



綠色動力
DYNAGREEN

綠色動力環保集團股份有限公司

Dynagreen Environmental Protection Group Co., Ltd.

(A joint stock limited liability company incorporated in the People's Republic of China)

Stock Code : 1330.HK & 601330.SH

Annual Report 2023



Important Notice

I. The board of directors (the “Board”), the supervisory committee and the directors (the “Directors”), supervisors (the “Supervisors”) and senior management of the Company hereby warrant the truthfulness, accuracy and completeness of the contents of the 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	Yue Peng	Business engagements	Qiao Dewei

III. PricewaterhouseCoopers Zhong Tian 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 RMB0.15 (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 2023, the Company did not convert capital reserve into share capital and did not issue bonus shares. This proposal needs to be submitted to the Company’s shareholders’ general meeting for consideration.

VI. Risk statement relating to forward-looking statements

Applicable Not applicable

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

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

No

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

No

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

No

X. Major risk alerts

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

XI. Others

Applicable Not applicable

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

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I. Definitions

I. DEFINITIONS

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

Common words

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

I. Definitions (Continued)

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

I. Definitions (Continued)

Wuhan Project	Xinghuo Waste-to-Energy Plant project in Wuhan, Hubei (湖北武漢星火垃圾焚燒發電廠項目)
Taizhou Project	a municipal solid waste-to-energy project in Taizhou City, Jiangsu (江蘇泰州市生活垃圾焚燒發電項目)
Pingyang Project	a solid waste-to-energy plant project in Pingyang, Zhejiang (浙江平陽生活垃圾焚燒發電廠項目)
Anshun Project	a waste-to-energy project in Anshun, Guizhou (貴州安順垃圾焚燒發電項目)
Yongjia Project	a waste-to-energy plant project in Yongjia, Zhejiang (浙江永嘉垃圾焚燒發電廠項目)
Rushan Project	a municipal solid waste-to-energy project in Rushan City, Shandong (山東乳山市生活垃圾焚燒發電項目)
Jizhou Project	a municipal solid waste-to-energy project in Jizhou District, Tianjin (天津市薊州區生活垃圾焚燒發電項目)
Huizhou Project	Lanzilong municipal solid waste-to-energy project in Huiyang District, Huizhou City, Guangdong (廣東惠州市惠陽區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)
Fengcheng Project	a municipal waste-to-energy PPP project in Fengcheng City, Jiangxi (江西豐城市生活垃圾焚燒發電 PPP 項目)
Huizhou Phase II Project	phase II of a municipal waste-to-energy PPP project in Huiyang Environmental Park (惠陽環境園), Guangdong (廣東惠陽環境園生活垃圾焚燒二期 PPP 項目)
Dengfeng Project	a municipal waste-to-energy BOT project in Dengfeng City, Henan (河南登封市生活垃圾焚燒發電 BOT 項目)
Haining Expansion Project	a municipal waste-to-energy plant expansion project in Haining City, Zhejiang (浙江海寧市生活垃圾焚燒發電廠擴建項目)
Shishou Project	a municipal waste-to-energy project in Shishou City, Hubei (湖北石首市生活垃圾焚燒發電項目)
Yongjia Phase II Project	a municipal waste-to-energy plant upgrading and reconstruction project in Yongjia County, Zhejiang (浙江永嘉縣垃圾焚燒發電廠改造提升工程項目)

I. Definitions (Continued)

Pingyang Phase II Project	phase II of waste-to-energy power plant PPP project in Pingyang County, Zhejiang (浙江省平陽縣垃圾焚燒發電廠二期擴建 PPP項目)
Jingxi Project	a municipal waste-to-energy project in Jingxi, Guangxi (廣西靖西市生活垃圾焚燒發電項目)
Jinsha Project	a municipal waste-to-energy project in Jinsha County, Guizhou (貴州省金沙縣生活垃圾焚燒發電項目)
Enshi Project	a municipal solid waste-to-energy project in Enshi, Hubei (湖北恩施城市生活垃圾焚燒發電項目)
Huludao Hazardous Waste Project	Liaoning Huludao Industrial Waste Treatment and Disposal Center project (遼寧葫蘆島工業廢物處理處置中心項目)
Huludao Waste-to-energy Project	a municipal waste-to-energy project of Liaoning Huludao East Waste-to-Energy Power Plant (遼寧葫蘆島東部垃圾焚燒發電綜合處理廠生活垃圾焚燒發電項目)
Laizhou Project	a municipal waste comprehensive treatment PPP project in Laizhou City, Shandong (山東萊州市生活垃圾綜合處理 PPP 項目)
Shuozhou Project	the concession project of the Nanshan enviro-energy project (including the municipal solid waste-to-energy project and the kitchen waste treatment project) in Shuozhou, Shanxi Province (山西朔州南山環境能源項目 (生活垃圾焚燒發電項目和餐廚垃圾處理項目) 特許經營項目)
Zhangqiu Phase II Project	the Municipal Solid Waste-to-Energy Project Phase II and the Venous Industrial Park Project in Zhangqiu District, Ji'nan City, Shandong Province (山東濟南市章丘區生活垃圾焚燒發電項目二期工程暨靜脈產業園項目)
Huizhou Three-in-One Project	the PPP project of the harmless treatment of sludge, kitchen waste and excrement for Huiyang District, Huizhou City (廣東惠州市惠陽區污泥, 餐廚垃圾, 糞便無害化處理 PPP項目)
Wuhan Phase II Project	the reconstruction and expansion project of Xinghuo Waste-to-Energy Plant project in Wuhan, Hubei (湖北武漢星火垃圾焚燒發電廠項目改擴建工程)
Zhangqiu Low-carbon Environmental Protection Industrial Park Project	Zhangqiu District Low-carbon Environmental Protection Industrial Park for High-quality Industrial Development after Relocation for the Yellow River Beach Area in Jinan City, Shandong Province (山東省濟南市章丘區黃河灘區遷建產業高質量發展低碳環保產業園)
The Reporting Period	1 January 2023 to 31 December 2023
The end of the Reporting Period	31 December 2023
RMB or RMB'0,000 or RMB'00,000,000	Renminbi or Renminbi ten thousand or Renminbi hundred million
PRC or Mainland China	the People's Republic of China, for the purposes of this report, excluding Hong Kong, the Macau Special Administrative Region and Taiwan Province
Company Law	the Company Law of the PRC
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
CSRC	the China Securities Regulatory Commission
Stock Exchange	The Stock Exchange of Hong Kong Limited
Stock Exchange Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
SSE	The Shanghai Stock Exchange
SSE Listing Rules	The Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
PRC Accounting Standards	the China Accounting Standards for Business Enterprises formulated and promulgated by the Ministry of Finance of the PRC
BOT	Build-Operate-Transfer
Auditor	the accounting firm which provides audit services
National Subsidies	national renewable energy subsidies, the main source of funding of which is the national renewable energy tariff surcharge, which is paid by the power grid to eligible renewable energy power generation enterprises
Green Certificate	renewable energy green power certificate, 1 green certificate unit corresponds to 1,000kWh of renewable energy power

II. Company Profile and Key Financial Indicators

I. COMPANY PROFILE

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

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board/ Joint company secretary	Joint company secretary	Securities Affairs Representative
Name	Zhu Shuguang	Yuen Wing Yan, Winnie	Li Jian
Correspondence address	2nd Floor, Jiuzhou Electronic Building, Keji South 12th Street, Nanshan District, Shenzhen	5/F, Manulife Place, 348 Kwun Tong Road, Hong Kong	2nd Floor, Jiuzhou Electronic Building, Keji South 12th Street, Nanshan District, Shenzhen
Telephone	0755-36807688-8009	–	0755-36807688-8009
Facsimile	0755-33631220	–	0755-33631220
E-mail address	ir@dynagreen.com.cn	–	ir@dynagreen.com.cn

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

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 Office address Names of signing accountants	PricewaterhouseCoopers Zhong Tian LLP Room 01, Unit 507, DBS Bank Tower, 1318 Lu Jia Zui Ring Road, China (Shanghai) Pilot Free Trade Zone Chen Zhiming Liu Jingping
Sponsor institution responsible for continuous supervision during the Reporting Period	Name Office address Name of sponsor representative authorized as signatory Continuous supervision period	China Securities Co., Ltd. 43/F, Kaihua International Center, No. 5 Xiancun Road, Tianhe District Guangzhou City, Guangdong Province Fang Chunjiang Zhao Xu From 4 August 2021 to 31 December 2023
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 Office address	Tricor Investor Services Limited 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Principal bankers	Name	China Merchants Bank Co., Ltd. Bank of Beijing Co., Ltd. HSBC Bank (China) Company Limited Postal Savings Bank of China Co., Ltd. Industrial and Commercial Bank of China Limited

II. Company Profile and Key Financial Indicators (Continued)

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

(I) Major Accounting Data

Unit: RMB

Major accounting data	2023	2022	Increase/decrease for the current period over the corresponding period last year (%)	2021
	As at the end of 2023	As at the end of 2022	Increase/decrease for the end of the current period over the end of the corresponding period last year (%)	As at the end of 2021
Revenue	3,955,548,511.61	4,567,117,851.39	-13.39	5,056,889,425.65
Net profit attributable to shareholders of the Company	629,281,357.74	744,767,290.31	-15.51	697,785,876.79
Net profit excluding extraordinary gain and loss attributable to the shareholders of the Company	617,906,499.99	732,667,024.03	-15.66	686,116,537.21
Net cash flows from operating activities	977,677,149.93	1,209,581,828.27	-19.17	514,917,738.84
Net assets attributable to shareholders of the Company	7,807,439,716.26	7,330,237,121.56	6.51	6,528,089,590.66
Total assets	22,537,265,642.95	22,677,440,152.69	-0.62	20,214,466,018.97

(II) Key financial indicators

Key financial indicators	2023	2022	Increase/decrease for the current period over the corresponding period last year (%)	2021
	Basic earnings per share (RMB/share)	0.45	0.53	-15.09
Diluted earnings per share (RMB/share)	0.43	0.48	-10.42	0.50
Basic earnings per share excluding extraordinary gain and loss (RMB/share)	0.44	0.53	-16.98	0.49
Weighted average return on net assets (%)	8.31	10.64	Decreased by 2.33 percentage points	11.06
Weighted average return on net assets excluding extraordinary gain and loss (%)	8.16	10.47	Decreased by 2.31 percentage points	10.87

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

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 2023 BY QUARTER

Unit: RMB

	Q1 (January to March)	Q2 (April to June)	Q3 (July to September)	Q4 (October to December)
Revenue	1,040,584,663.77	1,100,928,483.54	900,528,723.73	913,506,640.57
Net profit attributable to shareholders of the Company	170,585,929.73	193,471,315.88	171,834,684.91	93,389,427.22
Net profit excluding extraordinary gain and loss attributable to the shareholders of the Company	168,427,884.44	190,459,738.85	168,258,191.49	90,760,685.21
Net cash flows from operating activities	103,030,599.50	184,687,694.72	371,326,622.44	318,632,233.32

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

Applicable Not Applicable

II. Company Profile and Key Financial Indicators (Continued)

X. EXTRAORDINARY GAINS AND LOSSES ITEMS AND AMOUNTS

Applicable Not Applicable

Unit: RMB

Extraordinary gains and losses items	Amount for 2023	Amount for 2022	Amount for 2021
Gains and losses from disposal of non-current assets, including the written-off portion of the asset impairment provision	4,308,372.32	-5,853,019.64	-1,993,136.09
Government grants recognised through profit or loss, except for government grants which are closely related to the Company's normal operation, comply with the provisions of national policies, are enjoyed in accordance with the defined standards, and have a continuous impact on the profit or loss of the Company	6,028,661.69	16,215,330.55	8,483,877.31
Fund usage fees received from non-financial institutions recognised in profit or loss		707,216.97	503,396.23
Reversal of impairment of the receivables on individually impairment test		2,000,000.00	
Other non-operating income and expenses besides items above	3,078,578.69	1,522,405.63	5,265,809.70
Other gains and losses within the definition of non-recurring gains and losses	315,883.17	370,110.06	237,845.56
Less: Effects on income tax	2,231,795.59	1,651,693.01	666,788.83
Effects on non-controlling shareholders (after tax)	124,842.53	1,210,084.28	161,664.30
Total	11,374,857.75	12,100,266.28	11,669,339.58

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

Applicable Not applicable

XI. ITEMS MEASURED AT FAIR VALUE

Applicable Not applicable

XII. OTHERS

Applicable Not applicable

III. Chairman's Statement

Dear Shareholders,

I am pleased to present to the shareholders of Dynagreen Environmental Protection Group Co., Ltd. (the "Company", together with its subsidiaries, the "Group") with the Company's business review for the year 2023 and its business prospects for the year 2024.

