		
Including: Cash on hand	2,372.96	5,666.56
Bank deposits available on demand	954,787,582.39	1,592,962,373.30
Other monetary funds with restricted use	11,951,353.50	15,093,755.94
Balance of cash at the end of the year	966,741,308.85	1,608,061,795.80
Less: Other monetary funds with restricted use	(11,951,353.50)	(15,093,755.94)
Cash balance available on demand at the end of the year	954,789,955.35	1,592,968,039.86



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

52. Assets with restrictive ownership title or right of use

31 December 2021

Item	Note	Balance at the beginning of the year (restated)	Additions for the year	Decreased during the year	Balance at the end of the year	Reason for restriction
Assets for providing guarantees						
- Cash at bank and hand	V.1	25,111,275.94	1,933,833.50	(15,093,755.94)	11,951,353.50	Mainly used for Issuing performance bond
- Other non-current assets	V.20	1,655,096,355.38	678,172,132.48	(122,290,079.43)	2,210,978,408.43	Providing guarantees for loans
- Intangible assets	V.16	4,821,753,851.33	1,875,100,491.20	(277,030,096.46)	6,419,824,246.07	Providing guarantees for loans
- Accounts receivable	V.3	534,830,988.82	1,836,756,378.49	(1,338,699,075.84)	1,032,888,291.47	Providing guarantees for loans
- Contract assets	V.8	353,919,836.12	62,141,822.04	(331,505,278.79)	84,556,379.37	Providing guarantees for loans
Total		7,390,712,307.59	4,454,104,657.71	(2,084,618,286.46)	9,760,198,678.84	

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

52. Assets with restrictive ownership title or right of use (Continued)

31 December 2020

Item	Note	Balance at the beginning of the year	Additions for the year	Decreased during the year	Balance at the end of the year	Reason for restriction
Assets for providing guarantees						
- Cash at bank and on hand and other non-current assets	V.1	80,157,520.00	9,953,755.94	(65,000,000.00)	25,111,275.94	Mainly used for Issuing performance bond
- Intangible assets	V.16	2,371,539,207.79	2,258,947,925.51	(227,085,248.63)	4,403,401,884.67	Providing guarantees for loans
- Accounts receivable	V.3	248,064,017.38	1,400,630,822.75	(1,113,863,851.31)	534,830,988.82	Providing guarantees for loans
- Contract assets	V.8	353,727,976.53	140,478,812.82	(171,149,117.68)	323,057,671.67	Providing guarantees for loans
- Long-term receivables	V.12	1,672,678,688.85	858,517,179.10	(845,237,348.12)	1,685,958,519.83	Providing guarantees for loans
Total		4,726,167,410.55	4,668,528,496.12	(2,422,335,565.74)	6,972,360,340.93	

53. Foreign currency translation

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

Item	2021	2020
HKD	0.8176	0.8416



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

54. Government grants

(1) Basic information of government grants

Type	Amount	Items presented	Amount included in current profit or loss
VAT refund income	58,375,471.96	Other income	58,375,471.96
Specific fund for ecological civilization construction of Hong'an County	29,165,870.97	Deferred income/ Other income	834,129.03
Subsidy received for stabilizing employment	702,770.43	Other income	752,770.43
Infrastructure subsidies for the Anshun WTE project	22,841,314.73	Deferred income/ Other income	692,018.75
Tax incentive funds of Hong'an	579,036.00	Other income	579,036.00
Subsidies for ecological civilization construction of Zhangqiu	14,008,203.68	Deferred income/ Other income	549,341.28
Specific fund for ecological civilization construction of Shishou	17,348,698.48	Deferred income/ Other income	431,301.52
Incentive income from district and city for industrial enterprises in Huizhou Phase II which were "newly upgraded" for the first time and recorded annual output value of over RMB100 million in 2020	400,000.00	Other income	400,000.00
Provincial-level Specific Fund for Promoting High-quality Economic Development of Chaoyang Industry and Information Technology Bureau of Shantou (interest subsidy for loans granted to micro, small and medium-sized enterprises)	1,580,615.00	Financial cost	1,580,615.00
Interest subsidy for loans from Hua Xia Bank received in Wuhan	410,625.00	Financial cost	410,625.00
Subsidies for state-owned construction land use right of Yichun	6,122,533.20	Deferred income/ Other income	224,680.08
Special fund of Shantou for promoting high-quality economic development of small and micro enterprises in 2020	200,000.00	Other income	200,000.00
Award fund for investment promotion enterprise infrastructure in Hong'an County	4,885,343.76	Deferred income/ Other income	170,538.68
Specific fund for Guangyuan technology upgrading and phasing out outdated production capacities	3,223,214.48	Deferred income/ Other income	135,714.24
Specific fund for ecological civilization construction of Dengfeng	996,865.20	Deferred income/ Other income	3,134.80
Enshi special financial subsidies	19,100,000.00	Deferred income	–
Shuozhou City Human Settlement Improvement Award Supplementary Fund	14,340,000.00	Deferred income	–
Others	1,569,972.50	Other income	1,569,972.50
Total	195,850,535.59		66,859,349.27

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

55. Leases

(1) the Group as lessee

Right-of-use assets

Item	Buildings and structures	Motor vehicles	Others	Total
Cost				
Balance at the beginning of the year	735,594.38	389,030.76	178,940.47	1,303,565.61
Additions for the year	7,157,904.00	–	1,502,287.78	8,660,191.78
Decreased during the year	(167,069.57)	–	–	(167,069.57)
Balance at the end of the year	7,726,428.81	389,030.76	1,681,228.25	9,796,687.82
Accumulated depreciation				
Balance at the beginning of the year	355,370.16	154,327.17	12,401.30	522,098.63
Additions for the year	2,014,665.83	154,327.10	86,680.34	2,255,673.27
Decreased during the year	(167,069.57)	–	–	(167,069.57)
Balance at the end of the year	2,202,966.42	308,654.27	99,081.64	2,610,702.33
Carrying amount				
Carrying amount at the end of the year	5,523,462.39	80,376.49	1,582,146.61	7,185,985.49
Carrying amount at the beginning of the year	380,224.22	234,703.59	166,539.17	781,466.98



V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

55. Leases (Continued)

(1) the Group as lessee (Continued)

Lease liabilities

Item	2021	2020
Long-term lease liabilities	7,538,063.43	792,532.72
Less: Lease liabilities due within one year	(3,968,888.00)	(276,803.34)
Total	3,569,175.43	515,729.38

Item	2021	2020
Short-term lease expense under simplified approach	5,100,437.30	5,674,639.87
Low-value lease expense (except short-term lease expense of low-value assets) under simplified approach	285,557.29	178,483.75
Total cash outflows relating to leases	7,597,183.60	6,838,748.53

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

VI. CHANGE OF CONSOLIDATION SCOPE

No subsidiaries were established and there was no increase in other new subsidiaries during the period of these financial statements.

VII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

Composition of the Group

Name of subsidiary	Company type	Principal place of business and registration	Business nature	Registered capital/paid-in capital		Shareholding (%)		Acquisition method
				Currency	Amount in original currency	Direct	Indirect	
Taizhou Company	Limited liability company	Taizhou, Jiangsu	Waste treatment and power generation	RMB	180 million/180 million	100%	-	Establishment
Yongjia Company	Limited liability company	Yongjia, Zhejiang	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Pingyang Company	Limited liability company	Pingyang, Zhejiang	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Rushan Company	Limited liability company	Rushan, Shandong	Waste treatment and power generation	RMB	100.88 million/100.88 million	100%	-	Establishment
Zhangqiu Company	Limited liability company	Zhangqiu, Shandong	Waste treatment and power generation	RMB	172.94 million/172.94 million	100%	-	Establishment
Anshun Company	Limited liability company	Anshun, Guizhou	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Jurong Company	Limited liability company	Jurong, Jiangsu	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Pingyao Company	Limited liability company	Pingyao, Shanxi	Waste treatment and power generation	RMB	100 million/20 million	100%	-	Establishment
Huizhou Company	Limited liability company	Huiyang, Guangdong	Waste treatment and power generation	RMB	220 million/220 million	100%	-	Establishment
Jizhou Company	Limited liability company	Tianjin	Waste treatment and power generation	RMB	120 million/120 million	60%	40% (a)	Establishment
Ninghe Company	Limited liability company	Ninghe, Tianjin	Waste treatment and power generation	RMB	150 million/150 million	100%	-	Establishment
Hong'an Company	Limited liability company	Hong'an, Hubei	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Tongzhou Company	Limited liability company	Beijing	Waste treatment and power generation	RMB	375 million/375 million	100%	-	Establishment
Shantou Company	Limited liability company	Shantou, Guangdong	Waste treatment and power generation	RMB	210 million/210 million	75%	25% (b)	Establishment



VII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

Composition of the Group (Continued)

Name of subsidiary	Company type	Principal place of business and registration	Business nature	Registered capital/paid-in capital		Shareholding (%)		Acquisition method
				Currency	Amount in original currency	Direct	Indirect	
Longhui Company	Limited liability company	Longhui, Hunan	Waste treatment and power generation	RMB	100 million/20 million	100%	-	Establishment
Bobai Company	Limited liability company	Bobai, Guangxi	Waste treatment and power generation	RMB	100 million/100 million	75%	25% (b)	Establishment
Bengbu Company	Limited liability company	Bengbu, Anhui	Waste treatment and power generation	RMB	166 million/166 million	100%	-	Establishment
Changzhou Company	Limited liability company	Changzhou, Jiangsu	Waste treatment and power generation	RMB	138.40 million/138.40 million	75%	25% (b)	Business combination involving entities under common control
Qingdao Company	Limited liability company	Qingdao, Shandong	Waste treatment and power generation	HKD	93.50 million/93.50 million	75%	25% (b)	Business combination involving entities under common control
Wuhan Company	Limited liability company	Wuhan, Hubei	Waste treatment and power generation	RMB	129.484 million/129.484 million	100%	-	Business combination involving entities under common control
Hong Kong Dynagreen	Limited liability company	Hong Kong	Investment holding	HKD	239.329 million/239.329 million	100%	-	Business combination involving entities under common control
Haining Company	Limited liability company	Haining, Zhejiang	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Business combination involving entities not under common control
Shenzhen Jingxiu	Limited liability company	Shenzhen, Guangdong	Construction engineering	RMB	20.80 million/20.80 million	100%	-	Business combination involving entities not under common control
Miyun Company	Limited liability company	Miyun, Beijing	Waste treatment and power generation	RMB	120 million/120 million	100%	-	Establishment
Yichun Company	Limited liability company	Yichun, Jiangxi	Waste treatment and power generation	RMB	165 million/165 million	-	60% (c)	Establishment

VII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

Composition of the Group (Continued)

Name of subsidiary	Company type	Principal place of business and registration	Business nature	Registered capital/paid-in capital		Shareholding (%)		Acquisition method
				Currency	Amount in original currency	Direct	Indirect	
Yongjia Phase II Company	Limited liability company	Yongjia, Zhejiang	Waste treatment and power generation	RMB	100 million/100 million	51%	49% (d)	Establishment
Huludao Hazardous Waste Company	Limited liability company	Huludao, Liaoning	Hazardous waste treatment	RMB	100 million/100 million	80% (e)	-	Business combination involving entities not under common control
Huizhou Phase II Company	Limited liability company	Huizhou, Guangdong	Waste treatment and power generation	RMB	450 million/350 million	100%	-	Establishment
Dengfeng Company	Limited liability company	Dengfeng, Henan	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Haining Expansion Company	Limited liability company	Haining, Zhejiang	Waste treatment and power generation	RMB	390 million/390 million	60% (f)	-	Establishment
Shishou Company	Limited liability company	Shishou, Hubei	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Guangyuan Company	Limited liability company	Guangyuan, Sichuan	Waste treatment and power generation	RMB	140 million/140 million	100%	-	Business combination involving entities not under common control
Dongguan Company	Limited liability company	Dongguan, Guangdong	Garbage transfer	RMB	10 million/10 million	-	100% (g)	Business combination involving entities not under common control
Jiamusi Company	Limited liability company	Jiamusi, Heilongjiang	Waste treatment and power generation	RMB	209 million/209 million	-	100% (g)	Business combination involving entities not under common control
Zhaoqing Company	Limited liability company	Sihui, Guangdong	Waste treatment and power generation	RMB	225 million/210 million	-	100% (g)	Business combination involving entities not under common control
Guangdong Promising Company	Limited liability company	Dongguan, Guangdong	Environmental protection industry and new energy investment	RMB	584.50 million/584.50 million	100%	-	Business combination involving entities not under common control



VII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

Composition of the Group (Continued)

Name of subsidiary	Company type	Principal place of business and registration	Business nature	Registered capital/paid-in capital		Shareholding (%)		Acquisition method
				Currency	Amount in original currency	Direct	Indirect	
Shulan Company	Limited liability company	Shulan, Jilin	Waste treatment and power generation	RMB	90 million/83 million	-	100% (g)	Business combination involving entities not under common control
Yongxing Company ^(*)	Limited liability company	Yongxing, Hunan	Waste treatment and power generation	RMB	83 million/3 million	-	100% (g)	Business combination involving entities not under common control
Zhangye Company	Limited liability company	Zhangye, Gansu	Garbage transfer	RMB	6 million/6 million	-	100% (g)	Business combination involving entities not under common control
Jinsha Company	Limited liability company	Bijie, Guizhou	Garbage transfer, waste treatment and power generation	RMB	160 million/160 million	100%	-	Business combination involving entities not under common control
Pingyang Phase II Company	Limited liability company	Pingyang, Zhejiang	Waste treatment and power generation	RMB	110 million/110 million	100%	-	Establishment
Jingxi Company	Limited liability company	Jingxi, Guangxi	Waste treatment and power generation	RMB	120 million/155 million	100%	-	Establishment
Enshi Company	Limited liability company	Enshi, Hubei	Waste treatment and power generation	RMB	200 million/105 million	100%	-	Establishment
Huludao Power Generation Company	Limited liability company	Huludao, Liaoning	Waste treatment and power generation	RMB	122.6575 million/110.1575 million	100%	-	Establishment
Shantou Sludge Company	Limited liability company	Shantou, Guangdong	Sludge treatment	RMB	13 million/13 million	100%	-	Establishment
Laizhou Haikang Environmental Protection Energy Co., Ltd. ("Laizhou Company")	Limited liability company	Laizhou, Shandong	Waste treatment and power generation	RMB	200 million/200 million	-	87.5% (h)	Business combination involving entities not under common control
Shuozhou Dynagreen Nanshan Environmental Energy Co., Ltd. (the "Shuozhou Company")	Limited liability company	Shuozhou, Shanxi	Waste treatment and power generation	RMB	195 million/195 million	98% (i)	-	Establishment

VII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

Composition of the Group (Continued)

Name of subsidiary	Company type	Principal place of business and registration	Business nature	Registered capital/paid-in capital		Shareholding (%)		Acquisition method
				Currency	Amount in original currency	Direct	Indirect	
Jinan Dynagreen Environmental Co., Ltd. ("Zhangjiu Phase II Company")	Limited liability company	Jinan, Shandong	Waste treatment and power generation	RMB	255 million/255 million	-	100 (j)	Establishment
Huizhou Dynagreen Environmental Services Co., Ltd. ("Huizhou Three-in-One Company")	Limited liability company	Huizhou, Guangdong	Collection, storage, transportation and disposal of kitchen waste (including gutter oil and swill oil), municipal sludge and excrement	RMB	63 million/284 million	80% (k)	-	Establishment

* Yongxing Company was cancelled on 19 October 2021.

(a) 40% held by Hong Kong Dynagreen;

(b) 25% held by Hong Kong Dynagreen;

(c) 60% of equity interest in Yichun Company is held by Hong Kong Dynagreen, 40% held by Yichun Municipal Development Co., Ltd. (宜春市市政發展有限公司);

(d) 49% held by Hong Kong Dynagreen;

(e) 20% held by Fan Jie;

(f) 40% held by Haining Municipal Water Investment Group Co., Limited (海寧市水務投資集團有限公司);

(g) 100% held by Guangdong Promising Company;

(h) 10% held by Laizhou Donghai Urban Construction Comprehensive Development Co., Ltd.* (萊州市東海城建綜合開發有限公司), 2.40% held by Shanghai SUS Environment Co., Ltd.* (上海康恒環境股份有限公司), and 0.10% held by Hunan Industrial Equipment Installation Co., Ltd.* (湖南省工業設備安裝有限公司);

(i) 2% held by China Energy Engineering Group Shanxi Electric Power Construction Co., Ltd.* (中國能源建設集團山西電力建設有限公司);

(j) 100% held by Hong Kong Dynagreen;

(k) 20% held by Huizhou Jinxiong Industrial Co., Ltd.* (惠州市錦雄實業有限公司).



VII. INTERESTS IN OTHER ENTITIES (Continued)

2. Interests in joint ventures

	2021	2020
Joint ventures – immaterial joint ventures (Note)	89,838,632.91	66,190,681.00
Less: Provision for impairment	–	–
Total	89,838,632.91	66,190,681.00

Note: In 2018, the Group jointly invested and established Fengcheng Company with Fengcheng Municipal Utilities Operation Co., Ltd. (豐城市政公用營運有限公司). The Group holds 51% of the equity of Fengcheng Company. Pursuant to the articles of association of Fengcheng Company, its highest authority shall be its general meetings. The decisions in relation to business policies, investment plans and others of the company shall be subject to the agreement of shareholders holding more than two-thirds of its shares. As the Group cannot solely decide on the main operations of the Fengcheng Company, it does not have control over that company.

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

	2021	2020
Joint ventures		
Total carrying amount of investment	89,838,632.91	66,190,681.00
The total of the following items calculated according to the shareholding ratio		
– Net profit	9,489,929.32	3,282,698.16
– Other changes in equity	–	–
– Other comprehensive income	–	–
– Total comprehensive income	9,489,929.32	3,282,698.16

VIII. RISK RELATED TO FINANCIAL INSTRUMENTS

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

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

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

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

1. Credit risk

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

The cash at bank of the Group is mainly held with reputable financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The maximum exposure to accounts receivable, other receivables and contract assets is disclosed in Notes V.3, 6 and 8, respectively. Other than the financial guarantees provided by the Group as set out in Note, the Group does not provide any other guarantees which would expose the Group to credit risk.



VIII. RISK RELATED TO FINANCIAL INSTRUMENTS (Continued)

1. Credit risk (Continued)

(1) Accounts receivable and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry, country or area in which the customers operate and therefore significant concentrations of credit risk arise primarily when the Group has significant receivables and contract assets from individual customers. At the balance sheet date, 7% (2020: 26%) of the total accounts receivable and contract assets of the Group were due from the five largest customers of the Group.

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

For detailed information on accounts receivable and contract assets, please refer to relevant disclosures in Note V.3 – Accounts receivable and Note V.8 – Contract assets.

2. Liquidity risk

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

VIII. RISK RELATED TO FINANCIAL INSTRUMENTS (Continued)

2. Liquidity risk (Continued)

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

Item	Contractual undiscounted cash flow for 2021				Total	Carrying amount at balance sheet date
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	Over 5 years		
Short-term loans	1,274,257,816.10	-	-	-	1,274,257,816.10	1,248,797,640.41
Accounts payable	1,411,772,142.99	-	-	-	1,411,772,142.99	1,411,772,142.99
Other payables	132,552,974.49	-	-	-	132,552,974.49	132,552,974.49
Long-term payables	26,373,334.15	26,373,334.15	79,120,002.45	366,228,176.33	498,094,847.08	272,757,201.19
Lease liabilities	4,210,970.96	2,056,662.82	327,045.60	2,298,294.20	8,892,973.58	7,538,063.43
Long-term loans	1,215,391,744.40	1,505,109,530.58	4,601,248,279.48	4,306,314,200.67	11,628,063,755.13	9,487,574,128.15
Total	4,064,558,983.09	1,533,539,527.55	4,680,695,327.53	4,674,840,671.20	14,953,634,509.37	12,560,992,150.66

Item	Contractual undiscounted cash flow for 2020				Total	Carrying amount at balance sheet date
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	Over 5 years		
Short-term loans	2,537,731,481.23	-	-	-	2,537,731,481.23	2,495,169,633.87
Accounts payable	1,291,193,658.66	-	-	-	1,291,193,658.66	1,291,193,658.66
Other payables	101,598,868.06	-	-	-	101,598,868.06	101,598,868.06
Long-term payables	28,216,534.15	28,216,534.15	84,649,602.45	409,190,310.48	550,272,981.23	297,677,444.06
Lease liabilities	276,803.34	227,305.76	159,514.29	236,675.00	900,298.39	792,532.72
Long-term loans	986,634,467.46	1,082,773,476.94	3,358,172,381.68	3,330,544,773.08	8,758,125,099.16	7,080,544,548.24
Total	4,945,651,812.90	1,111,217,316.85	3,442,981,498.42	3,739,971,758.56	13,239,822,386.73	11,266,976,685.61



VIII. RISK RELATED TO FINANCIAL INSTRUMENTS (Continued)

3. Interest rate risk

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

(a) At 31 December, the Group held the following interest-bearing financial instruments:

Fixed rate financial instruments:

Item	2021		2020	
	Effective interest rate (%)	Amount	Effective interest rate (%)	Amount
Financial assets				
– Long-term receivables	5.29	55,553,095.55	4.97-8.53	5,326,301,102.08
Financial liabilities				
– Short-term loans	3.25-4.35	(1,227,250,000.00)	0-4.05	(2,470,000,000.00)
– Long-term loans	4.00-5.09	(2,384,429,448.02)	3.40-5.09	(1,399,960,378.00)
– Lease liabilities	4.50	(7,538,063.43)	4.50	(792,532.72)
– Long-term payables	5.73-7.99	(272,757,201.19)	5.73-7.99	(297,677,444.07)
Total		(3,836,421,617.09)		1,157,870,747.29

VIII. RISK RELATED TO FINANCIAL INSTRUMENTS (Continued)

3. Interest rate risk (Continued)

(a) At 31 December, the Group held the following interest-bearing financial instruments: (Continued)

Floating rate financial instruments:

Item	2021		2020	
	Effective interest rate (%)	Amount	Effective interest rate (%)	Amount
Financial assets				
– Cash at bank and on hand	0.35	966,738,935.89	0.35	1,608,056,129.24
Financial liabilities				
– Long-term loans	3.85-4.90	(7,086,516,685.90)	4.08-5.77	(5,666,077,791.71)
– Short-term loans	2.05	(20,036,105.60)	3.70-3.92	(22,000,000.00)
Total		(6,139,813,855.61)		(4,080,021,662.47)

(b) Sensitivity analysis

At 31 December 2021 and 31 December 2020, it was assumed that an increase of 100 basis points in interest rates, with all other variables held constant, would decrease the Group's net profit and shareholders' equity by RMB56,367,091.00 and RMB40,244,549.58, respectively.

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

4. Foreign currency risk

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

As at 31 December 2021 and 31 December 2020, the Group's exposure to currency risk arising from recognised assets or liabilities denominated in foreign currencies was less.



IX. FAIR VALUE DISCLOSURE

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

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

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

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

1. Assets and liabilities measured at fair value

As at 31 December 2021 and 31 December 2020, the Group did not have any other assets and liabilities measured at fair value except for receivable finance and held-for-sale asset.