The year 2023 was a key year linking the past and the future for the implementation of the "14th Five-Year" Plan as the global macro environment was complex and volatile. With the steady transformation of epidemic prevention and control, the development of China's economy was in ups and downs and zigzagged forward, presenting a recovery curve of improvement under continued stress. As all cadres and employees of Dynagreen united and worked hard, the development of the Group reached a new level. In 2023, four waste-to-energy projects of the Group were put into operation, resulting in an increase in waste treatment capacity of 4,600 tons/day. Throughout the year, the Group treated a total of 13,446,800 tons of municipal waste, representing a year-on-year increase of 17.98%, generated 3,894,231,000 kWh of on-grid electricity, representing a year-on-year increase of 11.87%; and supplied 428,600 tons of steam, representing a year-on-year increase of 42.00%. Main production indicators hit record highs. The signing of the Investment and Cooperation Agreement on the Zhangqiu Low-Carbon Environmental Protection Industrial Park with Zhangqiu District People's Government, Jinan City, Shandong Province marked an important step in development of new businesses. Affected by the decrease in the number and scale of projects under construction, in 2023, the Group recorded RMB3,956 million in revenue, representing a year-on-year decrease of 13.39% as compared to the same period last year, and RMB629 million in net profit attributable to the shareholders of the Company, representing an decrease of 15.51% as compared to the same period last year.

As a state-controlled company listed in the mainland China and Hong Kong, the Group attaches great importance to standard operation. In 2023, the Group revised a number of systems in accordance with the latest laws, regulations and regulatory requirements to further improve the corporate governance structure; with the implementation of the action of corporate governance according to law by state-owned enterprises, compliance management was promoted in an all-round way; the Group strengthened management risk control and optimised the internal control system; the information disclosure obligations were fulfilled with high quality in strict accordance with the listing rules of Hong Kong and Shanghai and the requirements of the exchanges; to maintain good communication with analysts and investors, the Group held three regular results briefings, and it continued to increase the amount of cash dividends, to establish a good image in the capital market.

After more than two decades of development, the waste-to-energy market in the PRC has entered into a mature stage. However, the unsaturated overall capacity utilization rate of the industry, the inevitable decrease in the National Subsidies, and the imperfect formation mechanism of domestic waste disposal price pose challenges to the sustainable development of the waste-to-energy industry. As the economic and social development of the PRC is currently in the stage of accelerating the green and low-carbon high-quality development, while the construction of ecological civilization is still in the key period of forging ahead under superimposed pressure with a weak foundation for improvement of ecological environment quality amidst stabilization, the task of building a beautiful China remains daunting and coordinated promotion of pollution and carbon reduction has become an inevitable trend for comprehensive green transformation in economic and social development. The waste-to-energy industry, as the main force in the battle of environmental pollution prevention and control and an important component of renewable energy, plays an irreplaceable role. The new stage of development will also breed new development opportunities. The Group will continue to adhere to the corporate mission of "creating a better living environment", and to unswervingly refine, optimise, expand and strengthen the main waste-to-energy business and take multiple measures to strengthen quality, reduce consumption and improve efficiency; while proactively cultivating new business growth drivers, the Group will explore the construction of industrial parks featured by low-carbon and environmental protection, to achieve high-quality leapfrog development of the Group and make contributions to the construction of a beautiful China with a blue sky, green lands and clear waters.

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

Qiao Dewei
Chairman

Shenzhen, the PRC
28 March 2024

IV. Management Discussion and Analysis

I. DISCUSSION AND ANALYSIS OF OPERATIONS

(I) Industry overview

In 2023, in light of the complex and changeable global macro environment, with the steady transformation of epidemic prevention and control, the development of China's economy was in ups and downs and zigzagged forward, presenting a recovery curve of improvement under continued stress. The waste-to-energy industry has entered into a mature stage, and the release speed of new projects has further slowed down. With the rapid increase in the processing capacity of the industry, the overall capacity utilization rate of the industry is declining; as policies on environmental protection, taxation, tariff, etc. have generally remained stable, the settlement of National Subsidies has not been normalized, and the industry has been included in the trading scope of Green Certificate, income increase and expenditure reduction as well as improvement of quality and efficiency of waste-to-energy projects have become an important issue for the sustainable development of the industry.

(II) Business review

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

The year 2023 was a year linking the past and the future for the Group to implement the "14th Five-Year" Plan. As all cadres and employees united and worked hard, the development of the Group reached a new level. As four waste-to-energy projects of the Group were put into operation, waste treatment volume, on-grid electricity and steam supply hit record highs. Affected by the decrease in the number and scale of projects under construction, the Company recorded RMB3,955.5485 million in revenue, representing a year-on-year decrease of 13.39% as compared to the same period last year, and RMB629.2814 million in net profit attributable to the shareholders of the Company, representing an decrease of 15.51% as compared to the same period last year; as at 31 December 2023, the total assets of the Group amounted to RMB22,537.2656 million. Details of work in various fields are as follows:

IV. Management Discussion and Analysis (Continued)

1. Steady operation of projects under operation and solid growth of waste treatment volume and on-grid electricity

For the operation segment, the Group, closely upholding the operation philosophy of “safe, environmental friendly, civilized and effective”, firmly established the awareness of safety and environmental protection red lines, strengthened the supervision and management of safety and environmental protection, and made every effort to proceed with waste expansion and combined heat and power generation. It advocated long-term and stable operation, striving to build modern enterprise standards of controllable safety and environmental protection, excellent public relations, stable full-load generation of generator units, fine operation management, strong quality and efficiency improvement, and up-to-standard civilized production. During the Reporting Period, the Group treated 13.4468 million tons of municipal waste, representing a year-on-year increase of 17.98%, and generated on-grid electricity of 3,894.2310 million kWh, representing a year-on-year increase of 11.87%. The number of steam supply projects increased to eight. The total amount of steam supplied was 428,600 tons throughout the year, representing a year-on-year increase of 42.00%. Changzhou Project successfully applied for the Green Certificate, opening a new chapter for power trading. Haining Expansion Project passed the appraisal of the national AAA harmless domestic waste incineration plants in the country. So far, six projects of the Group have been rated as AAA-level domestic waste incineration plants.

Major operating data of the Company in each region in 2023

Region	Item	2023
East China	Waste input volume ('0,000 tons)	500.53
	Electricity generation volume ('0,000 kWh)	180,556.86
	On-grid electricity volume ('0,000 kWh)	148,768.77
North China	Waste input volume ('0,000 tons)	184.09
	Electricity generation volume ('0,000 kWh)	61,260.91
	On-grid electricity volume ('0,000 kWh)	49,042.83
South China	Waste input volume ('0,000 tons)	335.20
	Electricity generation volume ('0,000 kWh)	120,143.88
	On-grid electricity volume ('0,000 kWh)	100,743.41
Central China	Waste input volume ('0,000 tons)	174.70
	Electricity generation volume ('0,000 kWh)	66,110.18
	On-grid electricity volume ('0,000 kWh)	54,951.30
Southwest China	Waste input volume ('0,000 tons)	81.97
	Electricity generation volume ('0,000 kWh)	27,910.11
	On-grid electricity volume ('0,000 kWh)	23,043.64
Northeast China	Waste input volume ('0,000 tons)	68.18
	Electricity generation volume ('0,000 kWh)	16,598.64
	On-grid electricity volume ('0,000 kWh)	12,873.15

IV. Management Discussion and Analysis (Continued)

2. Rapid progress of projects under construction and four new projects being put into operation

In 2023, with the adjustment to the epidemic prevention and control policy, the construction progress of projects under construction accelerated. Shuozhou Project, Huludao Waste-to-energy Project, Wuhan Phase II Project and Zhangqiu Phase II Project were officially put into production after 72+24 hours of operation, resulting in an increase in the treatment capacity of 4,600 tons/day. Jingxi Project was put into production in January 2024. Thus, the treatment capacity of the Company exceeded 40,000 tons/day.

Major projects and works under construction in 2023

No.	Project	Design treatment capacity (tons/day)	Status
1	Shuozhou Project	800	Put into production in March 2023
2	Huludao Waste-to-energy Project	1,000	Put into production in May 2023
3	Wuhan Phase II Project	1,200	Put into production in June 2023
4	Zhangqiu Phase II Project	1,600	Put into production in August 2023
5	Jingxi Project	800	Put into production in January 2024

3. Major breakthroughs in the construction of industrial parks featured by environmental protection

In 2023, the Company determined the new business development direction of building industrial parks featured by low-carbon and environmental protection, and set up a project team to focus on promoting the project of Zhangqiu District Low-carbon Environmental Protection Industrial Park for High-quality Industrial Development after Relocation for the Yellow River Beach Area. After signing the investment framework agreement with Zhangqiu District People's Government, Jinan City, Shandong Province in May, the Company quickly proceeded the relevant work. At present, the preliminary research on the industrial layout of Jinan City and its surrounding areas has been completed. The investment cooperation agreement was officially signed with the government of Zhangqiu District in December. Subsequently, the Company will speed up the legal procedures of the industrial park and promote the implementation of the project as soon as possible.

4. Continued deepening of technology research and development

During the Reporting Period, the 900-ton super large scale incinerator as independently developed by the Company was successfully applied and officially put into commercial operation in Zhangqiu Phase II Project, and the 500~600-ton multiple drive large incinerators were also put into operation successively in Shuozhou Project, Huludao Waste-to-energy Project and Wuhan Phase II Project after optimization; tests of new processes and new technologies in the industry were continuously carried out, and the optimized online warning and control system of dioxin in waste incineration was applied in Pingyang Phase II Project with good effects. The polymer denitration in incinerator and low-temperature synthesis retarder of dioxin were applied in Jurong Project, Taizhou Project and Huizhou Project; experiments of new deammoniation process were conducted in Yongjia Project and Pingyang Project. The new technology of integrated ultra-low emission of waste incineration flue gas was tested in Rushan Project with good results. As of the end of 2023, the Company has obtained a total of 75 patents (including 18 invention patents).

II. INDUSTRY SITUATION OF THE COMPANY DURING THE REPORTING PERIOD

1. Industry Overview and Macro Policy

In light of the rapid development of China's economy, the continuous promotion of urbanization and the in-depth implementation of the battle against environmental pollution, the demand for domestic waste treatment is booming. Under the support of relevant policies, the waste-to-energy industry has developed rapidly. According to the China Statistical Yearbook, in the period from 2012 to 2022, the number of municipal waste-to-energy in the PRC increased from 138 to 648, and the daily harmless treatment capacity increased from 122,600 tons to 804,700 tons. Urban areas have achieved the goals under the "14th Five-Year" Plan in advance, the future waste-to-energy industry will continue to penetrate into the county market, and domestic waste incineration capacity is expected to achieve full coverage in qualified county-level areas.

The adjustment to the policy on tariff of electricity from waste-to-energy plants 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 July 2023, the NDRC, the Ministry of Finance and the National Energy Administration jointly issued the Notice on Promoting the Full Coverage of Renewable Energy Green Electricity Certificates to Promote the Consumption of Renewable Energy Electricity, clarifying issues such as green certificate issuance, trading, application and consumption, and achieving full coverage of green certificate issuance. Green certificate trading may increase the source of income for waste-to-energy projects after the end of the National Subsidies.

Major policies related to the industry are as follows:

Time	Promulgating department	Policy	Main contents
March 2012	The National Development and Reform Commission	Notice on Improving the Pricing Policy of Waste Incineration Power Generation from the NDRC (《國家發展改革委關於完善垃圾焚燒發電價格政策的通知》)	For waste-to-energy projects using domestic waste as raw materials, the settlement is conducted through conversion of the volume of waste treatment received in the plants into on-grid electricity with a temporary conversion ratio of 280 kWh per ton of municipal waste, and the unified national waste-to-energy benchmark price adopted is RMB0.65 per kWh (inclusive of tax); the part that exceeds the abovementioned amount of electricity is subject to the on-grid tariff for the local coal-fired generating units.
September 2020	The Ministry of Finance, the National Development and Reform Commission, the National Energy Administration	Supplementary Notice on the Several Opinions on Promoting the Healthy Development of Non-Hydro Renewable Energy Power Generation (《關於<關於促進非水可再生能源發電健康發展的若干意見>有關事項的補充通知》)	For biomass power generation projects, including waste-to-energy, the number of rational utilization hours in the whole life cycle is 82,500 hours; for projects included in the list of renewable energy power generation subsidy in accordance with the provisions of Cai Jian (2020) No. 5, after a biomass power generation projects has been connected to the grid for 15 years, regardless of whether the project has reached the amount of electricity entitled to full life cycle subsidies, it no longer enjoys the financial subsidy funds from the central government, and the Green Certificate will be issued to allow engagement in the Green Certificate trading.

IV. Management Discussion and Analysis (Continued)

Time	Promulgating department	Policy	Main contents
May 2021	The National Development and Reform Commission, the Ministry of Housing and Urban-Rural Development	The “14th Five-year” Development Plan for Urban Domestic Waste Classification and Treatment Facilities (《「十四五」城鎮生活垃圾分類和處理設施發展規劃》)	China will speed up the establishment of a domestic waste treatment system integrating sorted release, sorted collection, sorted transportation, and sorted treatment. By the end of 2025, the national urban domestic waste incineration capacity will reach about 800,000 tons per day, and the municipal solid waste incineration treatment capacity will account for about 65%.
August 2021	The National Development and Reform Commission, the Ministry of Finance, the National Energy Administration	The Notice on Printing and Distributing the Work Plan for the Construction of Biomass Power Generation Projects in 2021 (《關於印發<2021年生物質發電項目建設工作方案>的通知》)	The projects for which all units were completed and connected to the grid in the current year after 20 January 2020 (inclusive) but which were not included in the subsidy scope of 2020 and the projects for which the construction was commenced by the end of 2020 and all units were completed and connected to the grid by the end of 2021 are non-competitive configuration projects; The projects for which the construction was commenced in the current year after 1 January 2021 (inclusive) are competitive configuration projects.
November 2022	The National Development and Reform Commission, the Ministry of Housing and Urban-Rural Development, the Ministry of Ecology and Environment, the Ministry of Finance, the People’s Bank of China, etc.	The Guiding Opinions on Strengthening the Construction of Municipal Waste Incineration Treatment Facilities in County-level Areas (《關於加強縣級地區生活垃圾焚燒處理設施建設的指導意見》)	By 2025, a domestic waste classification and treatment system that is compatible with economic and social development will be basically formed in county-level areas across the country, and qualified county-level areas in the Beijing-Tianjin-Hebei region, the Yangtze River Delta, and the Guangdong-Hong Kong-Macao Greater Bay Area will basically realize full coverage of incineration treatment capacity. Domestic waste incineration treatment facilities will be built as much as possible in the Yangtze River Economic Belt, the Yellow River Basin, key cities for domestic waste classification, “zero waste city” construction areas and other qualified county-level areas and harmless treatment of domestic waste should be achieved through landfill and other means in the county-level areas which do not meet the conditions to build incineration treatment facilities. By 2030, the supply capacity and level of domestic waste classification and treatment facilities in county-level areas across the country will be further improved, and the technology and business model of small domestic waste incineration treatment facilities will be further matured. Except for a few special areas that do not have the conditions, the nationwide county-level incineration capacity will basically meet the treatment needs.

IV. Management Discussion and Analysis (Continued)

Time	Promulgating department	Policy	Main contents
December 2022	The National Development and Reform Commission, the Ministry of Housing and Urban-Rural Development	The Notice on Accelerating the Implementation Plan on Tackling the Shortcomings and Weaknesses of Municipal Waste Incineration Treatment Facilities in County-level Areas (《關於加快補齊縣級地區生活垃圾焚燒處理設施短板弱項的實施方案》)	Evaluation and demonstration will be strengthened for domestic waste incineration treatment facilities in county-level areas, and no new domestic waste incineration treatment facilities will be built in principle in county-level areas where the annual load rate of existing incineration treatment facilities is less than 70%. In county-level areas where there is a gap in incineration capacity, if the daily volume of domestic waste is greater than 300 tons, it is necessary to accelerate the construction of domestic waste incineration treatment facilities to realize “zero landfill” of raw waste as soon as possible; in the areas with the daily volume of domestic waste in the range of 200-300 tons, the conditions for collaborative treatment of agricultural and forestry waste, livestock and poultry manure, and solid waste in parks, and economical efficiency, incineration treatment facilities can be constructed separately; in county-level areas where the daily volume of domestic waste is less than 200 tons, under the premise of ensuring the safe and effective treatment of domestic waste, the construction of incineration treatment facilities can be promoted in an orderly manner in combination with small incineration pilot projects. Within the economic radius of transportation, if the total daily volume of domestic waste in adjacent areas is greater than 300 tons, shared incineration treatment facilities can be jointly built.
February 2023	The National Development and Reform Commission, the Ministry of Finance, the National Energy Administration	The Notice on Matters in relation to Participation Of Green Electricity Projects Enjoying Central Subsidies in Green Electricity Trading (《關於享受中央補貼的綠電項目參與綠電交易有關事項的通知》)	It is clarified that green electricity premium and subsidies from the central government cannot be both enjoyed. For green power enjoying the national renewable energy subsidies, the premium income over the benchmark tariff of coal power implemented for the project participating in green electricity trading will offset the national renewable energy subsidies in an equivalent amount or belong to the state; if a power generation enterprise gives up subsidies, all the income from participation in green electricity trading shall belong to the power generation enterprise.
July 2023	The National Development and Reform Commission, the Ministry of Finance, the National Energy Administration	The Notice on Promoting the Full Coverage of Renewable Energy Green Electricity Certificates to Promote the Consumption of Renewable Energy Electricity (《關於做好可再生能源綠色電力證書全覆蓋工作促進可再生能源電力消費的通知》)	The scope of application of Green Certificate is clarified, and Green Certificate will be issued to all the electricity produced by the national wind power (including distributed wind power and offshore wind power), solar power (including distributed photovoltaic power generation and photothermal power generation), conventional hydropower, biomass power generation, geothermal power generation, ocean power generation and other renewable energy power projects that have been documented, to achieve full coverage of Green Certificate.

IV. Management Discussion and Analysis (Continued)

2. Industrial characteristics

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

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

The Company is one of the earliest enterprises to conduct municipal waste-to-energy business in the PRC, and is mainly engaged in the investment, construction, operation, maintenance and technical consulting business of municipal waste-to-energy plants under BOT and other concessions. Focusing on the vast market space of the economically developed Yangtze River Delta, Pearl River Delta and Bohai Economic Rim, the Company has extended its business network to the central and western regions such as Anhui, Hubei, Guizhou, Shanxi, Guangxi, Jiangxi, Henan and Sichuan, preliminarily forming a market layout based in the Yangtze River Delta, Pearl River Delta and Bohai Rim and spanning across the country. As at 31 December 2023, in respect of the municipal waste-to-energy sector, the Company had 36 projects under operation. The waste treatment capacity of the projects under operation reached 39,500 tons/day and the installed capacity was 842MW, 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

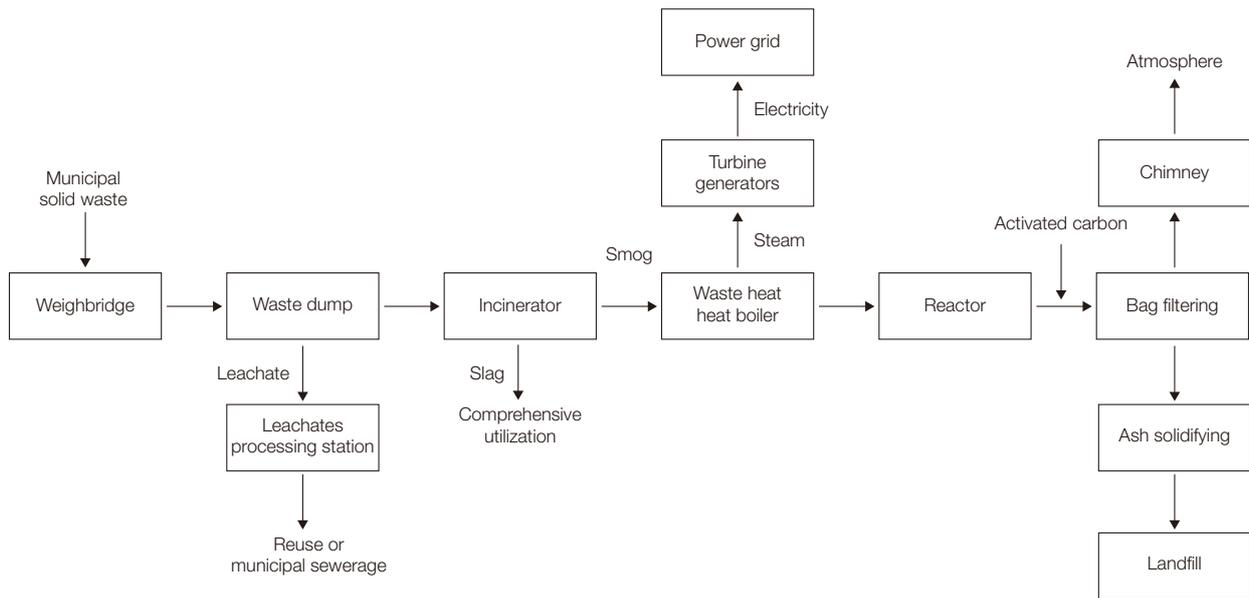
The Company mainly adopts the BOT model to operate its municipal waste-to-energy business as follows: the government department responsible for waste disposal selects a service provider to construct and operate the waste-to-energy plant under the BOT model through tenders or other means. After the Company 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. 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. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

✓ Applicable □ Not applicable

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

1. Focused market layout spanning across the whole country

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



IV. Management Discussion and Analysis (Continued)

2. Extensive industry experience

The Company is among the first companies to explore industrial applications for waste treatment in the PRC, and is also one of the earliest enterprises to focus on upgrading and further developing advanced international waste-to-energy technologies in the PRC. Since its establishment, the Company has accumulated extensive experience in project investment, construction and operation management. It has been recognised as the “Top 10 Most Influential Solid Waste Enterprises” for fourteen 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 as a core technology to promote for use during the “11th Five-Year Plan” period, and was successfully listed in the 2019 Directory of Key Environmental Protection Practical Technologies and Demonstration Projects (《2019年重點環境保護實用技術及示範工程名錄》) by China Association of Environmental Protection Industry (中國環境保護產業協會). The Changzhou Project was recognised by China Association of Environmental Protection Industry (中國環境保護產業協會) as a “National Model Project for Use of Environmental Protection Technologies” (使用環保技術的國家模範項目) in 2013. Huizhou Project and Haining Expansion Project were successively awarded the “Quality Chinese Project for Electricity Engineering Award” (中國電力優質工程獎) and the “National Quality Project Award” (國家優質工程獎). Tongzhou Project was awarded the “Quality Chinese Project for Electricity Engineering Award” (中國電力優質工程獎) and “Luban Prize” (魯班獎) in 2020. “A multiple drive expeller grate waste incinerator with an online warning and control system of dioxin” independently developed by the Company was awarded the second prize for technical progress for 2019 by China Environmental Protection Industry Association. The multiple drive expeller grate waste incinerator and dioxin online warning and control technology won the first prize of scientific and technological progress and the second prize of scientific and technological application of China Association of Urban Environmental Sanitation in 2022, respectively. With its professional technologies, the Company is able to provide more premium environmental services for its customers and enhance its market position.

4. Experienced management team

The management team of the Company has been engaged in business management, market development, technology development and construction and operation of waste-to-energy plants over the years. The Chairman of the Company, Mr. Qiao Dewei, was recognised as one of the “Top 100 Industry Leaders in Shenzhen” in 2020 and was appointed as the special invited observer of ecological environment by the Ministry of Ecology and Environment in 2023, proving his social influence and charisma, and the management team under his leadership has nearly 20 years of experience in cooperation and in-depth understanding of the industry. Under the guidance of the management team, the project construction and operation team can adopt targeted strategies for the changes in the waste treatment technology and management and operation of waste-to-energy plants in a timely manner, while the marketing team can actively develop potential regional markets according to the future development planning of the Company. Such an experienced team of the Company helps to enhance the operating efficiency and warrants the quality of the projects.

V. MAJOR OPERATIONAL PARTICULARS DURING THE REPORTING PERIOD

In 2023, the Company achieved an revenue of RMB3,955,548,511.61 and net profit of RMB663,471,649.33. As at 31 December 2023, the Company's total assets and total liabilities amounted to RMB22,537,265,642.95 and RMB14,263,308,748.01 respectively. The total equity amounted to RMB8,273,956,894.94 and the gearing ratio (calculated as total liabilities over total assets) was 63.29%, and the net asset value per share attributable to the shareholders of the parent company was RMB5.60.

(I) Analysis of main businesses

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

Unit: RMB

Item	Amount for the current period	Amount for the corresponding period last year	Change (%)
Revenue	3,955,548,511.61	4,567,117,851.39	-13.39
Operating cost	2,431,798,308.92	2,997,119,359.53	-18.86
Administrative expenses	215,861,892.82	196,908,977.78	9.63
Finance costs	472,951,735.08	463,741,531.91	1.99
Research and development expenditure	7,372,735.78	8,703,930.67	-15.29
Net cash flow generated from operating activities	977,677,149.93	1,209,581,828.27	-19.17
Net cash flow generated from investing activities	-689,075,952.80	-1,110,698,445.81	N/A
Net cash flow generated from financing activities	-1,120,553,730.82	811,189,272.32	N/A

Explanation on changes in revenue: Mainly due to that as the projects under construction were successively put into production and the investment in construction in the period decreased, resulting in a decrease in the construction revenue by RMB932 million as compared with the same period last year.

Explanation on changes in operating cost: The reason is the same as that for the changes in operating income. The construction cost decreased by RMB858 million as compared with the same period last year.