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

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

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Information on the parent of the Company:

Company name	Related party relationship	Type of enterprise	Registered place	Legal representative	Business nature	Registered capital	Shareholding percentage of the parent company in the Company (%)	Parent company's percentage of voting rights in the Company (%)	Ultimate controlling party of the Company	Organisation code
BSAM	Parent company	Limited liability company	Beijing	Yue Peng	Investment management	RMB10 billion	42.63	42.63	Beijing SASAC	40059216-4

2. Information on the subsidiaries of the Company

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

3. Information on joint ventures of the Company

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



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

4. Information on other related parties

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

Names of other related parties	Related party relationship	Organisation code
Beijing State-owned Assets Management (Hong Kong) Company Limited	Shareholder and a subsidiary of the Company's ultimate controlling party	N/A
Gongqingcheng Jingxiu Investment Partnership (Limited Partnership)#	Shareholder	N/A
Beijing State-owned Financial Leasing Company (北京國資融資租賃公司)	A subsidiary of the Company's ultimate controlling party	06125014-2
Shenzhen Crystal Digital Technology Co., Ltd. (深圳水晶石數字科技有限公司)	A subsidiary of the Company's ultimate controlling party	724711406
Beijing Crystal Digital Technology Co., Ltd. (北京水晶石數字科技有限公司)	A subsidiary of the Company's ultimate controlling party	665629276
Beijing Software and Information Service Trading Co., Ltd. (北京軟件和信息服務交易所有限公司)	A subsidiary of the Company's ultimate controlling party	57524839-X
Shenzhen Crystal Digital Image Technology Co., Ltd. (深圳水晶石數字影像科技有限公司)	A subsidiary of the Company's ultimate controlling party	78022396-8
Beijing Beiao Group Corporation Limited (北京北奧集團有限責任公司)	A subsidiary of the Company's ultimate controlling party	101138105
Shouxin Cloud Technology Co., Ltd. (首信雲技術有限公司)	A subsidiary of the Company's ultimate controlling party	MA01CGBC5
Haining Municipal Water Investment Group Co., Limited* (海寧市水務投資集團有限公司)	A shareholder of subsidiaries of the Company	779382857

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

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties

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

(1) Related guarantee

The Group acts as the guaranteed party

2021

Name of guarantor	Amount of guaranty	Commencement date of guarantee	Maturity date of guarantee	Guaranty completed (Y/N)
BSAM	22,147,195.93	9 December 2013	9 December 2023	N
BSAM	106,789,999.99	8 January 2015	5 December 2023	N
Total	128,937,195.92			

2020

Name of guarantor	Amount of guaranty	Commencement date of guarantee	Maturity date of guarantee	Guaranty completed (Y/N)
BSAM	56,336,190.61	9 December 2013	9 December 2023	N
BSAM	158,656,666.65	8 January 2015	5 December 2023	N
Total	214,992,857.26			

The Group as the guarantor

Name of guaranteed party	Amount of guaranty	Commencement date of guarantee	Maturity date of guarantee	Guaranty completed (Y/N)
Fengcheng Company	296,049,999.97	30 July 2019	29 July 2029	N



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(1) Related guarantee (Continued)

The Company as the guarantor

2021

Name of guaranteed party	Amount of guaranty	Commencement date of guarantee	Maturity date of guarantee	Guaranty completed (Y/N)
Huizhou Company	104,798,179.05	13 July 2015	13 July 2027	N
Jurong Company	87,781,216.00	21 May 2021	20 May 2029	N
Taizhou Company	44,500,000.00	8 August 2018	22 December 2024	N
Jizhou Company	137,500,000.00	9 March 2018	8 March 2032	N
Jizhou Company	79,212,123.98	31 August 2020	23 August 2032	N
Ninghe Company	101,430,306.28	23 November 2016	15 November 2026	N
Tongzhou Company	637,890,520.09	8 July 2016	7 July 2031	N
Tongzhou Company	25,000,000.00	30 December 2021	29 December 2022	N
Tongzhou Company	29,776,246.74	13 January 2020	12 January 2034	N
Tongzhou Company	35,985,357.43	20 June 2019	19 June 2032	N
Rushan Company	54,594,000.00	27 October 2019	27 October 2024	N
Bengbu Company	306,600,000.00	20 July 2016	19 July 2033	N
Bengbu Company	5,000,000.00	16 December 2021	17 January 2022	N
Anshun Company	118,000,000.00	28 August 2019	17 August 2026	N
Anshun Company	24,770,000.00	24 May 2021	23 May 2031	N
Shantou Company	554,447,496.31	8 June 2021	7 June 2036	N
Zhangqiu Company	308,485,265.53	4 April 2018	3 April 2032	N
Guangyuan Company	218,640,000.00	17 November 2020	17 November 2037	N
Jiamusi Company	85,000,000.00	23 December 2015	22 December 2026	N
Jiamusi Company	51,258,629.27	31 December 2020	30 December 2028	N
Jiamusi Company	186,127,500.00	3 February 2021	2 February 2029	N
Zhaoqing Company	226,000,000.00	27 October 2017	31 January 2029	N
Zhaoqing Company	182,060,000.00	25 December 2019	24 December 2036	N
Guangdong Promising Company	9,577,958.73	2 December 2016	1 December 2022	N
Yichun Company	254,689,983.12	28 April 2019	27 April 2032	N
Yichun Company	39,660,000.00	7 January 2021	15 December 2030	N
Haining Expansion Company	337,249,540.02	19 April 2019	18 April 2037	N
Huizhou Phase II Company	244,610,000.00	29 April 2019	28 April 2034	N
Huizhou Phase II Company	185,840,000.00	30 December 2020	25 September 2030	N
Huizhou Phase II Company	19,219,546.15	12 May 2020	12 May 2035	N
Bobai Company	135,000,000.00	24 April 2020	14 April 2028	N
Hong'an Company	239,589,999.53	19 May 2020	18 May 2033	N
Pingyang Phase II Company	225,273,860.31	9 January 2020	20 August 2033	N
Yongjia Phase II Company	194,092,801.18	14 January 2020	13 January 2027	N
Shishou Company	213,940,000.00	9 January 2020	8 January 2030	N
Huludao Hazardous Waste Company	226,243,787.91	30 March 2020	30 March 2037	N
Jinsha Company	219,804,510.00	27 April 2020	26 April 2037	N
Dengfeng Company	221,149,937.00	24 August 2020	23 August 2037	N
Huludao Power Generation Company	184,000,000.00	25 November 2020	25 November 2035	N
Laizhou Company	137,891,290.52	11 January 2021	11 January 2035	N
Jingxi Company	4,880,000.00	26 October 2021	26 April 2024	N
Shuozhou Company	119,000,000.00	29 July 2021	28 July 2036	N
Huizhou Three-in-one	36,664,000.00	29 October 2021	26 September 2036	N
Enshi Company	130,788,319.00	12 April 2021	8 April 2036	N
Fengcheng Company	296,049,999.97	30 July 2019	29 July 2029	N
Total	7,280,072,374.12			

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(1) Related guarantee (Continued)

The Company as the guarantor (Continued)

2020

Name of guaranteed party	Amount of guaranty	Commencement date of guarantee	Maturity date of guarantee	Guaranty completed (Y/N)
Huizhou Company	130,814,527.02	13 July 2015	13 July 2027	N
Huizhou Company	21,000,000.00	13 May 2020	12 May 2024	N
Jurong Company	91,597,792.00	5 December 2014	4 December 2026	N
Taizhou Company	59,500,000.00	8 August 2018	22 December 2024	N
Jizhou Company	155,880,000.00	9 March 2018	8 March 2032	N
Jizhou Company	71,960,577.98	31 August 2020	23 August 2032	N
Ninghe Company	24,987,574.04	20 January 2016	21 June 2023	N
Ninghe Company	114,776,398.62	15 November 2016	15 November 2028	N
Tongzhou Company	16,146,701.81	20 July 2016	19 July 2032	N
Tongzhou Company	680,160,373.83	8 July 2016	7 July 2033	N
Tongzhou Company	31,216,452.08	13 January 2020	12 January 2034	N
Tongzhou Company	37,472,355.70	20 June 2019	19 June 2032	N
Rushan Company	9,400,000.00	27 October 2016	27 October 2023	N
Rushan Company	68,202,000.00	27 October 2019	27 October 2024	N
Bengbu Company	316,600,000.00	20 October 2016	19 July 2033	N
Bengbu Company	5,000,000.00	23 July 2020	22 July 2021	N
Anshun Company	138,000,000.00	28 August 2019	17 August 2026	N
Shantou Company	468,750,000.00	10 April 2018	7 March 2031	N
Shantou Company	136,066,375.53	7 September 2019	7 September 2032	N
Zhangqiu Company	331,095,265.53	4 April 2018	3 April 2032	N
Guangyuan Company	234,000,000.00	17 November 2020	17 November 2037	N
Jiamusi Company	135,000,000.00	23 December 2015	22 December 2026	N
Jiamusi Company	7,299,773.40	31 December 2020	30 December 2028	N
Zhaoqing Company	274,000,000.00	27 October 2017	31 January 2029	N
Zhaoqing Company	112,020,000.00	25 December 2019	24 December 2036	N
Guangdong Promising Company	19,519,395.00	2 December 2016	1 December 2022	N
Yichun Company	274,924,362.94	28 April 2019	27 April 2032	N
Haining Expansion Company	321,129,498.00	19 April 2019	18 April 2037	N
Huizhou Phase II Company	391,530,000.00	29 April 2019	28 April 2021	N
Huizhou Phase II Company	30,580,000.00	30 December 2020	29 December 2022	N
Huizhou Phase II Company	19,219,546.15	12 May 2020	12 May 2035	N
Bobai Company	148,995,000.00	24 April 2020	14 April 2028	N
Hong'an Company	247,000,000.00	19 May 2020	18 May 2033	N
Pingyang Company	10,000,000.00	12 March 2020	12 March 2021	N
Wuhan Company	10,000,000.00	22 September 2020	21 September 2021	N
Pingyang Phase II Company	125,908,926.00	21 August 2019	20 August 2036	N
Yongjia Phase II Company	144,479,631.28	14 January 2020	13 January 2027	N
Shishou Company	194,190,606.30	9 January 2020	8 January 2021	N
Huludao Hazardous Waste Company	147,929,788.89	30 March 2020	8 January 2037	N
Jinsha Company	111,880,080.00	27 April 2020	26 April 2037	N
Dengfeng Company	27,888,913.00	24 August 2020	23 August 2037	N
Huludao Power Generation Company	24,000,000.00	25 November 2020	25 November 2035	N
Total	5,920,121,915.10			

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(2) Remuneration of key management personnel

The Group

Item	2021	2020
Remuneration of key management personnel	17,596,022.72	12,991,696.64

The Company

Item	2021	2020
Remuneration of key management personnel	17,596,022.72	12,991,696.64

(a) *Directors and supervisors*

The emoluments of each director and supervisor in 2021 are as follows:

	Remuneration of Directors and supervisors	Salaries and allowances	Housing provident	Pension	Bonuses	Total for 2021
Executive Directors						
Qiao Dewei	-	915,915.74	48,094.56	36,295.56	1,553,900.00	2,554,205.86
Hu Shengyong	-	560,019.50	48,094.56	38,888.10	1,000,000.00	1,647,002.16
Zhong Xia	-	826,945.01	48,094.56	38,888.10	1,221,175.00	2,135,102.67
Non-executive Directors						
Liu Shuguang	-	-	-	-	-	-
Cheng Suning	-	-	-	-	-	-
Zhi Jun	-	-	-	-	-	-
Cao Jinjun	-	-	-	-	-	-
Zhang Zhenhai	-	-	-	-	-	-
Li Lei	-	-	-	-	-	-
Independent non-executive Directors						
Ou Yuezhou (Note 1)	67,000.00	-	-	-	-	67,000.00
Fu Jie	100,000.00	-	-	-	-	100,000.00
Xie Lanjun	80,000.00	-	-	-	-	80,000.00
Zhou Beihai (Note 2)	13,000.00	-	-	-	-	13,000.00
Supervisors						
Wang Meilin	-	231,115.05	36,007.20	30,450.00	95,550.00	393,122.25
Yan Shiwen	-	162,014.38	17,989.20	18,620.00	24,000.00	222,623.58
Total	260,000.00	2,696,009.68	198,280.08	163,141.76	3,894,625.00	7,212,056.52