Explanation on changes in selling expenses: N/A

Explanation on changes in administrative expenses: Mainly due to the commencement of operation of Huludao Power Generation Project, Shuozhou Project, Wuhan Phase II Project, Zhangqiu Phase II Project, etc. and the operation of Enshi Project and Huizhou Three-in-one Project, which were put into production in 2022, throughout 2023, resulting in an increase in administrative expenses.

Explanation on changes in finance costs: Mainly due to the decrease in exchange gains.

Explanation on changes in research and development expenditure: The decrease in expenditure on research and development materials.

IV. Management Discussion and Analysis (Continued)

Explanation on changes in net cash flow generated from operating activities:	Mainly due to a decrease in cash received from sale of goods or rendering of services as compared with the same period last year.
Explanation on changes in net cash flow generated from investing activities:	Mainly due to a decrease in the investment in construction during the period and a decrease in cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets.
Explanation on changes in net cash flow generated from financing activities:	Mainly due to the absence of proceeds from the issuance of convertible corporate bonds in the same period last year amounting to RMB2.348 billion in the period.

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

Applicable Not Applicable

2. Analysis of the revenue and costs

Applicable Not Applicable

During the Reporting Period, the Company achieved an revenue of RMB3,955,548,511.61 (corresponding period in 2022: RMB4,567,117,851.39), representing a decrease of 13.39% as compared to the corresponding period in 2022. In particular, operating income amounted to RMB2,744,064,456.51 (corresponding period in 2022: RMB2,436,075,082.17), representing an increase of 12.64% as compared to the corresponding period in 2022. Construction revenue was recognized for BOT projects in an amount of RMB815,496,845.88 during the construction period in accordance with the Accounting Standards for Business Enterprises No. 14 and other relevant regulations (corresponding period in 2022: RMB1,747,440,929.97), representing a decrease of 53.33% as compared to the corresponding period in 2022, mainly due to that the projects under construction were successively put into production and the investment in construction in the period decreased. Interest income amounted to RMB395,987,209.22 (corresponding period in 2022: RMB383,601,839.25), representing an increase of 3.23% as compared to the corresponding period in 2022.

Gross profit and gross profit margin

During the Reporting Period, the gross profit of the Company decreased by 2.95% to RMB1,523,750,202.69 (corresponding period in 2022: RMB1,569,998,491.86) and the gross profit margin was 38.52% (corresponding period in 2022: 34.38%). The increase in gross profit margin was mainly due to the low gross profit margin of construction revenue, resulting in a decrease in the proportion of construction revenue to the total revenue in the period by 17.64% as compared to the corresponding period of last year, and an increase in the proportion of operating income to the total revenue as compared with the same period last year..

Total profit

During the Reporting Period, the total profit of the Company amounted to RMB777,086,059.95, representing a decrease of RMB114,556,815.89 as compared to corresponding period in 2022.

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	Revenue	Operating cost	Gross profit margin (%)	Increase/ decrease in revenue as compared to last year (%)	Increase/ decrease in operating costs as compared to last year (%)	Increase/ decrease in gross profit margin as compared to last year (%)
Environmental protection service	3,955,548,511.61	2,431,798,308.92	38.52	-13.39	-18.86	Increased by 4.15 percentage points

Main businesses by product						
By product	Revenue	Operating cost	Gross profit margin (%)	Increase/ decrease in revenues as compared to last year (%)	Increase/ decrease in operating costs as compared to last year (%)	Increase/ decrease in gross profit margin as compared to last year (%)
Solid waste treatment	3,140,051,665.73	1,683,323,798.29	46.39	11.36	21.04	Decreased by 4.29 percentage points
PPP project construction service	815,496,845.88	748,474,510.63	8.22	-53.33	-53.41	Increased by 0.15 percentage point

Main businesses by region						
By region	Revenue	Operating cost	Gross profit margin (%)	Increase/ decrease in revenues 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	1,417,284,839.25	838,029,700.99	40.87	3.03	5.52	Decreased by 1.39 percentage points
South China	1,028,575,170.53	596,739,350.34	41.98	-14.24	-21.38	Increased by 5.27 percentage points
North China	456,232,113.83	238,798,191.72	47.66	-28.06	-34.92	Increased by 5.52 percentage points
Central China	640,794,599.30	462,112,695.98	27.88	-29.25	-38.61	Increased by 10.99 percentage points
Southwest China	210,553,260.59	115,416,050.44	45.18	-3.37	10.02	Decreased by 6.67 percentage points
Others	202,108,528.11	180,702,319.45	10.59	-13.80	-17.60	Increased by 4.13 percentage points

IV. Management Discussion and Analysis (Continued)

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

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

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

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

IV. Management Discussion and Analysis (Continued)

(4) Cost analysis table

Unit: RMB

		Particulars by segment						
By segment	Item relating to cost composition	Amount in the current period	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 (%)	Percentage changes in the amount for the period as compared to that of the corresponding period last year (%)	Explanation	
Environmental protection service	Staff cost	359,749,152.83	14.79	323,240,804.78	10.79	11.29	Increase in operation projects, number of employees and wages	
Environmental protection service	Environmental protection fee	279,749,822.62	11.50	231,940,142.75	7.74	20.61	Increase in operation projects and improved environmental requirements	
Environmental protection service	Amortization of intangible assets	443,802,233.54	18.25	388,510,526.83	12.96	14.23	Increase in operation projects	
Environmental protection service	Material fee	258,304,964.61	10.62	180,969,059.89	6.04	42.73	Increase in operation projects and costs for purchase of fuels	
Environmental protection service	Overhaul and other maintenance costs	131,554,568.29	5.41	132,118,414.41	4.41	-0.43	Minor changes	
Environmental protection service	Construction costs	748,474,510.63	30.78	1,606,448,402.11	53.60	-53.41	Decrease in the number of projects under construction and construction investment	
		Particulars by product						
By product	Item relating to cost composition	Amount in the current period	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 (%)	Percentage changes in the amount for the period as compared to that of the corresponding period last year (%)	Explanation	
Solid waste treatment	Staff cost	359,749,152.83	14.79	323,240,804.78	10.79	11.29	Increase in operation projects, number of employees and wages	
Solid waste treatment	Environmental protection fee	279,749,822.62	11.50	231,940,142.75	7.74	20.61	Increase in operation projects and improved environmental requirements	
Solid waste treatment	Amortization of intangible assets	443,802,233.54	18.25	388,510,526.83	12.96	14.23	Increase in operation projects	
Solid waste treatment	Material fee	258,304,964.61	10.62	180,969,059.89	6.04	42.73	Increase in operation projects and costs for purchase of fuels	
Solid waste treatment	Overhaul and other maintenance costs	131,554,568.29	5.41	132,118,414.41	4.41	-0.43	Minor changes	
PPP project construction service	Construction costs	748,474,510.63	30.78	1,606,448,402.11	53.60	-53.41	Decrease in the number of projects under construction and construction investment	

Description of other situations of cost analysis

Nil

IV. Management Discussion and Analysis (Continued)

- (5) Changes in the scope of consolidation due to changes in the equity of major subsidiaries during the Reporting Period
 Applicable Not Applicable
- (6) Significant changes in or adjustments to the Company's business, products or services during the Reporting Period
 Applicable Not Applicable
- (7) Major customers and suppliers of the Company
A. Major customers of the Company
 Applicable Not Applicable

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

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

Sales to the Group's largest customer amounted to RMB268.9554 million, accounting for 8.57% of the total sales for the year.

Sales to the Group's five largest customers amounted to RMB963.7975 million, accounting for 30.69% 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 suppliers of the Company
 Applicable Not Applicable

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

Purchases from the largest supplier amounted to RMB220,394,300, accounting for 12.00% of the total purchases for the year.

Purchases from the Group’s five largest suppliers amounted to RMB460,650,300, accounting for 25.08% of the total purchases for the year, in which purchases from related parties was nil, accounting for 0% of the total purchases for the year.

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

Other Explanation

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

IV. Management Discussion and Analysis (Continued)

3. Expenses

Applicable Not Applicable

(1) *Administrative expenses*

During the Reporting Period, the administrative expenses of the Company amounted to approximately RMB215,861,892.82 (corresponding period in 2022: RMB196,908,977.78), representing a year-on-year increase of 9.63%, which accounted for approximately 5.46% (corresponding period in 2022: 4.31%) of the revenue of Company.

(2) *Finance costs*

During the Reporting Period, the finance costs for the Group amounted to RMB472,951,735.08, representing an increase of approximately RMB9,210,203.17 or 1.99% over the previous year, mainly due to the decrease in exchange gains as compared with the same period last year.

(3) *Income tax expenses*

During the Reporting Period, the income tax expenses of the Group amounted to approximately RMB113,614,410.62 (corresponding period in 2022: RMB107,184,835.83), accounting for approximately 14.62% (corresponding period in 2022: 12.02%) of total profit of the Group. The increase in the proportion of income tax expenses and total profits is mainly due to the shift of certain project companies from tax holiday to halving period and the end of tax holiday of certain project companies in the period, resulting in an increase in income tax expenses.

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	7,372,735.78
Capitalised research and development expenses for the current period	0
Total R&D expenditures	7,372,735.78
Proportion of total research and development expenses to the revenue (%)	0.19
Percentage of capitalised R&D investment (%)	0

IV. Management Discussion and Analysis (Continued)

- (2) *Table of R&D staff*
 Applicable Not Applicable

Unit: person

Number of R&D staff	13
Percentage of R&D staffs to the total staffs of the Company (%)	0.38

Educational structure of R&D staff

Category of educational structure	Number of staff
Doctor	0
Master	0
Bachelor	7
Junior college	5
High school and below	1

Age structure of R&D staff

Category of age structure	Number of staff
Under 30 (excluding 30)	0
30-40 (including 30, excluding 40)	2
40-50 (including 40, excluding 50)	9
50-60 (including 50, excluding 60)	2
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	2,999,544,479.41	3,235,382,319.35	-235,837,839.94	-7.29	Mainly due to a decrease in National Subsidies received in the period as compared with the same period last year
Cash paid from sale of goods, rendering of services	955,728,788.38	788,199,188.90	167,529,599.48	21.25	Mainly due to the commencement of operation of Wuhan Phase II Project, Shuozhou Project, Huludao Power Generation Project, Zhangqiu Phase II Project, etc. and the operation of Enshi Project and Huizhou Three-in-one Project, which were put into production in 2022, throughout 2023, resulting in an increase in materials expenses
Other cash payments related to the construction of PPP projects	358,366,153.93	598,553,473.53	-240,187,319.60	-40.13	The number of projects under construction in the period decreased, resulting in a decrease in the investment in construction
Cash paid to and for employees	500,102,931.53	472,024,306.21	28,078,625.32	5.95	Mainly due to an increase in operation projects, number of employees and wages
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	722,133,011.80	1,236,019,790.95	-513,886,779.15	-41.58	The number of projects under construction in the period decreased, resulting in a decrease in the investment in construction
Cash received from issue of convertible bonds	0	2,347,754,716.98	-2,347,754,716.98	N/A	The absence of proceeds from the issuance of convertible corporate bonds in the same period last year in the period
Cash received from borrowings	2,008,449,588.30	2,148,020,742.35	-139,571,154.05	-6.50	A decrease in bank borrowings in the period
Cash paid for repayment of loans	2,500,968,040.73	3,062,123,472.62	-561,155,431.89	-18.33	A decrease in repayment of borrowings from BSAM in the period
Cash paid for distribution of dividends and profit or payment of interests	625,027,013.18	625,593,883.07	-566,869.89	-0.09	Minor changes

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

Applicable Not Applicable

IV. Management Discussion and Analysis (Continued)

(III) Analysis of assets and liabilities

✓ Applicable □ Not Applicable

1. Assets and liabilities

Unit: RMB

Item	Amount as at the end of the current period	Percentage of amount as at the end of the current period to total assets (%)	Amount as at the end of the 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	1,034,574,136.93	4.59	1,866,979,993.59	8.23	-44.59	Mainly due to the net repayment of borrowings and payment of interests and investment in construction greater than the net inflow from operating activities
Accounts receivable	1,973,420,906.89	8.76	1,514,336,722.29	6.68	30.32	Mainly due to the extension of the settlement cycle, the increase in receivables from national renewable energy subsidies and the accumulated balance of receivable waste treatment fees
Contract assets	406,969,089.65	1.81	290,565,986.15	1.28	40.06	Mainly due to that certain operation projects have not yet been included in the catalogue of national renewable energy subsidies, resulting in an increase in the accumulated balance of receivables from national renewable energy subsidies
Intangible assets	11,115,558,991.16	49.32	10,969,431,289.46	48.37	1.33	Minor changes
Other non-current assets	6,916,184,337.26	30.69	6,921,332,506.48	30.52	-0.07	Minor changes
Short-term borrowings	516,440,084.96	2.29	629,445,334.97	2.78	-17.95	Mainly due to the net repayment of bank borrowing of RMB103 million in the period
Accounts payable	1,014,132,043.06	4.50	1,265,489,204.69	5.58	-19.86	Mainly due to the decrease in construction in progress, resulting in amounts payable for engineering equipment
Current portion of non-current liabilities	2,138,535,085.14	9.49	1,225,740,394.21	5.41	74.47	Mainly due to that the balance of borrowing of RMB1.2 billion to BSAM at the end of the period will mature in 2024, and it will be reclassified to non-current liabilities due within one year at the end of the period
Long-term borrowings	7,033,566,028.80	31.21	8,325,811,964.03	36.71	-15.52	Mainly due to that the balance of borrowing of RMB1.2 billion to BSAM at the end of the period will mature in 2024, and it will be reclassified to non-current liabilities due within one year at the end of the period
Bonds payable	2,275,489,512.51	10.10	2,195,494,717.04	9.68	3.64	Minor changes
Other explanation						
Nil						

IV. Management Discussion and Analysis (Continued)

2. Overseas assets

Applicable Not Applicable

(1) *Asset size*

Including: overseas assets 12,010,895.96(Unit: RMB), accounting for 0.05% of total assets.