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(2) Remuneration of key management personnel (Continued)

(a) Directors and supervisors (Continued)

The emoluments of each director and supervisor in 2020 are as follows:

	Remuneration of Directors and supervisors	Salaries and allowances	Pension	Bonuses	2020 Total
Executive Directors					
Qiao Dewei	–	914,012.24	2,471.82	1,180,900.00	2,097,384.06
Hu Shengyong	–	596,540.24	2,661.96	850,000.00	1,449,202.20
Non-executive Directors					
Liu Shuguang	–	–	–	–	–
Cheng Suning	–	–	–	–	–
Zhi Jun	–	–	–	–	–
Cao Jinjun	–	–	–	–	–
Independent non-executive Directors					
Ou Yuezhou	80,000.00	–	–	–	80,000.00
Fu Jie	104,245.20	–	–	–	104,245.20
Xie Lanjun	80,000.00	–	–	–	80,000.00
Supervisors					
Luo Zhaoguo	–	–	–	–	–
Wang Meilin	–	254,345.41	2,310.00	96,000.00	352,655.41
He Hong	–	–	–	–	–
Cai Binqun	–	–	–	–	–
Total	264,245.20	1,764,897.89	7,443.78	2,126,900.00	4,163,486.87

Note 1: Mr. OU Yuezhou resigned as an independent non-executive director on 10 November 2021.

Note 2: Mr. ZHOU Beihai was appointed as an independent non-executive director on 10 November 2021.

In 2020 and 2021, none of the Group's director terminated his/her benefits, and no consideration was paid to a third party for the service of directors.



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(2) Remuneration of key management personnel (Continued)

(b) *Five highest paid individuals*

The five individuals with the highest emoluments in 2021 include three Directors (2020: two), whose emoluments are disclosed in the table above. The aggregate of emoluments in respect of the other two (2020: three) individuals are as follows:

Item	2021	2020
Salaries and allowances	1,216,228.12	1,789,620.72
Pension	77,776.20	7,985.88
Bonuses	1,910,000.00	2,540,000.00
Total	3,204,004.32	4,337,606.60

Emolument band(s)	2021 Number of Individuals	2020 Number of Individuals
HKD		
1,000,001–1,500,000	–	–
1,500,001–2,000,000	2	3

(3) Management services provided for the construction for subsidiaries

The Company

Item	Related parties	2021	2020
Management services provided for the construction for subsidiaries	Dengfeng Company	14,122,641.48	–
	Enshi Company	5,858,490.56	–
	Shantou Company	5,902,169.82	–
	Zhaoqing Company	8,490,566.00	–
	Jinsha Company	9,382,169.83	11,940,943.43
	Shishou Company	4,789,320.77	12,315,396.27
Total		48,545,358.46	24,256,339.70

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(4) Service fee for project management

The Company

Item	Related party	2021	2020
Service fee for project management	Taizhou Company	9,558,163.51	9,937,874.13
	Tongzhou Company	14,331,601.19	–
Total		23,889,764.70	9,937,874.13

(5) Income from technology transfer

The Company

Item	Related party	2021	2020
Provision of technology implementation license	Jinsha Company	15,000,000.00	–
	Pingyang Company	7,500,000.00	–
	Shishou Company	15,000,000.00	–
	Anshun Company	–	7,500,000.00
	Hong'an Company	–	15,000,000.00
	Jizhou Company	–	7,500,000.00
Total		37,500,000.00	30,000,000.00



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(6) Income from guarantee services

The Group and the Company

Item	Related party	2021	2020
Income from provision of guarantee for a related party	Yichun Company	3,609,154.76	–
	Haining Expansion Company	1,220,338.96	2,135,593.26
Services from provision of bidding agency for related party	Shenzhen Jingxiu	–	2,928,234.83
Total		4,829,493.72	5,063,828.09

(7) Related-party loans

The Group

Related parties	Amount	2021	
		Commencement date	Maturity date
Borrowed from			
BSAM	700,000,000.00	10 June 2021	10 June 2022
BSAM	250,000,000.00	2 June 2021	8 July 2021
BSAM	1,500,000,000.00	7 July 2021	7 July 2024
Total	2,450,000,000.00		

Related parties	Amount	2020	
		Commencement date	Maturity date
Borrowed from			
BSAM	291,000,000.00	2 January 2020	25 October 2020
BSAM	540,000,000.00	24 April 2020	24 April 2021
Beijing State-owned Assets Management (Hong Kong) Company Limited	175,000,000.00	28 April 2020	27 April 2025
Beijing State-owned Assets Management (Hong Kong) Company Limited	250,000,000.00	11 November 2020	10 November 2023
Total	1,256,000,000.00		

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(7) Related-party loans (Continued)

The Group (Continued)

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

Related parties	Amount	2021	
		Commencement date	Maturity date
Lend to			
Fengcheng Company	8,000,000.00	25 January 2021	24 January 2022
Fengcheng Company	5,000,000.00	28 May 2021	27 May 2022
Total	13,000,000.00		

Related parties	Amount	2020	
		Commencement date	Maturity date
Lend to			
Fengcheng Company	2,000,000.00	17 December 2020	31 December 2020

The Company

Related parties	Amount	2021	
		Commencement date	Maturity date
Borrowed from			
Shantou Company	10,000,000.00	12 November 2021	11 November 2022
Guangyuan Company	10,000,000.00	18 May 2021	18 May 2022
Shenzhen Jingxiu	160,000,000.00	17 May 2021	17 May 2022
Guangdong Promising Company	122,000,000.00	17 May 2021	19 October 2022
Shuozhou Company	65,000,000.00	18 May 2021	13 October 2022
Huludao Power Generation Company	12,000,000.00	4 June 2021	4 June 2022
BSAM	700,000,000.00	10 June 2021	10 June 2022
BSAM	1,500,000,000.00	7 July 2021	7 July 2024
BSAM	250,000,000.00	2 June 2021	8 July 2021
Pingyang Phase II Company	17,000,000.00	25 August 2021	29 December 2021
Changzhou Company	10,000,000.00	18 May 2021	12 August 2022
Zhangqiu Phase II Company	100,000,000.00	27 July 2021	26 July 2022
Tongzhou Company	20,000,000.00	3 November 2021	2 November 2022
Total	2,976,000,000.00		



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(7) Related-party loans (Continued)

The Company (Continued)

Related parties	2021		
	Amount	Commencement date	Maturity date
Lend to			
Yongjia Company	3,500,000.00	14 January 2021	18 May 2021
Huizhou Company	8,000,000.00	10 May 2021	28 February 2022
Huizhou Company	10,000,000.00	23 November 2021	22 November 2022
Huizhou Company	5,000,000.00	7 July 2021	22 July 2021
Wuhan Company	20,000,000.00	18 March 2021	3 September 2022
Wuhan Company	10,000,000.00	31 March 2021	14 April 2022
Wuhan Company	15,000,000.00	6 July 2021	3 September 2022
Wuhan Company	15,000,000.00	29 July 2021	3 September 2022
Rushan Company	10,000,000.00	19 April 2021	17 September 2021
Rushan Company	14,000,000.00	19 October 2021	18 October 2022
Anshun Company	10,000,000.00	20 February 2021	19 February 2022
Jizhou Company	2,000,000.00	8 January 2021	7 July 2021
Jizhou Company	6,000,000.00	14 January 2021	25 February 2021
Jizhou Company	3,000,000.00	18 March 2021	17 March 2023
Jizhou Company	9,000,000.00	31 March 2021	17 March 2023
Jizhou Company	7,500,000.00	24 September 2021	14 December 2022
Jizhou Company	7,239,072.96	20 December 2021	19 December 2030
Ninghe Company	4,000,000.00	31 December 2021	31 December 2022
Ninghe Company	31,500,000.00	20 April 2021	19 April 2022
Ninghe Company	5,000,000.00	13 May 2021	12 May 2022
Ninghe Company	4,500,000.00	16 June 2021	15 June 2022
Ninghe Company	8,000,000.00	17 December 2021	16 December 2022
Ninghe Company	11,000,000.00	22 December 2021	21 December 2022
Bobai Company	56,000,000.00	8 January 2021	31 December 2022
Bobai Company	3,000,000.00	19 October 2021	9 December 2021
Hong'an Company	10,000,000.00	3 February 2021	30 July 2021

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(7) Related-party loans (Continued)

The Company (Continued)

Related parties	2021		
	Amount	Commencement date	Maturity date
Hong'an Company	4,000,000.00	7 February 2021	30 July 2021
Hong'an Company	6,000,000.00	18 September 2021	17 March 2022
Yichun Company	3,000,000.00	23 April 2021	22 April 2024
Zhaoqing Company	24,000,000.00	29 January 2021	25 May 2021
Zhaoqing Company	10,000,000.00	29 January 2021	31 December 2021
Zhaoqing Company	24,000,000.00	29 July 2021	2 August 2021
Huludao Hazardous Waste Company	2,179,030.50	18 June 2021	2 July 2021
Huludao Hazardous Waste Company	4,000,000.00	24 June 2021	23 June 2024
Huludao Hazardous Waste Company	3,000,000.00	3 September 2021	2 September 2024
Huludao Hazardous Waste Company	3,000,000.00	24 September 2021	23 September 2024
Huludao Hazardous Waste Company	4,000,000.00	20 December 2021	19 December 2024
Zhangye Company	14,000,000.00	2 February 2021	26 July 2021
Jinsha Company	7,000,000.00	29 January 2021	18 October 2022
Jinsha Company	14,000,000.00	12 November 2021	16 February 2024
Huizhou Phase II Company	30,000,000.00	1 February 2021	1 February 2023
Shishou Company	2,000,000.00	31 March 2021	31 March 2022
Shishou Company	1,000,000.00	31 March 2021	30 March 2022
Shishou Company	900,000.00	23 April 2021	22 April 2022
Shishou Company	14,500,000.00	16 June 2021	15 June 2022
Shishou Company	1,000,000.00	13 July 2021	12 July 2022
Shishou Company	1,000,000.00	17 August 2021	16 August 2022
Shishou Company	1,000,000.00	13 September 2021	12 September 2022
Shishou Company	1,000,000.00	19 October 2021	18 October 2022
Shishou Company	1,000,000.00	12 November 2021	11 November 2022
Shishou Company	13,600,000.00	17 December 2021	16 December 2022
Shishou Company	1,000,000.00	12 May 2021	11 May 2022



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(7) Related-party loans (Continued)

The Company (Continued)

Related parties	2021		
	Amount	Commencement date	Maturity date
Shishou Company	5,000,000.00	12 May 2021	11 May 2022
Shishou Company	4,000,000.00	13 September 2021	12 September 2022
Shishou Company	2,000,000.00	8 June 2021	29 November 2021
Shishou Company	2,000,000.00	13 July 2021	12 January 2022
Shishou Company	16,000,000.00	29 September 2021	29 September 2022
Shishou Company	4,000,000.00	29 September 2021	29 September 2022
Shishou Company	2,000,000.00	23 November 2021	22 November 2022
Shishou Company	2,000,000.00	27 December 2021	26 December 2022
Tongzhou Company	25,000,000.00	1 February 2021	2 April 2021
Tongzhou Company	15,000,000.00	18 March 2021	20 May 2021
Dengfeng Company	2,000,000.00	18 June 2021	9 July 2021
Fengcheng Company	8,000,000.00	25 January 2021	24 January 2022
Fengcheng Company	5,000,000.00	28 May 2021	27 May 2022
Total	570,418,103.46		