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

Applicable Not Applicable

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

Applicable Not Applicable

Item	Carrying amount at the end of the period (RMB)	Carrying amount at the beginning of the period (RMB)	Reason for restriction
Cash at bank and on hand	2,039,180.00	2,196,700.00	Used for issuing performance bond
Other non-current assets	4,007,336,391.53	3,711,705,882.90	Used for providing guarantees for loans
Intangible assets	5,228,829,544.18	5,326,458,140.64	Used for providing guarantees for loans
Accounts receivable	1,319,752,710.62	1,223,222,513.63	Used for providing guarantees for loans
Contract assets	341,067,032.77	209,947,636.84	Used for providing guarantees for loans
Total	10,899,024,859.10	10,473,530,874.01	

4. Other explanation

Applicable Not Applicable

Financial resources and liquidity

The Company adopts prudent principles in cash and financial management to ensure proper risk management and reduction in costs of fund. It finances its operations primarily from cash flow generated internally and loans from principal banks. As at 31 December 2023, the Company had cash and cash equivalents of approximately RMB1,032,534,956.93 representing a decrease of RMB832,248,336.66 as compared to RMB1,864,783,293.59 at the end of 2022. The vast majority of the Group's cash and cash equivalents are held in Renminbi. As at 31 December 2023, the Company's gearing ratio decreased from 65.55% at the end of 2022 to 63.29%.

IV. Management Discussion and Analysis (Continued)

Capital management

The Company's primary objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can provide returns for its shareholders while maintaining reasonable capital structure to reduce capital costs. The Company makes use of its gearing ratio for the management of capital structure. The ratio is defined as total liabilities divided by total assets. In 2023, the Company's strategy remained unchanged from 2022. As at 31 December 2023 and 31 December 2022, the gearing ratios of the Company were 63.29% and 65.55%, respectively.

Loans and pledge of assets

As at 31 December 2023, the Company had total outstanding borrowings of approximately RMB9,656,203,830.34, representing a decrease of RMB492,518,452.43 as compared to RMB10,148,722,282.77 at the end of 2022. The borrowings included pledged loans of RMB6,228,813,359.24 and unpledged loans of RMB3,427,390,471.10. The Company's borrowings were denominated in Renminbi and Hong Kong dollars. Most of the Company's borrowings were at floating rates. As at 31 December 2023, the Company had composite banking credit facilities in the amount of RMB16,350,190,000.00, of which RMB4,400,410,149.01 had not been utilised. The composite banking credit facilities had terms ranging from 1 year to 15 years. The Company currently does not have any interest rate hedging policies. However, the management team keeps monitoring the Company's interest rate risks and would consider other necessary actions when significant interest rate risks are anticipated to occur. Certain receivables and operating rights in connection with the Company's service concession arrangements (including intangible assets, other non-current assets, contract assets and accounts receivable) were pledged under the banking credit facilities. The book value of the pledged receivables and operating rights amounted to approximately RMB10,896,985,679.10 as at 31 December 2023.

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 2023 and 31 December 2022 under the guarantees was the credit facility drawn down by the subsidiaries of RMB7,242,311,708.86 and RMB7,132,550,080.82, respectively.

Commitments

As at 31 December 2023 and 31 December 2022, the Company's outstanding purchase commitments in relation to the construction contracts which had not been provided for in the Company's financial statements were RMB50,169,327.38 and RMB946,778,596.90, respectively.

IV. Management Discussion and Analysis (Continued)

(IV) Analysis of industrial operation information

✓ Applicable □ Not Applicable

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

1. Solid waste treatment

Project name	Place	Type of solid waste	Total investment	Designed capacity	Capacity utilization rate (%)	Date of operation commencement	Term of concession rights	Criteria for waste treatment fees
Tongzhou Project	Tongzhou, Beijing	Municipal waste	1,240,000,000	2,250 tons/day	92%	August 2018	27 years	RMB152/ton
Shantou Project	Shantou, Guangdong	Municipal waste	1,040,000,000	2,250 tons/day	101%	March 2019 (phase I) and September 2020 (phase II)	30 years	RMB90/ton
Huizhou Phase II Project	Huizhou, Guangdong	Municipal waste	1,790,000,000	3,400 tons/day	95%	May 2020 (phase I) and August 2021 (phase II)	29 years	RMB74.3/ton

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

2. Power generation business

Project name	Installed power (MW)	Electricity generation volume ('0,000 kWh)	On-grid tariff (RMB/kWh)	Subsidy policy	Term of concession rights
Tongzhou Project	50	29,099.30	0.65	Note	27 years
Shantou Project	60	31,771.75	0.65	Note	30 years
Huizhou Phase II Project	85	41,943.12	0.65	Note	29 years

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

IV. Management Discussion and Analysis (Continued)

3. Equipment

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

4. Market share

According to the latest information disclosed in the 2022 Statistical Yearbook of China Urban and Rural Construction, the urban waste incineration capacity in 2022 was 232,000,000 tons in China. In 2022, the Company's waste incineration treatment was 11,397,800 tons, accounting for 4.91% of the total treatment amount.

(V) Investment analysis

Overall analysis of external equity investments

Applicable Not Applicable

Investments during the Reporting Period (RMB)	Investments during the corresponding period last year	Change
530,000,000	357,500,000	48.25%

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
Zhangqiu Phase II Project	Self-financing and borrowings	28,018.24	61,018.10	83.46%
Wuhan Phase II Project	Self-financing and borrowings	24,767.97	60,946.14	89.25%

IV. Management Discussion and Analysis (Continued)

3. *Financial assets measured at fair value*

Applicable Not Applicable

Investment in securities

Applicable Not Applicable

Explanation on investment in securities

Applicable Not Applicable

Investment in private equity funds

Applicable Not Applicable

Investment in derivatives

Applicable Not Applicable

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

Applicable Not Applicable

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

As at 31 December 2023, save for the investment or construction of the waste-to-energy projects won by the Company through tender as announced in prior announcements and described in this annual report, the Company had no other material investment (including any investment in an investee representing 5% or above of the total assets of the Company as at the end of the Reporting Period) or plan for material investment or acquisition of capital assets. However, the Company will actively pursue opportunities for investments in its ordinary course of business in order to enhance its profitability. Please refer to previous announcements for the expected funding sources.

IV. Management Discussion and Analysis (Continued)

(VI) Material disposal of assets and equity

Applicable Not Applicable

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

Applicable Not Applicable

RMB'0,000

Name of company	Principal business	Registered		Total		Net profit	Revenue	Operating profit
		capital	Shareholding	assets	Net assets			
Tongzhou Company	Waste treatment and power generation	37,500	100%	141,362.53	52,746.19	8,675.65	22,850.87	10,145.76
Shantou Company	Waste treatment and power generation	21,000	100%	112,318.74	39,711.57	7,851.77	19,353.86	7,767.70
Haining Expansion Company	Waste treatment and power generation	39,000	60%	113,913.69	51,868.89	7,586.85	18,162.51	8,821.12
Huizhou Phase II Company	Waste treatment and power generation	45,000	100%	144,401.48	65,702.61	12,892.27	33,253.41	14,763.57

As at the end of the Reporting Period, the total assets of Tongzhou Company represented 6.27% of the total assets of the Company, the total assets of Shantou Company represented 4.98% of the total assets of the Company, the total assets of Haining Expansion Company represented 5.05% of the total assets of the Company, and the total assets of Huizhou Phase II Company represented 6.41% of the total assets of the Company. For the performance of each of the above investments during the Reporting Period, please refer to "Net profit" and "Operating profit" in the above table; for the Group's discussion on the investment strategies for the above investments, please refer to "details of future material investment or capital assets planning" under "(V) Investment analysis in the section".

(VIII) Structured entities controlled by the Company

Applicable Not Applicable

IV. Management Discussion and Analysis (Continued)

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

(I) Industry pattern and trends

Applicable Not Applicable

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

In recent years, with the decrease in National Subsidies, the relevant ministries and commissions of the state have proactively promoted green electricity and Green Certificate trading, to price the environmental value of renewable energy through market mechanisms and bring additional benefits to renewable energy power generation enterprises. In July 2023, the NDRC, the Ministry of Finance and the National Energy Administration jointly issued the Notice on Promoting the Full Coverage of Renewable Energy Green Electricity Certificates to Promote the Consumption of Renewable Energy Electricity, clarifying that biomass power generation (including waste-to-energy) will be included in the scope of Green Certificate and enterprises can participate in trading in the green electricity market, which is conducive to the income compensation of waste-to-energy projects after expiry of National Subsidies.

(II) Company development strategy

Applicable Not Applicable

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

(III) Business plan

Applicable Not Applicable

The year 2024 is an important year for Dynagreen to promote the implementation of the strategic plan of the "14th Five-Year Plan". The Company will continue to strengthen quality improvement, cost reduction and efficiency enhancement, and continuously develop non-electric business including heating and steam supply and proactively participate in Green Certificate trading while promoting "digital" construction of projects; safety and environmental protection management will be intensified to ensure stable, safe and environmentally friendly operation of projects under operation; the preparation and construction of projects will be further promoted; it will vigorously strengthen mergers and acquisitions and reorganization and spare no pains to find mergers and acquisitions opportunities in the market; and the implementation of Zhangqiu Low-carbon Environmental Protection Industrial Park project will be proactively promoted.

(IV) Potential risks

Applicable Not Applicable

1. Risk of industry policies

The waste-to-energy industry is greatly affected by industry policies. Pursuant to the Renewable Energy Law of the PRC (《中華人民共和國可再生能源法》) (as amended in 2009), the government implements a full coverage purchase system for renewable energy power generation. Pursuant to the Notice on Improving the Pricing Policy of Waste Incineration Power Generation from the NDRC (Fa Gai Jia Ge [2012] No. 801) (《國家發展改革委關於完善垃圾焚燒發電價格政策的通知》)(發改價格[2012] 801號) issued by the NDRC on 28 March 2012, the waste-to-energy projects are converted into on-grid electricity for settlement based on the volume of waste treatment received in the plants with a conversion ratio of 280 kWh per ton of municipal waste. The part that does not exceed the above-mentioned amount of electricity implements a national waste-to-energy benchmark price of RMB0.65 per kWh (inclusive of tax). The part that exceeds the abovementioned amount of electricity implements the on-grid tariff for the local coal-fired generating units. All the waste-to-energy projects approved after 2006 shall follow such regulation. In September 2020, the Ministry of Finance, the National Development and Reform Commission, and the National Energy Administration jointly issued the Supplementary Notice on Relevant Matters on the Several Opinions on Promoting the Healthy Development of Non-Hydro Renewable Energy Power Generation (Cai Jian (2020) No. 426) (《關於<關於促進非水可再生能源發電健康發展的若干意見>有關事項的補充通知》(財建[2020]426號)), noting that subsidies for biomass power generation projects by the National Renewable Energy Fund will cover only the first 82,500 hours or 15 years after the project is put into operation. In August 2021, the NDRC, the Ministry of Finance, and the National Energy Administration jointly issued the Notice on Printing and Distributing the Work Plan for the Construction of Biomass Power Generation Projects in 2021 (Fa Gai Neng Yuan [2021] No. 1190) (《關於印發的通知》(發改能源[2021]1190號)), proposing to divide the biomass power generation projects subsidized by the central government into 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.

IV. Management Discussion and Analysis (Continued)

2. Risk of environmental protection policies

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

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

3. Risk of tax policies

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

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

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

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

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

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

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

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

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

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

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

IV. Management Discussion and Analysis (Continued)

7. Risk of substandard performance in environmental protection

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

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

8. Risk of 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. As of the end of December 2023, the Company's gearing ratio was 63.29%, 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

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

Applicable Not Applicable

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

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

During the Reporting Period, the Group's total comprehensive income attributable to the shareholders of the Company was RMB629,281,357.74 (corresponding period in 2022: RMB722,293,217.33). The decrease was mainly due to a decrease in net profit.

(II) Foreign exchange risks and exchange gains and losses

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

(III) Use of proceeds

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

IV. Management Discussion and Analysis (Continued)

(IV) Final dividend

The Board proposed to pay a dividend of RMB0.15 (before tax) per share for the year ended 31 December 2023 (“2023 Final Dividend”), totaling approximately RMB209,017,500. According to the Articles of Association of the Company, the dividend shall be denominated and declared in Renminbi. The proposed Final Dividend is subject to approval by shareholders at the forthcoming annual general meeting (“AGM”). Dividend on domestic shares of the Company will be paid in Renminbi while dividend on H shares will be paid in Hong Kong dollars. The exchange rate shall be the average central parity rate of the applicable foreign exchange rate announced by the People’s Bank of China for the seven days before and including the date of the AGM. The payment of 2023 Final Dividend is subject to the consideration and approval by shareholders at the AGM, which is expected to be paid by 30 June 2024.

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.

(V) AGM

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

(VI) Closure of register of members

In order to determine the shareholders entitled to the 2023 Final Dividend, the register of holders of H shares of the Company will be closed from Wednesday, 8 May 2024 to Monday, 13 May 2024, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the entitlement to the 2023 Final Dividend (subject to approval by shareholders at the AGM), all properly completed transfer documents accompanied with relevant share certificates must be lodged with the Company's H Share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. (Hong Kong time) on 7 May 2024, being the last share registration date.

(VII) Professional tax advice recommended

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

(VIII) Pre-emptive rights

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

(IX) Fixed assets

Details of movements in the fixed assets of the Company during the Reporting Period are set out in Note 4(11) to the financial statements.

(X) Reserve

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

(XI) Distributable reserve

During the Reporting Period, the Company's reserve available for distribution as dividends, calculated in accordance with the relevant rules and regulations, amounted to RMB2,058,119,860.42. 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)

(XII) Permitted indemnity provision

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

(XIII) Charitable donation

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

(XIV) Management contracts

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

(XV) Equity-linked agreement

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

(XVI) Competing business

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

(XVII) Remuneration for Directors and five highest paid employees

Details of the emoluments for Directors and five highest paid employees are set out in Note 6(6).

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

(XVIII) Change of auditor

KPMG Huazhen LLP retired as auditor of the Company upon expiration of its current term of office on 17 June 2022. The Company appointed PricewaterhouseCoopers Zhong Tian LLP as the new auditor of the Company with effect from 17 June 2022. Save as disclosed above, the Company did not change its auditors in the past three years.

(XVIII) Significant events after the Reporting Period

For significant events after the Reporting Period, please refer to “XII Financial Report Note to 2023 financial statements- 8. Events after the Balance Sheet Date”.

Chairman: Qiao Dewei

28 March 2024

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 28 March 2024, the Supervisory Committee convened a meeting, at which the 2023 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
28 March 2024

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, there was not aware of any insider trading of the shares of the Company by taking advantage of inside information by the persons with insider information, and no investigation was conducted by regulatory authorities against insider trading of shares by the persons with insider information.

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

III. COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to achieving high corporate governance standards in order to safeguard the interests of shareholders and enhance corporate value and accountability of the Company. The Company has adopted the Code Provisions set out in the Corporate Governance Code (the “CG Code”) in Appendix C1 of the Listing Rules of the Stock Exchange as its own code of corporate governance. During the year ended 31 December 2023, save as disclosed in “XI. Special Committees under the Board-(I) Members of the special committees under the Board-Audit and Risk Management Committee” in this section, the Company has complied with the applicable code provisions as set out in Part 2 of the CG Code. Since the Company has not adopted or implemented an equity incentive plan, it is temporarily considered not to include the reviewing and/or approval of the matters in relation to share scheme as described in Chapter 17 of the Stock Exchange Listing Rules in the terms of reference of the Remuneration and Appraisal Committee in the working rules of the Remuneration and Appraisal Committee. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

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
2022 Annual General Meeting	16 June 2023	www.hkexnews.hk www.sse.com.cn	16 June 2023 17 June 2023	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

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	Gender	Age	The beginning of the term	The end of the term	Number of shares at the beginning of the year	Number of shares at the end of the year	Increase/decrease in shareholding during the year	Reason for change in shareholding during the year	Total remuneration before tax received from the Company during the Reporting Period (RMB'0,000)	Whether received remuneration from the related parties of the Company
QIAO Dewe	Chairman	Male	57	2012-04-11	2024-11-09	0	0	0		216.50	No
CHENG Suning	Director (Resigned)	Male	39	2018-10-19	2023-05-24	0	0	0		0	Yes
YUE Peng	Director	Male	54	2023-06-16	2024-11-09	0	0	0		0	Yes
LIU Shuguang	Director	Male	55	2012-04-11	2024-11-09	0	0	0		0	Yes
ZHONG Xia	General Manager, Director (Resigned)	Female	55	2021-05-14	2024-02-08	0	0	0		227.83	No
HU Shengyong	Director	Male	54	2014-11-07	2024-11-09	0	0	0		161.07	No
LI Lei	Director (Resigned)	Male	40	2021-11-10	2023-05-24	0	0	0		0	Yes
TONG Xiangyu	Director	Male	36	2023-06-16	2024-11-09	0	0	0		0	Yes
FU Jie	Independent Director	Female	45	2018-02-26	2024-11-09	0	0	0		10.72	No
XIE Lanjun	Independent Director	Male	58	2018-10-19	2024-11-09	0	0	0		8	No
ZHOU Beihai	Independent Director	Male	60	2021-11-10	2024-11-09	0	0	0		8	No
LUO Zhaoguo	Chairman of the Supervisory Committee	Male	46	2013-06-19	2024-11-09	0	0	0		0	No
YU Lijun	Supervisor	Female	38	2021-05-14	2024-11-09	0	0	0		24.30	No
YAN Shiwen	Employee Representative Supervisor	Male	30	2021-11-10	2024-11-09	0	0	0		23.08	No
HUANG Jianzhong	Deputy General Manager	Male	57	2012-04-11	2024-11-09	0	0	0		131.08	No
ZHANG Yong	Deputy General Manager	Male	52	2017-01-01	2024-11-09	0	0	0		140.88	No
ZHU Shuguang	Manager and Secretary to the Board	Male	48	2017-01-01	2024-11-09	0	0	0		140.88	No
Hao Jingli	Deputy General Manager	Male	56	2019-10-10	2024-11-09	0	0	0		145.78	No
Xi Qiang	Deputy General Manager	Male	45	2019-10-10	2024-11-09	0	0	0		145.78	No
ZHANG Wei	Chief engineer	Male	56	2019-10-10	2024-11-09	0	0	0		131.08	No
Yi Zhiyong	Chief Financial Officer	Male	49	2021-03-31	2024-11-09	0	0	0		145.78	No
LIU Lin	General manager assistant	Male	41	2023-12-20	2024-11-09	85,900	85,900	0		55.03	No
PI Swei	General counsel	Male	52	2023-12-20	2024-11-09	0	0	0		44.10	No
Total	/	/	/	/	/	85900	85900	0	/	1,759.89	/

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

Other explanations

Applicable Not applicable

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

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

(1) Directors

Mr. QIAO Dewei (喬德衛), aged 57, 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. Mr. QIAO was a Director of the Company from September 2005 to May 2011, and has also been a Director of the Company since April 2012. Mr. QIAO graduated from Zhongnan University of Economics and Law (中南財經大學) with a Bachelor's degree in Economics in July 1988 and obtained his Master's degree in Law from Hubei University (湖北大學) in June 1999. Between May 2005 and August 2006, Mr. QIAO furthered his studies in a learning project under the postgraduate course in Financial Management at Tsinghua University, and obtained his Executive Master of Business Administration degree from Peking University in July 2013. Mr. QIAO qualified as an accountant, the certificate of which was issued by Profession Administration Department of Ministry of Finance (財政部專業主管部門), in November 1993. Mr. QIAO is a member of the Strategy Committee of the Company.

Mr. CHENG Suning (成蘇寧), aged 39, was appointed as a non-executive director of the Company on 19 October 2018 and resigned as a non-executive director of the Company on 24 May 2023. 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, general manager and general manager of financial and industrial investment department. 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. YUE Peng, Chinese, aged 54, was appointed as a non-executive director of the Company on 16 June 2023. From July 1999 to April 2008, he worked in the Organic Chemical Factory of Beijing Dongfang Petrochemical Co., Ltd. and successively served as the deputy head and head of the enterprise management office, the head of the comprehensive management office, and the head of the enterprise management office; from April 2008 to January 2009, he served as the deputy head of the Human Resources Department in the Operation Center of the Opening and Closing Ceremonies of the Beijing Olympic Organizing Committee; from January 2009 to July 2015, he served as the deputy general manager of Beijing Shibo International Sports Competition Co., Ltd; from July 2015 to April 2021, he worked in Beijing Guoyuan Sports and Culture Investment Co., Ltd. and successively served as a director, deputy general manager, deputy secretary to the Party Branch, director, deputy general manager, secretary to the Party Branch, director and general manager; from April 2021 to February 2023, he worked in Beijing State-owned Assets Management Co., Ltd. and successively served as the manager of the asset management department, the manager of the urban functional industry investment department, and concurrently the manager of the asset management department; from February 2023 to February 2024, he served as the manager of the urban functional industry investment department of Beijing State-owned Assets Management Co., Ltd.; he has served as the chairman of Beijing Industrial Development Investment Management Co., Ltd. (北京工業發展投資管理有限公司) since February 2024. Mr. Yue graduated from Renmin University of China with a master's degree. Mr. Yue is a member of the Audit and Risk Management Committee and the Nomination Committee.

Mr. LIU Shuguang (劉曙光), aged 55, 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 (仲夏), aged 55, was appointed as the General Manager of the Company on 31 March 2021 and resigned as the General Manager of the Company on 8 February 2024. She was appointed as an executive Director of the Company on 14 May 2021 and resigned as an executive Director of the Company on 8 February 2024. Ms. Zhong served as a clerk in the equipment division of the design and research institute of Maanshan Iron & Steel Company (馬鞍山鋼鐵公司) from September 1992 to March 1993, and the manager of the Commerce Department of Shenzhen Dow's Trading Co., Ltd. (深圳道斯貿易有限公司) from March 1993 to March 2000; she successively served as an assistant to general manager of the Investment Department, the general manager of the Purchasing Department, and the deputy general manager of the Company from March 2000 to March 2021; Ms. Zhong served as the deputy Party secretary of the Company from November 2018 to February 2024; she served as the general manager of the Company from March 2021 to February 2024. Mr. Zhong was a member of the Strategy Committee of the Company when she served as an executive Director. Ms. Zhong graduated from Anhui University of Technology (安徽工業大學) with a Bachelor's degree.

VI. Corporate Governance (Continued)

Mr. HU Shengyong (胡聲泳), aged 54, 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 Stateowned 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.

Mr. LI Lei (李雷), aged 40, was appointed as a non-executive Director of the Company on 10 November 2021 and resigned as a non-executive Director of the Company on 24 May 2023. 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.

Mr. TONG Xiangyu (仝翔宇), aged 36, was appointed as a non-executive Director of the Company on 16 June 2023. From February 2014 to May 2015, he served as the assistant to the president of the President Office of China Finance Leasing Co., Ltd; from June 2015 to June 2020, he successively served as the head of investment banking, the head of asset transfer and the head of structured financing in the Investment Banking Department of China Bohai Bank Co., Ltd; from July 2020 to August 2022, he served as an account manager in the second business department of the Three Gorges Financial Leasing Co., Ltd.; from August 2022 to March 2023, he served as an investment manager in the investment business department of the Three Gorges Capital Holdings Co., Ltd. He has been a senior investment manager in the investment business department of the Three Gorges Capital Holdings Co., Ltd. since March 2023. Mr. Tong graduated from Georgetown University of the United States with a master’s degree.