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(7) Related-party loans (Continued)

The Company (Continued)

Related parties	Amount	2020 Commencement date	Maturity date
Borrowed from			
Shuozhou Company	80,000,000.00	1 July 2020	31 December 2021
Jingxi Company	2,000,000.00	1 July 2020	16 November 2020
BSAM	291,000,000.00	2 January 2020	20 October 2020
BSAM	540,000,000.00	24 April 2020	24 April 2021
Total	913,000,000.00		

Related parties	Amount	2020 Commencement date	Maturity date
Lend to			
Haining Company	12,000,000.00	8 May 2020	1 July 2020
Huizhou Company	18,000,000.00	2 March 2020	1 March 2021
Huizhou Company	5,000,000.00	9 March 2020	23 March 2021
Huizhou Company	40,000,000.00	10 March 2020	20 October 2020
Huizhou Company	9,000,000.00	10 July 2020	9 January 2021
Pingyang Company	2,000,000.00	14 January 2020	12 March 2020
Rushan Company	10,000,000.00	20 April 2020	19 April 2021
Anshun Company	7,000,000.00	16 January 2020	31 December 2021
Anshun Company	5,610,000.00	19 February 2020	18 February 2021
Anshun Company	3,000,000.00	12 June 2020	10 November 2020
Jizhou Company	6,600,000.00	14 January 2020	31 August 2020
Ninghe Company	8,000,000.00	16 January 2020	31 December 2021
Ninghe Company	33,000,000.00	16 June 2020	31 December 2021
Ninghe Company	32,000,000.00	18 December 2020	31 December 2021
Ninghe Company	96,000,000.00	28 June 2020	31 December 2020
Ninghe Company	50,000,000.00	3 August 2020	2 August 2021
Ninghe Company	4,000,000.00	15 September 2020	31 December 2021
Ninghe Company	4,000,000.00	13 October 2020	31 December 2020
Ninghe Company	4,000,000.00	26 November 2020	31 December 2020
Ninghe Company	4,000,000.00	18 December 2020	31 December 2020
Jurong Company	4,000,000.00	16 June 2020	31 December 2021
Bobai Company	7,000,000.00	17 January 2020	31 December 2020
Bobai Company	2,500,000.00	20 January 2020	31 December 2020
Bobai Company	4,000,000.00	29 October 2020	31 December 2020
Shantou Company	20,000,000.00	3 September 2020	30 December 2020



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(7) Related-party loans (Continued)

The Company (Continued)

Related parties	Amount	2020 Commencement date	Maturity date
Miyun Company	14,000,000.00	27 February 2020	31 March 2029
Guangyuan Company	10,000,000.00	26 February 2020	26 March 2020
Hong'an Company	10,000,000.00	3 January 2020	15 May 2020
Hong'an Company	10,000,000.00	7 January 2020	15 May 2020
Hong'an Company	10,000,000.00	10 January 2020	15 May 2020
Hong'an Company	12,000,000.00	14 January 2020	15 May 2020
Hong'an Company	3,000,000.00	16 January 2020	15 May 2020
Hong'an Company	6,000,000.00	2 April 2020	15 May 2020
Hong'an Company	3,000,000.00	15 April 2020	15 May 2020
Hong'an Company	1,000,000.00	7 July 2020	29 December 2020
Zhangqiu Company	10,000,000.00	17 January 2020	15 May 2020
Yichun Company	17,000,000.00	26 October 2020	25 October 2023
Jiamusi Company	4,800,000.00	3 April 2020	31 December 2020
Jiamusi Company	4,500,000.00	13 May 2020	31 December 2020
Jiamusi Company	2,200,000.00	26 May 2020	31 December 2020
Jiamusi Company	20,000,000.00	4 June 2020	31 December 2020
Jiamusi Company	25,000,000.00	16 June 2020	31 December 2020
Jiamusi Company	2,500,000.00	3 August 2020	31 December 2020
Jiamusi Company	5,800,000.00	18 August 2020	31 December 2020
Jiamusi Company	15,000,000.00	9 September 2020	31 December 2020
Zhaoqing Company	10,000,000.00	21 August 2020	31 December 2020
Zhaoqing Company	10,000,000.00	1 December 2020	30 November 2021
Guangdong Promising Company	10,000,000.00	26 March 2020	17 June 2020
Huludao Hazardous Waste Company	500,000.00	11 February 2020	1 April 2020
Huludao Hazardous Waste Company	500,000.00	19 March 2020	1 April 2020
Huludao Hazardous Waste Company	7,000,000.00	7 January 2020	1 April 2020
Huludao Hazardous Waste Company	1,000,000.00	19 March 2020	1 April 2020
Huludao Hazardous Waste Company	10,019,200.00	30 March 2020	29 March 2035
Huludao Hazardous Waste Company	1,000,000.00	27 July 2020	3 August 2020
Huludao Hazardous Waste Company	7,000,000.00	31 July 2020	3 August 2020
Shulan Company	100,000.00	3 April 2020	10 September 2020

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(7) Related-party loans (Continued)

The Company (Continued)

Related parties	Amount	2020 Commencement date	Maturity date
Zhangye Company	2,000,000.00	7 January 2020	30 April 2034
Zhangye Company	800,000.00	20 January 2020	30 April 2034
Zhangye Company	2,000,000.00	20 March 2020	30 April 2034
Zhangye Company	1,000,000.00	20 August 2020	30 April 2034
Zhangye Company	1,225,000.00	20 October 2020	30 April 2034
Zhangye Company	800,000.00	4 December 2020	30 April 2034
Zhangye Company	1,300,000.00	30 December 2020	30 April 2034
Jinsha Company	2,000,000.00	14 January 2020	31 December 2020
Jinsha Company	500,000.00	20 January 2020	31 December 2020
Jinsha Company	10,000,000.00	24 March 2020	31 December 2020
Jinsha Company	2,000,000.00	24 July 2020	31 December 2020
Jinsha Company	5,000,000.00	29 September 2020	31 December 2020
Jinsha Company	10,000,000.00	15 October 2020	31 December 2020
Jinsha Company	121,471,300.00	18 December 2020	17 December 2021
Huizhou Phase II Company	18,000,000.00	10 March 2020	2 July 2020
Huizhou Phase II Company	10,000,000.00	20 March 2020	2 July 2020
Huizhou Phase II Company	5,000,000.00	7 May 2020	2 July 2020
Huizhou Phase II Company	5,000,000.00	26 May 2020	2 July 2020
Huizhou Phase II Company	80,648,200.00	23 December 2020	22 December 2021
Huizhou Phase II Company	161,826,300.00	28 December 2020	27 December 2021
Pingyang Phase II Company	84,859,600.00	22 December 2020	21 December 2021
Yongjia Phase II Company	27,098,200.00	28 December 2020	27 December 2021
Shishou Company	12,676,300.00	18 December 2020	17 December 2021
Tongzhou Company	30,000,000.00	18 June 2020	24 June 2020
Fengcheng Company	2,000,000.00	17 December 2020	31 December 2020
Total	1,230,834,100.00		

In 2021 and 2020, the interest rates of the Company's related-party loans ranged from 0.00% ~ 5.22% and 0.00% ~ 5.22%, respectively.

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



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(8) Interest income and expense on related-party loans

The Group

Related parties	2021	2020
Interest received from related-party loans		
Fengcheng Company	503,396.23	3,830.20
Related parties	2021	2020
Payments of interests on related-party loans		
BSAM	99,641,532.89	125,588,733.94
Beijing State-owned Assets Management (Hong Kong) Company Limited	19,580,000.00	8,897,722.22
Beijing State-owned Financial Leasing Company (北京國資融資租賃公司)	465,659.72	1,666,852.27
Total	119,687,192.61	136,153,308.43
Payments of service fee on related-party financing guarantee		
Haining Municipal Water Investment Group Co., Limited* (海寧市水務投資集團有限公司)	-	12,000,000.00
Total	-	12,000,000.00

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(8) Interest income and expense on related-party loans (Continued)

The Company

Related parties	2021	2020
Interest received from related-party loans		
Anshun Company	822,717.57	248,426.62
Bobai Company	-	3,253,441.48
Fengcheng Company	503,396.23	3,830.19
Guangyuan Company	-	48,675.31
Hong'an Company	-	3,589,432.39
Huludao Hazardous Waste Company	585,029.90	560,623.37
Huizhou Company	1,066,617.54	998,708.73
Huizhou Phase II Company	6,495,728.73	138,537.35
Jizhou Company	1,631,326.52	2,841,931.08
Jinsha Company	5,139,038.38	171,575.03
Jurong Company	1,772,617.93	1,121,572.72
Miyun Company	9,296,636.16	8,257,227.49
Ninghe Company	-	2,422,107.64
Pingyang Company	-	240,873.27
Pingyang Phase II Company	1,282,573.07	85,615.69
Rushan Company	304,813.95	445,128.14
Shishou Company	466,807.42	17,904.94
Taizhou Company	-	114,563.68
Yongjia Phase II Company	429,232.36	10,935.86
Wuhan Company	484,781.17	228,215.41
Yichun Company	894,224.33	146,255.25
Yongjia Company	31,427.55	216,775.00
Jiamusi Company	650,746.85	-
Zhangye Company	172,283.29	-
Tongzhou Company	222,464.62	-
Other subsidiaries	-	85,461.08
Total	32,252,463.57	25,247,817.72



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(8) Interest income and expense on related-party loans (Continued)

The Company (Continued)

Related parties	2021	2020
Payments of interests on related-party loans		
BSAM	99,641,532.89	125,588,733.94
Shuozhou Company	1,732,500.00	–
Total	101,374,032.89	125,588,733.94

(9) Dividends received from subsidiaries

The Company

Related parties	2021	2020
Yongjia Company	–	15,000,000.00
Haining Company	–	14,000,000.00
Huizhou Company	–	30,000,000.00
Changzhou Company	–	67,500,000.00
Wuhan Company	–	20,000,000.00
Pingyang Company	–	10,000,000.00
Taizhou Company	–	30,000,000.00
Bengbu Company	–	10,000,000.00
Tongzhou Company	–	60,000,000.00
Shantou Company	–	7,500,000.00
Rushan Company	–	5,000,000.00
Total	–	269,000,000.00

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(10) Purchases from related parties

The Group

Related parties	2021	2020
Shenzhen Crystal Digital Technology Co., Ltd. (深圳水晶石數字科技有限公司)*	1,115,536.61	6,647,801.00
Beijing Crystal Digital Technology Co., Ltd.	-	215,000.00
Beijing Beiao Group Corporation Limited (北京北奧集團有限責任公司)	-	600,000.00
Shouxin Cloud Technology Co., Ltd. (首信雲技術有限公司)	9,798.00	9,243.40
Beijing Software and Information Service Trading Co., Ltd. (北京軟件和信息服務交易所有限公司)	317,000.00	-
Haining Municipal Water Investment Group Co., Limited* (海寧市水務投資集團有限公司)	12,008,850.00	-
Beijing Crystal Digital Image Technology Co., Ltd. (北京水晶石數字影像科技有限公司)	70,000.00	-
Total	13,521,184.61	7,472,044.40

(11) The net fund transfers (except for related-party loans) with subsidiaries after deduction of the amounts set out in note (8)

Related parties	2021	2020
Subsidiaries	179,533,520.86	(241,443,742.96)

In view of the frequent transactions of fund transfers between the Company and its subsidiaries for fund management purposes, the Company disclosed only the net changes of such fund transfers during the current period.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