VI. Corporate Governance (Continued)

Ms. FU Jie (傅捷), aged 45, was appointed as an independent non-executive Director of the Company on 26 February 2018. Ms. FU is a member of the China Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants (ACCA) and a member of the Hong Kong Institute of Certified Public Accountants. She served as a trader of the Kunming business department, manager of the trading department and senior manager of the trading department of Southwest Securities Co., Ltd. from September 2000 to July 2004. Ms. FU worked for Ernst & Young Hua Ming LLP from August 2004 to March 2016; and served as the senior manager of audit department from October 2012 to March 2016. She participated in the audit work for a number of Hong Kong listed companies and A-share listed companies in China; she served as the chief financial officer of China U-Ton Holdings Limited (Stock Code: 6168) from April 2016 to July 2019; she has served as the chief financial officer of China Kangda Food Company Limited (Stock Code: 0834) since September 2019 and is mainly responsible for the Company's financial management, investment and financing and investor relations. Ms. FU was an independent non-executive director of Dahe Media Co., Ltd, a company listed on the Stock Exchange (Stock Code: 8243) from June 2018 to August 2018. Ms. FU 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 58, was appointed as an independent non-executive Director of the Company on 19 October 2018. 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 Shengtuotou Trust Co., Ltd. (華潤深國投信託有限公司); since December 2019, he has served as a director of Jiangxin Fund Management Co., Ltd. (江信基金管理有限公司). 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) and RAYITEK Hi-Tech Film Company, Ltd., Shenzhen (深圳瑞華泰薄膜科技股份有限公司). In November 2020, he was appointed as an independent director of Shenzhen Institute of Building Research Co., Ltd. (深圳市建築科學研究院股份有限公司). In November 2023, he resigned as an independent director of Shenzhen Jinjia Group Co., Ltd. (深圳勁嘉集團股份有限公司). 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 60, was appointed as an independent non-executive Director of the Company on 10 November 2021. Mr. ZHOU Beihai carried out research on solid waste landfill technology at the University of Fukuoka in Japan from March 1992 to March 1994, and conducted research on photocatalysis water treatment technology at Saitama University in Japan from January 1995 to March 1995. He served as the director of the Registration and Management Centre for the solid waste under the State Administration of Environmental Protection (國家環保總局固體廢物登記管理中心) from October 1996 to August 2001, and served as the senior diplomatic officer of science and technology at the Chinese Embassy in Japan from September 2001 to December 2004. Mr. ZHOU Beihai served as the professor at the School of Energy and Environmental Engineering of University of Science and Technology Beijing from January 2005 to June 2023 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 46, 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 and the general manager of Financial Management Department of BSAM. Mr. LUO graduated from the Management School of the University of Science and Technology Beijing (北京科技大學) with a Bachelor's degree majoring in Accounting in July 2000. Mr. LUO obtained his Master's degree in Management from Capital University of Economics and Business (首都經濟貿易大學) in July 2009.

Ms. YU Lijun (余麗君), aged 38, 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 30, was appointed as an employee representative supervisor of the Company on 10 November 2021. From September 2015 to December 2015, he worked as an appraisal assistant in GuoZhongLian Asset Appraisal Land Real Estate Valuation Co., Ltd. (國眾聯 資產評估土地房地產估價有限公司). From December 2015 to December 2016, Mr. Yan Shiwen served as an intermediate auditor in Zhonghua Certified Public Accountants. From December 2016 to September 2019, he served as a senior auditor in BDO China SHU LUN PAN Certified Public Accountants. Mr. Yan Shiwen has served as an audit supervisor, compliance supervisor and investment manager of the Company since April 2020. Mr. Yan graduated from Hunan University of Arts and Science with a bachelor's degree in accounting.

(3) Senior management

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 57, 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 52, is the deputy general manager of the Company. Mr. ZHANG was a technical management staff of Sichuan Qingyan Machinery Plant (State-owned 5027 Plant) (四川慶岩機械廠 (國營5027廠)) from July 1993 to July 1994; a resident representative at factory of New Power Tech (Shenzhen) Co., Ltd (力新科技 (深圳) 有限公司) from July 1994 to October 1996; vice manager, manager and assistant to general manager of the department of quality control of Weiyong Technology (Shenzhen) Co., Ltd (維用科技 (深圳) 有限公司) from October 1996 to May 2004; the operation support director (chief operating officer) of E-Bi International Supply Chain Management Co., Ltd (億柏國際供應鏈管理有限公司) from May 2004 to September 2006; Mr. ZHANG served as the deputy officer and officer of the president's office in the Company from September 2006 to March 2014; the chairman of labor union of the Company from February 2014 to June 2019; and served as the chief operating officer and manager of the president's office from March 2014 to December 2016; from January 2017 to October 2021, he served as a deputy general manager and officer of the president's office of the Company; since October 2021, he has been the deputy general manager of the Company. Mr. ZHANG graduated from Sichuan Normal College (四川師範學院) (now known as China West Normal University (西華師範大學)) with a Bachelor of Science in July 1993, and studied Business Administration in the Antai College of Economics and Management of Shanghai Jiao Tong University (上海交通大學安泰經濟管理學院) from September 2002 to January 2005 and obtained his Master of Business Administration and is an intermediate economist.

VI. Corporate Governance (Continued)

Mr. ZHU Shuguang (朱曙光), aged 48, is currently the Secretary of the Board and a Deputy General Manager of the Company. Mr. ZHU worked at China Securities (華夏證券) before March 2002; he worked in securities investment while working at Shenzhen Han's Laser Technology Co., Ltd. (深圳市大族激光科技股份有限公司) from August 2002 to March 2004; between April 2004 and August 2008, Mr. ZHU was the deputy general director of Department of Securities of Shenzhen Baoneng Group (深圳市寶能投資集團有限公司); Mr. ZHU was a manager of Department of Securities of AVIC Sanxin Co., Ltd. (中航三鑫股份有限公司) as well as deputy general manager and secretary of the board of Shenzhen JMT Glass Co., Ltd. (深圳三鑫精美特有限公司), a subsidiary of AVIC Sanxin Co., Ltd., from August 2008 to August 2010; Mr. ZHU has been the Officer of Treasury Department of the Company from September 2010 to February 2017, and the Secretary of the Board from 3 December 2013 to present; since January 2017, he has been the secretary to the Board, a deputy general manager and a joint company secretary of the Company. Mr. ZHU graduated from Central University of Finance and Economics (中央財經大學) with a Bachelor's degree in Economics.

Mr. HAO Jingli (郝敬立), aged 56, currently serves as a deputy general manager of the Company. Mr. HAO successively served as a technician, an engineer specialized in thermal control, a project production manager and a deputy project manager of Heilongjiang First Thermal Power Company (黑龍江省火電一公司) from July 1990 to March 2007; he successively served as a deputy general manager of Changzhou Project Company, a deputy general manager of engineering management department (presiding over work), and the general manager of Wuhan Project Company of Dynagreen Environmental Protection Group Co., Ltd. from March 2007 to March 2014; Mr. HAO served as the assistant to general manager of Dynagreen Environmental Protection Group Co., Ltd. and concurrently served as the general manager of Wuhan Project Company, the general manager of Tongzhou Project Company and the general manager of Miyun Project Company from March 2014 to January 2019; he served as the assistant to general manager of Dynagreen Environmental Protection Group Co., Ltd. from January 2019 to October 2019. Since October 2019, he has been a deputy general manager of the Company. Mr. HAO holds an undergraduate degree and is a senior engineer.

Mr. XI Qiang (奚強), aged 45, currently serves as a deputy general manager of the Company. Mr. XI successively served as the shift supervisor of the power general department of Taicang Xinhaikang GCL Thermal Power Co., Ltd. of GCL Group (協鑫集團太倉新海康協鑫熱電有限公司), the manager of operation department of 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 served the general manager of the operation management center of Dynagreen Environmental Protection Group Co., Ltd. from August 2019 to June 2020. Since October 2019, he has been a deputy general manager of the Company. Mr. XI holds an undergraduate degree in management and is a senior engineer and intermediate economist.

VI. Corporate Governance (Continued)

Mr. ZHANG Wei (張衛), aged 56, currently serves as the chief engineer of the Company. Mr. Zhang successively served as the assistant engineer, engineer and engineer in charge of the production technology division of Guangdong Zhongshan Power Development Company (廣東中山市電力開發公司) from July 1989 to February 2004; he served as the deputy head of the production technology management department of Guangdong Zhongshan Zhongfa Power Co., Ltd. (廣東中山中發電力有限公司) from February 2004 to May 2007 and successively served as the manager of the technology department of the technology research and development center, the general manager of Zengcheng Project Company and the chief engineer of Nansha Project Company of GZ Environmental Protection Investment Group Co., Ltd. (廣州環保投資集團有限公司) from May 2007 to May 2014; Mr. ZHANG served as a deputy general manager and the chief engineer of waste-to-energy business department of Yonker Environmental Protection Co., Ltd. (永清環保股份有限公司) from May 2014 to September 2016; since September 2016, he has served as the general manager of the technology research and development department of Dynagreen Environmental Protection Group Co., Ltd. Since October 2019, he has been the chief engineer of the Company. Mr. Zhang holds a bachelor's degree in engineering and is a senior engineer.

Mr. YI Zhiyong (易智勇), aged 49, currently serves the chief financial officer of the Company. He served as the manager of the after-sales service department of Wuhan Intercontinental Yintai Battery Co., Ltd. (武漢洲際銀泰電池有限公司) from July 1998 to July 1999; the manager (officially dispatched) of the after-sales service department of Wuhan Intercontinental Yintai Battery Co., Ltd. (武漢洲際銀泰電池有限公司) from July 1999 to March 2002; the manager of the administrative personnel department of Shiji Ansoft Information Technology Co., Ltd. (世紀安軟資訊技術有限公司) from March 2002 to March 2003; and the manager of the finance department of Beijing Sunco Land Fengrun Real Estate Development Co., Ltd. (北京順馳置地豐潤房地產開發有限公司) from March 2003 to December 2005; He successively served as the financial supervisor of the financial management center, the assistant to the general manager of the financial management center and the deputy general manager of the financial management center of the Company; the person in charge of Taizhou Project Company of the Company; the general manager of the new business development department and the international business department (investment and mergers and acquisitions) of the Company; and a member of the disciplinary committee, the head of the disciplinary inspection and supervision department and the head of the disciplinary supervision department of the Company from February 2006 to March 2021. He has served as the chief financial officer of the Company since March 2021. Mr. Yi graduated from Huazhong Polytechnic University (currently known as Huazhong University of Science and Technology) with a bachelor's degree of science and economics, and is a Chinese Certified Public Accountant.

Mr. LIU Lin, aged 41, currently serves as the general manager assistant of the Company. Mr. Liu started to work in July 2005 and served as the legal supervisor of Hanvon Technology Co., Ltd. (漢王科技股份有限公司), the legal counsel of AirMedia Technology (Beijing) Co., Ltd. (悅航創億傳媒技術(北京)有限公司), a lawyer of Beijing Chang An Law Firm (北京市長安律師事務所), the head of the legal department and the head of the second investment department of Beijing Capital Environmental Investment Co., Ltd. (北京首創環境投資有限公司) and the general manager of Jiujiang Shouchuang Environmental Energy Co., Ltd. (九江首創環保能源股份有限公司); from March 2017 to December 2023, he successively served as the deputy investment director of the Investment Development Department, and the deputy investment director and manager of the Investment Management Center of Dynagreen Environmental Protection Group Co., Ltd.; he has been the general manager assistant of the Company since December 2023. Mr. Liu graduated from Peking University with a master's degree.

VI. Corporate Governance (Continued)

Mr. Pi Siwei, aged 52, is the general counsel of the Company. From July 1990 to August 2016, Mr. Pi served as deputy chief of the production section of the power generation plant, deputy director of the electrical workshop, deputy director of the power generation workshop, deputy director of the power generation department, deputy chief of the biotechnology section, deputy director of the ash transport workshop, day shift operation director of the desulfurization and ash transport area of the power generation plant, and day shift operation director of the power generation operation area of the power generation plant of Sichuan Panzhihua Steel Group Limited (攀枝花鋼鐵集團公司); from September 2016 to December 2023, he successively served as the operation safety and environment director of the operation management department, the manager assistant of the operation management department, the deputy manager of the operation management center (presiding over work), the manager of the operation management center and the general manager of Sihui Project Company of Dynagreen Environmental Protection Group Co., Ltd.; he has served as general counsel of the Company since December 2023. Mr. Pi graduated from Southwest University of Finance and Economics with a bachelor's degree, and holds a legal professional qualification certificate.

(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 26 year of experience in corporate services and has provided professional corporate services for listed companies in Hong Kong and multi-national companies, private companies and offshore companies. She is currently the company secretary/joint company secretary for a number of listed companies on Hong Kong Stock Exchange. Ms. YUEN is a Chartered Secretary, a Chartered Governance Professional and a fellow of both of The Hong Kong Chartered Governance Institute ("HKCGI") and The Chartered Governance Institute.