5. Transactions with related parties (Continued)

(12) Other related parties transactions

Corporate transactions amounts

Related parties	2021	2020
Fengcheng Company	1,684,849.36	3,005,715.82
Shenzhen Crystal Digital Technology Co., Ltd. (深圳水晶石數字科技有限公司)	-	200.00
BSAM	73,561.00	145,098.85
Total	1,758,410.36	3,151,014.67

6. Balance of related party transactions

The Group

(1) *Long-term loans with related parties*

Related parties	2021	2020
Beijing State-owned Financial Leasing Company (北京國資融資租賃公司)	-	16,066,035.25
Beijing State-owned Assets Management (Hong Kong) Company Limited	485,598,277.78	485,598,277.78
BSAM	1,502,131,250.00	-
Total	1,987,729,527.78	501,664,313.03

(2) *Short-term loans with related party*

Related parties	2021	2020
BSAM	600,797,500.00	2,403,117,750.52

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Balance of related party transactions (Continued)

The Group (Continued)

(3) Receivables from related party

Related parties	2021	2020
Fengcheng Company	10,000,000.00	10,000,000.00

(4) Payables to related parties

Related parties	2021	2020
Shenzhen Crystal Digital Technology Co., Ltd. (深圳水晶石數字科技有限公司)	425,910.21	1,650,956.60
Beijing Crystal Digital Technology Co., Ltd.	245,067.18	485,844.00
Beijing Software and Information Service Trading Co., Ltd. (北京軟件和信息服務交易所有限公司)	105,000.00	-
Total	775,977.39	2,136,800.60

(5) Other payables to related party

Related parties	2021	2020
BSAM	212,834.80	139,273.80

(6) Other receivables from related parties

Related parties	2021	2020
Fengcheng Company	10,000,000.00	-

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Balance of related party transactions (Continued)

The Company

(7) Receivables from related parties

Item	Related parties	2021		2020	
		Book balance	Provision for bad and doubtful debts	Book balance	Provision for bad and doubtful debts
Service fee for project management	Shishou Company	1,813,100.00	-	3,988,820.00	-
Service fee for project management	Shishou Company	15,000,000.00	-	-	-
Service fee for project management	Jinsha Company	15,821,750.00	-	5,876,650.00	-
License fee for patent transfer	Jinsha Company	15,000,000.00	-	-	-
License fee for patent transfer	Anshun Company	-	-	7,500,000.00	-
License fee for patent transfer	Hong'an Company	15,000,000.00	-	15,000,000.00	-
Service fee for project management	Taizhou Company	1,518,989.68	-	2,169,893.20	-
Service fee for project management	Zhangqiu Company	-	-	2,325,000.00	-
License fee for patent transfer	Zhangqiu Company	7,825,000.00	-	25,500,000.00	-
Service fee for project management	Bobai Company	11,976,000.00	-	11,976,000.00	-
License fee for patent transfer	Bobai Company	24,000,000.00	-	24,000,000.00	-
License fee for patent transfer	Fengcheng Company	10,000,000.00	2,000,000.00	10,000,000.00	1,000,000.00
Guarantee fee	Yichun Company	3,825,704.05	-	-	-
Service fee for project management	Tongzhou Company	1,115,570.71	-	-	-
Total		146,776,114.44	2,000,000.00	108,336,363.20	1,000,000.00

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Balance of related party transactions (Continued)

The Company (Continued)

(8) *Loans with related parties*

(a) Short-term loans

Related parties	2021	2020
BSAM	600,797,500.00	2,403,117,750.52
Shuozhou Company	50,000,000.00	80,000,000.00
Tongzhou Company	20,000,000.00	–
Zhangqiu Phase II	100,000,000.00	–
Shenzhen Jingxiu	20,000,000.00	–
Shantou Company	10,000,000.00	–
Guangyuan Company	7,000,000.00	–
Guangdong Promising Company	7,000,000.00	–
Huludao Waste-to-energy Company	12,000,000.00	–
Total	826,797,500.00	2,483,117,750.52

(b) Long-term loans

Related party	2021	2020
BSAM	1,502,131,250.00	–
Total	1,502,131,250.00	–



X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Balance of related party transactions (Continued)

The Company (Continued)

(9) Other receivables from related parties

Related parties	2021	2020
Anshun Company	21,919,770.24	16,448,811.69
Jingxi Company	115,610.00	599,356.53
Bobai Company	94,686,744.64	37,416,308.03
Changzhou Company	15,000,000.00	30,000,000.00
Dongguan Company	135,440.29	81,518.93
Enshi Company	2,525,391.12	830,376.77
Haining Company	6,000,000.00	6,000,000.00
Hong'an Company	15,615,373.93	12,721,070.72
Huludao Power Generation Company	537,643.75	149,931.14
Huludao Hazardous Waste Company	1,074,545.23	174,486.54
Huizhou Phase II Company	130,000,000.00	242,447,272.51
Huizhou Company	53,500,000.00	51,000,000.00
Jiamusi Company	40,357,475.88	76,509,340.60
Jinsha Company	21,841,905.40	121,653,169.53
Jurong Company	10,158,430.20	7,288,937.80
Miyun Company	42,209,149.71	40,435,854.55
Ninghe Company	391,045,307.65	327,045,307.65
Pingyang Phase II Company	–	84,859,600.00
Rushan Company	19,000,000.00	17,000,000.00
Shantou Company	144,610.12	16,063.51
Shishou Company	88,156,983.57	12,695,279.24
Taizhou Company	5,000,000.00	25,000,000.00
Yongjia Phase II Company	–	28,442,359.81
Zhangye Company	94,511.96	2,876,511.96
Zhangqiu Phase II Company	717,762.13	86,771.68
Zhangqiu Company	648,106.71	603,254.37
Zhaoqing Company	–	20,000,000.00
Jizhou Company	33,826,832.03	19,256,007.10
Bengbu Company	495,213.65	–
Dengfeng Company	1,299,552.40	–
Guangyuan Company	135,830.24	–
Laizhou Company	409,880.51	–
Total	996,652,071.36	1,181,637,590.66

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

6. Balance of related party transactions (Continued)

The Company (Continued)

(10) Long-term receivables from related parties and long-term receivables due within 1 year

Related parties	2021	2020
Anshun Company	–	21,500,000.00
Jizhou Company	32,239,072.96	25,000,000.00
Miyun Company	158,713,094.44	179,527,227.49
Zhangye Company	–	12,125,000.00
Huludao Hazardous Waste Company	22,019,200.00	10,019,200.00
Ninghe Company	57,000,000.00	57,000,000.00
Jinsha Company	59,700,000.00	45,700,000.00
Jiamusi Company	–	55,000,000.00
Jurong Company	29,600,000.00	33,600,000.00
Yichun Company	20,000,000.00	17,000,000.00
Total	379,271,367.40	456,471,427.49

(11) Contract liabilities from related parties

Related parties	2021	2020
Qingdao Company	10,000,000.00	10,000,000.00
Shuozhou Company	7,500,000.00	–
Haining Expansion Company	14,644,067.78	15,864,406.74
Total	32,144,067.78	25,864,406.74

(12) Other payables to related parties

Related parties	2021	2020
BSAM	212,834.80	139,273.80
Guangdong Promising Company	186,771,016.18	190,271,016.18
Shulan Company	–	1,812,465.00
Total	186,983,850.98	192,222,754.98



XI. CAPITAL MANAGEMENT

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

The Group makes use of its gearing ratio for the management of capital structure. Gearing ratios is defined as total liabilities divided by total assets. The Group's strategy in 2021 is the same as in 2020. The gearing ratios of the Group were 65.78% and 66.87% respectively in 2021 and 2020.

XII. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

(1) Capital commitments

Item	2021	2020
Infrastructure construction contract authorised but not contracted for	818,464,825.60	1,439,122,762.38
Infrastructure construction contract contracted for and is or going to be effective	1,549,218,839.06	2,664,558,534.12
Total	2,367,683,664.66	4,103,681,296.50

2. Contingencies

The Company provided external parties with joint and several liability guarantee in regard to bank loans (Note X.5(1)), all guarantees of which were its subsidiaries and joint ventures. The Group has no material contingency which need to be disclosed.

XIII. SUBSEQUENT EVENTS

1. Profit appropriations after the balance sheet date

Item	Amount
Profit distributions or dividends proposed	139,344,000.00

On 29 March 2022, the Board of Directors proposed the 2021 dividend of RMB0.1 per ordinary share to the Company's ordinary shareholders, amounting to a total of RMB139,344,000.00. The proposal is subject to approval by the shareholders' general meeting. Such cash dividends are not recognised as a liability at the balance sheet date.

2. Public issuance of convertible corporate bonds

On 24 January 2022, 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 China Securities Regulatory Commission, the Company publicly issued A share convertible corporate bonds with an aggregate face value of RMB2,360 million. The convertible corporate bonds with an aggregate face value of RMB2,360 million were issued at par with a nominal value of RMB100 each. The total amount of proceeds from the issuance amounted to RMB2,360,000,000.00 and the amount of proceeds after deducting the sponsorship and underwriting expenses in a total amount of RMB12,245,283.02 amounted to RMB2,347,754,716.98. The abovementioned proceeds have been deposited in the specific account for proceeds opened with the approval of the Board of the Company on 3 March 2022 upon receipt.

XIV. OTHER SIGNIFICANT ITEMS

Segment reporting

The Group conducted an evaluation in accordance with the requirements set out in note III.30 for the classification of operating segments. Based on the internal organisational structure, management requirements and internal reporting system of the Group, its operating and strategies-making functions are run as a whole. The financial information provided to the chief operating decision maker does not contain profit or loss information on each operating activity. Therefore, the management considers that the Group has only one operating segment, thus the Group does not have to prepare segment report.

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

For the year of 2021, there was no customer the Group, the separate income from which accounted for 10% or above of the Group's total income (2020: nil).



XV. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

(1) Accounts receivable by customer type:

Customer type	2021	2020
Related parties	146,776,114.44	108,336,363.20
Less: Provision for bad and doubtful debts	(2,000,000.00)	(1,000,000.00)
Total	144,776,114.44	107,336,363.20

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

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

Ageing	2021	2020
Within 1 year (inclusive)	72,098,464.44	34,535,363.20
Over 1 year but within 2 years (inclusive)	20,876,650.00	73,801,000.00
Over 2 years but within 3 years (inclusive)	53,801,000.00	–
Sub-total	146,776,114.44	108,336,363.20
Less: Provision for bad and doubtful debts	(2,000,000.00)	(1,000,000.00)
Total	144,776,114.44	107,336,363.20

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

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

1. Accounts receivable (Continued)

(3) Classified disclosure by method of provision for bad and doubtful debts:

Category	31 December 2021				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad and doubtful debts individually	10,000,000.00	7%	(2,000,000.00)	20%	8,000,000.00
Provision for bad and doubtful debts on a collective group basis					
Accounts receivable from subsidiaries	136,776,114.44	93%	-	0%	136,776,114.44
Total	146,776,114.44	100%	(2,000,000.00)	1%	144,776,114.44

Category	31 December 2020				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad and doubtful debts on a collective group basis					
Accounts receivable from subsidiaries	98,336,363.20	91%	-	0%	98,336,363.20
Accounts receivable from joint ventures	10,000,000.00	9%	(1,000,000.00)	10%	9,000,000.00
Total	108,336,363.20	100%	(1,000,000.00)	1%	107,336,363.20

(i) Criteria for recognition and explanations for provision for bad and doubtful debts on a collective group basis in 2021:

The bad and doubtful debts for which the Company made provision on a collective group basis are accounts receivable from subsidiaries of the Group.