2. Positions in Shareholder Entities

Applicable Not applicable

Name	Name of shareholder entities	Position held in shareholder entities	Starting date of term of office	Expiry date of term of office
YUE Peng	Beijing Industrial Development Investment Management Co., Ltd. ^(Note)	Chairman	February 2024	
LUO Zhaoguo	BSAM	General manager of financial management department	October 2016	
TONG Xiangyu	Three Gorges Capital Holdings Co., Ltd.	Senior investment manager of investment business department	March 2023	
Explanation on positions held in shareholder entities	Nil			

Note: Beijing Industrial Development Investment Management Co., Ltd. is a wholly-owned subsidiary of BSAM

3. Positions in Other Entities

Applicable Not applicable

Name	Name of other entities	Position held in other entities	Starting date of term of office	Expiry date of term of office
FU Jie	China Kangda Food Limited (中國康大食品有限公司)	Chief financial officer	September 2019	
XIE Lanjun	Beijing Zhongyin (Shenzhen) Law Firm (北京市中銀(深圳)律師事務所)	Senior partner, practicing lawyer	January 2009	
ZHOU Beihai	University of Science and Technology Beijing	Professor of the School of Energy and Environmental Engineering	January 2005	June 2023
XIE Lanjun	Shenzhen Jinjia Group Co., Ltd.	Independent director	May 2020	November 2023
XIE Lanjun	Shenzhen Institute of Building Research Co., Ltd.	Independent director	November 2020	
XIE Lanjun	Shenzhen RAYITEK Hi-Tech Film Company, Ltd.	Independent director	May 2020	
ZHOU Beihai	Yunnan Water Investment Co., Ltd.	Independent director	October 2020	
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
Whether Directors abstain from the Board's discussion of their remuneration	Yes
Details of the special meeting of the Remuneration and Appraisal Committee or independent directors on recommendations on the remuneration of Directors, supervisors and senior management	The Proposal on the 2023 Remuneration Plan for the Directors and Supervisors of the Company was considered and approved at the 2023 first meeting of the Remuneration and Appraisal Committee; the Proposal on the 2023 Remuneration Appraisal for the Senior Management of the Company was considered and approved at the 2024 first meeting of the Remuneration and Appraisal Committee and was subsequently submitted to the Board for consideration and approval
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	RMB17.5989 million
Total remuneration actually received by all Directors, supervisors and senior management at the end of the Reporting Period	RMB17.5989 million

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

Applicable Not applicable

Name	Position	Change	Reasons for the change
Zhong Xia	Executive Director and general manager	Resignation	Resigned as an executive Director and general manager due to retirement
CHENG Suning	Non-executive Director	Resignation	Resigned as a non-executive Director of the Company due to adjustment of work arrangement
LI Lei	Non-executive Director	Resignation	Resigned as a non-executive Director of the Company due to adjustment of work arrangement
YUE Peng	Non-executive Director	Election	
TONG Xiangyu	Non-executive Director	Election	
LIU Lin	General manager assistant	Appointment	
PI Siwei	General counsel	Appointment	

Mr. YUE Peng and Mr. TONG Xiangyu obtained legal advice under Rule 3.09D of the Listing Rules of the Stock Exchange on 12 June 2023 and confirmed their understanding of their responsibilities as directors of a listed issuer respectively.

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

Applicable Not applicable

(VI) Others

Applicable Not applicable

VI. Board meetings convened during the Reporting Period

Session of the meeting	Date of meeting	Resolutions of meeting
12th meeting of the fourth session of the Board	2023-02-01	All resolutions were approved
13th meeting of the fourth session of the Board	2023-03-30	All resolutions were approved
14th meeting of the fourth session of the Board	2023-04-28	All resolutions were approved
15th meeting of the fourth session of the Board	2023-05-24	All resolutions were approved
16th meeting of the fourth session of the Board	2023-08-11	All resolutions were approved
17th meeting of the fourth session of the Board	2023-08-29	All resolutions were approved
18th meeting of the fourth session of the Board	2023-09-06	All resolutions were approved
19th meeting of the fourth session of the Board	2023-10-30	All resolutions were approved
20th meeting of the fourth session of the Board	2023-12-20	All resolutions were approved

VI. Corporate Governance (Continued)

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

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

VIII. BOARD OF DIRECTORS

(I) The Board

1. Composition of the Board

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

Non-executive Directors

CHENG Suning (*Resigned*)

YUE Peng

LIU Shuguang

LI Lei (*Resigned*)

TONG Xiangyu

Executive Directors

QIAO Dewei (*Chairman*)

ZHONG Xia (*General Manager*) (*Resigned after the Reporting Period*)

HU Shengyong

Independent Non-executive Directors

FU Jie

XIE Lanjun

ZHOU Beihai

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 "Information on the Positions of Current Directors, Supervisors and Senior Management and of Directors, Supervisors and Senior Management Resigned during the Reporting Period" of the annual report for the year ended 31 December 2023.

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

2. Directors' Re-election

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

(II) The Board and management

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

The Board is responsible for the leadership 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	Number of general meeting attended
			Attendance in person	Attendance via communication	Attendance by proxy	Absence			
QIAO Dewei	No	9	8	2	1	0	No	1	
CHENG Suning	No	4	4	4	0	0	No	0	
YUE Peng	No	5	5	5	0	0	No	1	
LIU Shuguang	No	9	9	9	0	0	No	0	
LI Lei	No	4	1	1	3	0	Yes	0	
TONG Xiangyu	No	5	5	5	0	0	No	1	
ZHONG Xia	No	9	9	2	0	0	No	1	
HU Shengyong	No	9	9	2	0	0	No	1	
FU Jie	Yes	9	9	9	0	0	No	1	
XIE Lanjun	Yes	9	9	8	0	0	No	1	
ZHOU Beihai	Yes	9	9	8	0	0	No	1	

Explanation for not attendance in person for two consecutive times

Applicable Not applicable

Mr. LI Lei, a non-executive Director of the Company, was unable to attend the 12th and 13th meetings of the fourth session of the Board in person due to work reasons, and entrusted other Directors to exercise voting rights on his behalf.

Number of board meetings held in the year	9
Of which: number of on-site meeting	0
Number of meeting via communication	2
Number of meeting via on-site and communication	7

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 Stock Exchange Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

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

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

VI. Corporate Governance (Continued)

During the year ended 31 December 2023, the following Directors attended seminars/training sessions/in-house briefing/reading materials:

Director	Attending seminars and/or conferences and/or forums	Reading journals, updates, articles and/or materials, etc.
<i>Executive Directors</i>		
QIAO Dewei (Chairman)	✓	✓
ZHONG Xia (General Manager) (Resigned)	✓	✓
HU Shengyong	✓	✓
<i>Non-executive Directors</i>		
CHENG Suning (Resigned)	✓	✓
YUE Peng	✓	✓
LIU Shuguang	✓	✓
LI Lei (Resigned)	✓	✓
TONG Xiangyu	✓	✓
<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 A.2.1 of the CG Code.

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

3. Independent non-executive Directors

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

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

VI. Corporate Governance (Continued)

X. CHAIRMAN AND GENERAL MANAGER

During the Reporting Period, the positions of the chairman and the general manager were 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

(I) Members of the special committees under the Board

Special committees	Members
Audit and Risk Management Committee	FU Jie (Chairman), YUE Peng, XIE Lanjun
Nomination Committee	XIE Lanjun (Chairman), ZHOU Beihai, YUE Peng
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 and the listing rules of the Shanghai Stock Exchange .

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

The Audit and Risk Management Committee reviewed the financial results of the Group for the year ended 31 December 2023, considered the appointment of PricewaterhouseCoopers Zhong Tian LLP as the Company’s external auditors in 2023 and held two meetings with the external auditors in the absence of the executive Directors.

Due to the adjustment of work arrangement, Mr. CHENG Suning applied to resign as a non-executive Director of the Company with effect from 24 May 2023. On 16 June 2023, as considered and approved at the 2022 annual general meeting, Mr. YUE Peng was elected as a non-executive Director of the Company and, upon his election as a Director, was appointed as a member of the Audit and Risk Management Committee and the Nomination Committee.

In accordance with Rule 3.21 of the Stock Exchange Listing Rules, the Audit and Risk Management Committee shall have at least three members. After the resignation of Mr. Cheng Suning, the number of members of the Audit and Risk Management Committee reduced from three to two, which did not meet the minimum requirement under Rule 3.21 of the Stock Exchange Listing Rules. The Company had then identified suitable personnel, and completed the election procedures for the new Directors at 2022 annual general meeting to meet the requirements of Rules 3.21 and 3.23 of the Stock Exchange Listing Rules.

Nomination Committee

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

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

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

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

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

VI. Corporate Governance (Continued)

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.

Remuneration and Appraisal Committee

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

The primary responsibilities of the Remuneration Committee include but are not limited to: (i) researching and recommending to the Board on the Company’s remuneration structure and policy for all Directors and senior management of the Company; (ii) recommending to the Board the remuneration packages of individual executive Directors and members of the senior management; (iii) recommending to the Board on the remuneration of non-executive Directors; (iv) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct; and (v) monitoring the implementation of remuneration policies of Directors and senior management. Since the Company has not adopted or implemented an equity incentive plan, it is temporarily considered not to include the reviewing and/or approval of the matters in relation to share scheme as described in Chapter 17 of the Stock Exchange Listing Rules in the terms of reference of the Remuneration and Appraisal Committee in the working rules of the Remuneration and Appraisal Committee.

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

Pursuant to Code Provision E.1.5 of the CG Code, the annual remuneration of the members of the senior management by band for the year ended 31 December 2023 is set out below:

Remuneration band(s) (HK\$)	Number of individuals
HK\$1,000,001 to 1,500,000	4
HK\$1,500,001 to 2,000,000	3
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 2023 are set out in Note 6(6) 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.

(II) The Audit and Risk Management Committee convened 4 meetings during the Reporting Period

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
2023-03-23	2022 fourth quarterly internal audit work report, 2022 annual internal audit work report, 2022 audit report, 2022 results announcement and 2022 annual report of Dynagreen Environmental Protection Group Co., Ltd., self-assessment of internal control, confirmation of effectiveness of risk management, 2023 work plan on rule of law and compliance and appointment of auditor for 2023	All resolutions were approved	
2023-04-21	2023 first quarterly internal audit work report and 2023 first quarterly report	All resolutions were approved	
2023-08-22	2023 second quarterly internal audit work report, 2023 semi-annual interim financial report, 2023 interim report and 2023 internal control evaluation plan	All resolutions were approved	
2023-10-25	2023 third quarterly internal audit work report and 2023 third quarterly report	All resolutions were approved	

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

Member of Audit and Risk Management Committee	Number of meetings attended/Total number of meetings
FU Jie (<i>Chairman</i>)	4/4
CHENG Suning (<i>Resigned</i>)	2/2
XIE Lanjun	4/4
YUE Peng	2/2

VI. Corporate Governance (Continued)

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

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
2023-3-30	Performance of duties by senior management in 2022, appraisal of remuneration in 2022 and 2023 remuneration plan for senior management of the Company, and remuneration plan for directors and supervisors of the Company in 2023	All resolutions were approved	
2023-5-21	Statement of responsibilities of management members for performance appraisal in 2023	All resolutions were approved	

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

Member of Remuneration and Appraisal Committee	Number of meetings attended/Total number of meetings
ZHOU Beihai (Chairman)	2/2
FU Jie	2/2
LIU Shuguang	2/2

(IV) The Strategy Committee convened 2 meetings during the Reporting Period

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
2023-3-30	2022 work report of general manager and 2023 business plan	All resolutions were approved	
2023-12-15	Interim assessment report on the “14th Five-Year” strategic development plan	All resolutions were approved	

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

Member of Strategy Committee	Number of meetings attended/Total number of meetings
QIAO Dewei (Chairman)	2/2
LIU Shuguang	2/2
ZHONG Xia (Resigned)	2/2
HU Shengyong	2/2
ZHOU Beihai	2/2

(V) The Nomination Committee convened 2 meetings during the Reporting Period

Date of meeting	Content of meeting	Important comments and suggestions	Other performance of duties
2023-05-15	Proposal on Nomination of Candidates for Directors	All resolutions were approved	
2023-12-15	Proposal on Appointment of Senior Management of the Company	All resolutions were approved	

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

Member of Nomination Committee	Number of meetings attended/Total number of meetings
XIE Lanjun (<i>Chairman</i>)	2/2
ZHOU Beihai	2/2
CHENG Suning (<i>Resigned</i>)	1/1
YUE Peng	1/1

(VI) Specific matters with objections

Applicable Not applicable

VI. Corporate Governance (Continued)

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:

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

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

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

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

At present, the Company has achieved gender diversity of Board members and all employees. The composition of the Board and senior management has been disclosed in detail in "V. Directors, Supervisors and Senior Management" in this section. Female employees account for 22.99% of all employees of the Company.

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

Applicable Not applicable

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

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

(I) Employees

Number of in-service employees of the parent company	122
Number of in-service employees of the major subsidiaries	3,344
Total number of in-service employees	3,466
The number of retired employees whose expenses are borne by the parent company and the major subsidiaries	0

Composition of professions

Type of profession	Number of staff in the profession
Production staff	2,136
Technical staff	652
Finance staff	136
Administrative staff	343
Others	199
Total	3,466

Education level

Type of education level	Number of persons
Master and above	22
Bachelor	760
College graduate	1,598
Below college graduate	1,086
Total	3,466

VI. Corporate Governance (Continued)

(II) Remuneration Policy

Applicable Not applicable

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

The Company will maintain the stability of the remuneration system, and will continue to improve on the basis of the implementation of current remuneration system in accordance with the actual situation of the Company. The Company will make timely adjustments to the salary level of employees according to the operation situation, price index and industry salary level, so that the income level of employees will continue to be competitive. For details of remuneration of employees, please refer to Note 4 (23) Employee benefits payable to the financial statements.

(III) Training Program

Applicable Not applicable

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

(IV) Labour