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

1. Accounts receivable (Continued)

- (4) Changes in provision for bad and doubtful debts:

Item	2021	2020
Balance at the beginning of the year	1,000,000.00	500,000.00
Provisions for the year	1,000,000.00	500,000.00
Balance at the end of the year	2,000,000.00	1,000,000.00

The Group assessed and calculated the accounts receivable for impairment using expected credit loss model, and then calculated the balance of the provision for bad and doubtful debts and reversed or made provision for bad and doubtful debts for the year after comparing the same with the balance of the provision for bad and doubtful debts for the preceding accounting year.

- (5) Five largest accounts receivable by debtor at the end of the year:

As at 31 December 2021, the subtotal of five largest accounts receivable of the Company amounted to RMB113,580,850.00, representing 77% of the total accounts receivable at the end of the year, and the provisions of bad and doubtful debts amounted to RMB0.00.

As at 31 December 2020, the subtotal of five largest accounts receivable of the Company amounted to RMB96,301,000.00, representing 89% of the total accounts receivable at the end of the year, and the provisions of bad and doubtful debts amounted to RMB1,000,000.00.

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

2. Other receivables

	Note	2021	2020
Interest receivable	(1)	48,711,316.49	40,370,526.16
Dividends receivable		61,000,000.00	96,000,000.00
Others	(2)	904,704,588.21	1,053,344,286.35
Total		1,014,415,904.70	1,189,714,812.51

(1) Interest receivable

(a) Interest receivable by category:

Item	2021	2020
Entrusted loan	48,711,316.49	40,370,526.16

(b) 31 December 2021, the Company had no overdue interest receivable.

(2) Others

(a) Others by customer type:

Customer type	2021	2020
Due from third parties	16,610,127.96	20,756,079.63
Due from related parties	896,940,754.87	1,045,267,064.50
Sub-total	913,550,882.83	1,066,023,144.13
Less: Provision for bad and doubtful debts	(8,846,294.62)	(12,678,857.78)
Total	904,704,588.21	1,053,344,286.35



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

2. Other receivables (Continued)

(2) Others (Continued)

(b) The ageing analysis is as follows:

Ageing	2021	2020
Within 1 year (inclusive)	381,345,873.85	879,702,667.89
Over 1 year but within 2 years (inclusive)	379,017,345.60	169,904,302.56
Over 2 years but within 3 years (inclusive)	143,757,787.85	3,134,507.15
Over 3 years but within 4 years (inclusive)	150,209.00	2,386,903.42
Over 4 years but within 5 years (inclusive)	2,167,988.46	281,584.76
Over 5 years	7,111,678.07	10,613,178.35
Sub-total	913,550,882.83	1,066,023,144.13
Less: Provision for bad and doubtful debts	(8,846,294.62)	(12,678,857.78)
Total	904,704,588.21	1,053,344,286.35

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

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

2. Other receivables (Continued)

(2) Others (Continued)

(c) Classified disclosure by method of provision for bad and doubtful debts:

Category	Book balance		2021 Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad and doubtful debts individually (i)					
– Due from former shareholders	5,973,188.35	1%	(5,973,188.35)	100%	-
Provision for bad and doubtful debts collectively (ii)					
– Accounts receivable from subsidiaries of the Group	886,940,754.87	97%	-	0%	886,940,754.87
– Others	20,636,939.61	2%	(2,873,106.27)	14%	17,763,833.34
Total	913,550,882.83	100%	(8,846,294.62)	1%	904,704,588.21

Category	Book balance		2020 Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad and doubtful debts individually					
– Performance bond	5,000,000.00	1%	(4,050,000.00)	81%	950,000.00
– Due from former shareholders	10,968,115.75	1%	(6,391,973.82)	58%	4,576,141.93
Provision for bad and doubtful debts collectively					
– Accounts receivable from subsidiaries of the Group	1,045,267,064.50	98%	-	0%	1,045,267,064.50
– Others	4,787,963.88	0%	(2,236,883.96)	47%	2,551,079.92
Total	1,066,023,144.13	100%	(12,678,857.78)	1%	1,053,344,286.35



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

2. Other receivables (Continued)

(2) Others (Continued)

(c) Classified disclosure by method of provision for bad and doubtful debts: (Continued)

(i) Criteria for recognition and explanations for provision for bad and doubtful debts on a separate basis in 2021:

Other receivables (by entity)	Book balance	Provision for bad and doubtful debts	Provision percentage	Rationale for provision
Dynagreen Environment Investment Limited	5,160,600.00	(5,160,600.00)	100%	Had long ageing and risk on collection
Dynagreen International Holding (Group) Co., Ltd.	294,835.67	(294,835.67)	100%	Had long ageing and risk on collection
Current accounts of former shareholders – individual	517,752.68	(517,752.68)	100%	Had long ageing and risk on collection
Total	5,973,188.35	(5,973,188.35)		

(ii) Criteria for recognition and explanations for provision for bad and doubtful debts on a collective group basis in 2021:

The Company mainly makes provision for bad and doubtful debts of accounts receivable from subsidiaries of the Group and other receivables classified based on the nature of the receivables.

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

2. Other receivables (Continued)

(2) Others (Continued)

(e) Other receivables by nature

Nature of receivables	2021	2020
Performance bond	3,000,000.00	5,000,000.00
Accounts receivable from subsidiaries of the Group	886,940,754.87	1,045,267,064.50
Others	23,610,127.96	15,756,079.63
Sub-total	913,550,882.83	1,066,023,144.13
Less: Provision for bad and doubtful debts	(8,846,294.62)	(12,678,857.78)
Total	904,704,588.21	1,053,344,286.35

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

Entity name	Nature of the receivable	2021		Provision for bad and doubtful debts at the end of the year
		Balance at the end of the year	Ageing	
Ninghe Company	Current accounts of subsidiaries	386,500,000.00	1-3 years	42%
Huizhou Phase II Company	Current accounts of subsidiaries	130,000,000.00	1-2 years	14%
Shishou Company	Current accounts of subsidiaries	88,156,983.57	1-2 years	10%
Bobai Company	Current accounts of subsidiaries	83,397,419.55	1-3 years	9%
Jiamusi Company	Current accounts of subsidiaries	40,357,475.88	1-2 years	4%
Total		728,411,879.00		79%

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

2. Other receivables (Continued)

(2) Others (Continued)

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

2020					
Entity name	Nature of the receivable	Balance at the end of the year	Ageing	Percentage of total other receivables at the end of the year (%)	Provision for bad and doubtful debts Balance at the end of the year
Ninghe Company	Current accounts of subsidiaries	322,500,000.00	Within 2 years	30%	-
Huizhou Phase II Company	Current accounts of subsidiaries	242,474,500.00	Within 1 year	23%	-
Jinsha Company	Current accounts of subsidiaries	121,471,300.00	Within 1 year	11%	-
Pingyang Phase II Company	Current accounts of subsidiaries	84,859,600.00	Within 1 year	8%	-
Jiamusi Company	Current accounts of subsidiaries	72,509,340.60	Within 2 years	7%	-
Total		843,814,740.60		79%	-

3. Long-term receivables

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

Item	2020			
	Book balance	Provision for bad and doubtful debts	Carrying amount	Interest rate range
Entrusted loans to subsidiaries	452,444,200.00	-	452,444,200.00	0.00% - 4.90%
Performance bond	1,920,000.00	-	1,920,000.00	
Less: Due within one year	(192,700,000.00)	-	(192,700,000.00)	
Total	261,664,200.00	-	261,664,200.00	



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

4. Long-term equity investments

(1) Long-term equity investments by category:

Item	Book balance	2021 Provision for impairment	Carrying amount
Investments in subsidiaries	5,808,110,164.74	(11,149,297.53)	5,796,960,867.21
Investments in joint ventures	89,838,632.91	-	89,838,632.91
Total	5,897,948,797.65	(11,149,297.53)	5,886,799,500.12
		1 January 2021	
Item	Book value	Provision for impairment	Carrying amount
Investments in subsidiaries	5,454,010,164.74	(11,149,297.53)	5,442,860,867.21
Investments in joint ventures	80,348,703.59	-	80,348,703.59
Total	5,534,358,868.33	(11,149,297.53)	5,523,209,570.80
		2020	
Item	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	5,454,010,164.74	(11,149,297.53)	5,442,860,867.21
Investments in joint ventures	66,190,681.00	-	66,190,681.00
Total	5,520,200,845.74	(11,149,297.53)	5,509,051,548.21

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

4. Long-term equity investments (Continued)

(2) Investments in subsidiaries

Entity name	2021					
	Balance at the beginning of the year	Additions for the year	Decreased during the year	Balance at the end of the year	Provision for impairment during the year	Impairment at the end of the year
Haining Company	86,000,000.00	-	-	86,000,000.00	-	-
Taizhou Company	180,000,000.00	-	-	180,000,000.00	-	-
Yongjia Company	100,000,000.00	-	-	100,000,000.00	-	-
Rushan Company	100,880,000.00	-	-	100,880,000.00	-	-
Pingyang Company	100,000,000.00	-	-	100,000,000.00	-	-
Changzhou Company	220,221,697.72	-	-	220,221,697.72	-	-
Wuhan Company	127,874,320.40	90,000,000.00	-	217,874,320.40	-	-
Qingdao Company	63,091,383.59	-	-	63,091,383.59	-	(4,620,173.95)
Anshun Company	102,083,479.98	-	-	102,083,479.98	-	-
Zhangqiu Company	172,940,000.00	-	-	172,940,000.00	-	-
Jurong Company	100,026,752.87	-	-	100,026,752.87	-	-
Huizhou Company	220,954,159.23	-	-	220,954,159.23	-	-
Pingyao Company	20,017,204.55	-	-	20,017,204.55	-	-
Jizhou Company	72,000,000.00	-	-	72,000,000.00	-	-
Hong Kong Dynagreen	163,613,261.06	-	-	163,613,261.06	-	-
Ninghe Company	149,610,235.39	-	-	149,610,235.39	-	-
Shenzhen Jingxiu	27,047,295.00	-	-	27,047,295.00	-	(6,529,123.58)
Tongzhou Company	375,066,706.59	-	-	375,066,706.59	-	-
Hong'an Company	100,029,152.18	-	-	100,029,152.18	-	-
Longhui Company	20,000,000.00	-	-	20,000,000.00	-	-
Shantou Company	157,500,000.00	-	-	157,500,000.00	-	-
Bobai Company	75,000,000.00	-	-	75,000,000.00	-	-
Bengbu Company	166,000,000.00	-	-	166,000,000.00	-	-
Miyun Company	120,000,000.00	-	-	120,000,000.00	-	-
Huludao Hazardous Waste Company	170,000,000.00	-	-	170,000,000.00	-	-
Huludao Waste-to-energy Company	110,157,500.00	-	-	110,157,500.00	-	-
Huizhou Phase II Company	350,000,000.00	-	-	350,000,000.00	-	-
Dengfeng Company	51,000,000.00	49,000,000.00	-	100,000,000.00	-	-
Haining Expansion Company	210,600,000.00	23,400,000.00	-	234,000,000.00	-	-
Guangdong Promising Company	610,000,000.00	-	-	610,000,000.00	-	-
Shishou Company	100,000,000.00	-	-	100,000,000.00	-	-
Pingyang Phase II Company	110,000,000.00	-	-	110,000,000.00	-	-
Jinsha Company	102,360,400.00	60,000,000.00	-	162,360,400.00	-	-
Jingxi Company	5,000,000.00	10,500,000.00	-	15,500,000.00	-	-
Enshi Company	100,000,000.00	5,000,000.00	-	105,000,000.00	-	-
Yongjia Phase II Company	51,000,000.00	-	-	51,000,000.00	-	-
Shuozhou Company	156,800,000.00	34,300,000.00	-	191,100,000.00	-	-
Zhaoqing Company	156,371,016.18	54,500,000.00	-	210,871,016.18	-	-
Shantou Sludge Company	8,000,000.00	5,000,000.00	-	13,000,000.00	-	-
Huizhou Three-in-one Company	2,400,000.00	22,400,000.00	-	24,800,000.00	-	-
Guangyuan Company	140,365,600.00	-	-	140,365,600.00	-	-
Total	5,454,010,164.74	354,100,000.00	-	5,808,110,164.74	-	(11,149,297.53)



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

4. Long-term equity investments (Continued)

(2) Investments in subsidiaries (Continued)

Entity name	Balance at the beginning of the year	Additions for the year	2020		Balance at the end of the year	Provision for impairment during the year	Impairment at the end of the year
			Decreased during the year				
Haining Company	86,000,000.00	-	-	-	86,000,000.00	-	-
Taizhou Company	180,000,000.00	-	-	-	180,000,000.00	-	-
Yongjia Company	100,000,000.00	-	-	-	100,000,000.00	-	-
Rushan Company	100,880,000.00	-	-	-	100,880,000.00	-	-
Pingyang Company	100,000,000.00	-	-	-	100,000,000.00	-	-
Changzhou Company	220,221,697.72	-	-	-	220,221,697.72	-	-
Wuhan Company	127,874,320.40	-	-	-	127,874,320.40	-	-
Qingdao Company	63,091,383.59	-	-	-	63,091,383.59	-	(4,620,173.95)
Anshun Company	102,083,479.98	-	-	-	102,083,479.98	-	-
Zhangqiu Company	172,940,000.00	-	-	-	172,940,000.00	-	-
Jurong Company	100,026,752.87	-	-	-	100,026,752.87	-	-
Huizhou Company	220,954,159.23	-	-	-	220,954,159.23	-	-
Pingyao Company	20,017,204.55	-	-	-	20,017,204.55	-	-
Jizhou Company	60,000,000.00	12,000,000.00	-	-	72,000,000.00	-	-
Hong Kong Dynagreen	163,613,261.06	-	-	-	163,613,261.06	-	-
Ninghe Company	149,610,235.39	-	-	-	149,610,235.39	-	-
Shenzhen Jingxiu	27,047,295.00	-	-	-	27,047,295.00	-	(6,529,123.58)
Tongzhou Company	375,066,706.59	-	-	-	375,066,706.59	-	-
Hong'an Company	100,029,152.18	-	-	-	100,029,152.18	-	-
Longhui Company	20,000,000.00	-	-	-	20,000,000.00	-	-
Shantou Company	157,500,000.00	-	-	-	157,500,000.00	-	-
Bobai Company	75,000,000.00	-	-	-	75,000,000.00	-	-
Bengbu Company	166,000,000.00	-	-	-	166,000,000.00	-	-
Miyun Company	120,000,000.00	-	-	-	120,000,000.00	-	-
Huludao Hazardous Waste Company	170,000,000.00	-	-	-	170,000,000.00	-	-
Huludao Waste-to-energy Company	-	110,157,500.00	-	-	110,157,500.00	-	-
Huizhou Phase II Company	243,500,000.00	106,500,000.00	-	-	350,000,000.00	-	-
Dengfeng Company	15,000,000.00	36,000,000.00	-	-	51,000,000.00	-	-
Haining Expansion Company	163,800,000.00	46,800,000.00	-	-	210,600,000.00	-	-
Guangdong Promising Company	610,000,000.00	-	-	-	610,000,000.00	-	-
Shishou Company	56,000,000.00	44,000,000.00	-	-	100,000,000.00	-	-
Pingyang Phase II Company	39,200,000.00	70,800,000.00	-	-	110,000,000.00	-	-
Jinsha Company	102,360,400.00	-	-	-	102,360,400.00	-	-
Jingxi Company	5,000,000.00	-	-	-	5,000,000.00	-	-
Enshi Company	100,000,000.00	-	-	-	100,000,000.00	-	-
Yongjia Phase II Company	22,000,000.00	29,000,000.00	-	-	51,000,000.00	-	-
Shuozhou Company	-	156,800,000.00	-	-	156,800,000.00	-	-
Zhaoqing Company	-	156,371,016.18	-	-	156,371,016.18	-	-
Shantou Sludge Company	-	8,000,000.00	-	-	8,000,000.00	-	-
Huizhou Three-in-one Company	-	2,400,000.00	-	-	2,400,000.00	-	-
Guangyuan Company	140,365,600.00	-	-	-	140,365,600.00	-	-
Total	4,675,181,648.56	778,828,516.18	-	-	5,454,010,164.74	-	(11,149,297.53)

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

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

4. Long-term equity investments (Continued)

(3) Investments in joint ventures:

For the investment in the joint venture of the Company as at 31 December 2021 and 31 December 2020, please refer to Note VII.2.

5. Capital reserve

Item	Balance at the beginning of the year	31 December 2021		Balance at the end of the year
		Additions for the year	Decreased during the year	
Capital premium (Note)	2,412,139,740.03	–	–	2,412,139,740.03
Other capital reserve	47,361,993.67	–	–	47,361,993.67
Total	2,459,501,733.70	–	–	2,459,501,733.70

6. Retained earnings

	2021	2020
Retained earnings at the end of last year before adjustment	497,082,209.86	482,313,483.66
Effect of changes in accounting policies on retained earnings (Note III.32)	12,742,220.33	–
Retained earnings at the beginning of the period after adjustment	509,824,430.19	482,313,483.66
Add: Net (loss)/ profit for the year	(37,479,342.16)	145,431,918.00
Less: Appropriation for statutory surplus reserve	–	(14,543,191.80)
Distributions to shareholders	(278,688,000.00)	(116,120,000.00)
Retained earnings at the end of the year	193,657,088.03	497,082,209.86

For the actual dividend distribution of the Company, please refer to Note V. 35.



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

7. Operating income and operating costs

(1) Operating income and operating costs

Item	Note	2021		2020	
		Income	Cost	Income	Cost
Principal activities		114,764,616.88	11,380,976.87	69,352,381.54	9,005,561.30
Including: Income generated from contracts	XV.7 (2)	114,764,616.88	11,380,976.87	69,352,381.54	9,005,561.30

(2) Income generated from contracts

Contract classification	2021	2020
Income from management service	72,435,123.16	34,194,213.83
Income from technology transfer	37,500,000.00	30,000,000.00
Income from guarantee service	4,829,493.72	2,135,593.26
Income from agency service	–	3,022,574.45
Total	114,764,616.88	69,352,381.54

8. Investment income

Item	2021	2020
Income from long-term equity investments accounted for using cost method	–	269,000,000.00
Income from long-term equity investments accounted for using equity method	9,489,929.32	3,282,698.16
Unified interest income	8,999,885.51	20,842,474.80
Interest income	23,252,578.06	4,405,342.92
Total	41,742,392.89	297,530,515.88

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

9. Information on cash flow statement

(1) Supplement to cash flow statement

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

Item	2021	2020
Net (loss)/profit	(37,479,342.16)	145,431,918.00
Add: Impairment loss of credit	(2,832,563.16)	1,449,921.25
Depreciation of fixed assets	690,423.53	651,553.03
Amortisation of intangible assets	191,142.54	154,874.70
Depreciation of right-of-use assets	1,874,353.03	510,801.35
Amortisation of long-term deferred expenses	8,485.94	–
Gains/(Losses) from disposal of fixed assets	4,265.39	(49,069.37)
Financial expenses	132,708,980.32	164,800,744.06
Investment income	(41,742,392.89)	(297,530,515.88)
Changes in deferred income tax assets	707,640.79	(987,855.13)
Changes in restricted deposits	4,000,000.00	2,000,000.00
Increase in operating receivables	(49,931,396.46)	(32,307,620.40)
Increase/(Decrease) in operating payables	1,909,064.70	(14,837,923.58)
Net cash generated from (used in) operating activities	10,108,661.57	(30,713,171.97)

(b) Net changes in cash:

Item	2021	2020
Cash at the end of the year	203,062,050.77	430,958,075.95
Less: Cash at the beginning of the year	(430,958,075.95)	(35,174,478.11)
Net (decrease)/increase in cash	(227,896,025.18)	395,783,597.84



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

9. Information on cash flow statement (Continued)

(2) Components of cash

Item	2021	2020
Cash		
Including: Cash on hand	-	-
Bank deposits available on demand	203,062,050.77	430,958,075.95
Other monetary funds with restricted use	10,360,000.00	18,860,000.00
Balance of cash at the end of the year	213,422,050.77	449,818,075.95
Less: Other monetary funds with restricted use	(10,360,000.00)	(18,860,000.00)
Cash balance available on demand at the end of the year	203,062,050.77	430,958,075.95

XVI. EXTRAORDINARY GAINS AND LOSSES

Item	2021	2020
(Gains)/losses from disposal of non-current assets	(1,993,136.09)	68,229.39
Government grants recognised through profit or loss (excluding those having close relationships with the Group's operation and enjoyed in fixed amount or quantity according to uniform national standard)	8,483,877.31	19,894,695.13
Fund usage fee from non-financial institution recognized in profit or loss	503,396.23	3,830.20
Other non-operating income and expenses besides items above	5,265,809.70	840,538.00
Other gains and losses within the definition of extraordinary gains and losses	237,845.56	-
Sub-total	12,497,792.71	20,807,292.72
Less: Income tax expenses	(666,788.83)	(1,552,708.93)
Net extraordinary gains and losses	11,831,003.88	19,254,583.79
Including: extraordinary gains and losses affecting the net profit of the shareholders of the parent company	11,669,339.58	18,685,844.04

XVII. RETURN ON NET ASSETS AND EARNINGS PER SHARE

In accordance with “Regulation on the Preparation of Information Disclosures by Companies Issuing Securities No.9 – Calculation and Disclosure of the Return on Net Assets and Earnings Per Share” (2010 revised) issued by the CSRC and relevant accounting standards, the Group’s return on net assets and earnings per share are calculated as follows:

2021	Weighted average return on net assets (%)	Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary equity shareholders of the Company	11.06%	0.50	0.50
Net profit excluding extraordinary gain and loss attributable to the Company’s ordinary equity shareholders	10.87%	0.49	0.50
2020	Weighted average return on net assets (%)	Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary equity shareholders of the Company	13.80%	0.43	0.43
Net profit excluding extraordinary gain and loss attributable to the Company’s ordinary equity shareholders	13.29%	0.41	0.41

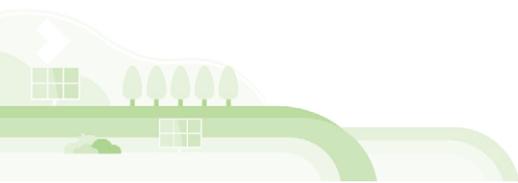


XIII. Five-Year Operations Highlights

Unit: RMB'000

Year	2021	2020	2019	2018	2017
Results					
Operating income	5,056,889	2,277,619	1,752,449	1,140,074	823,755
Gross profit	1,731,716	1,309,943	945,981	671,462	497,442
Gross profit margin	34.24%	57.51%	53.98%	58.90%	58.42%
Net profit attributable to shareholders of the parent company	697,786	503,386	416,088	365,651	239,881
Financial position					
Total assets	20,214,466	17,446,071	13,670,787	10,689,006	6,864,526
Total liabilities	13,296,885	11,665,793	10,174,272	7,616,409	4,579,183

Note: The financial data for 2017 to 2018 is the data after retroactive adjustment.



Documents Available for Inspection

Documents available for inspection	The financial statements signed and sealed by the President, Chief Financial Officer and Chief Accountant of the Company
Documents available for inspection	The full text of the annual report signed and sealed by the Chairman of the Company
Documents available for inspection	The original copies of all of the documents and announcements of the Company disclosed on the website of the Shanghai Stock Exchange (www.sse.com.cn) and in China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times during the Reporting Period

Chairman: QIAO Dewei

Date of submission approved by the Board: 29 March 2022

Amendments

Applicable Not applicable



綠色動力
DYNAGREEN

www.dynagreen.com.cn

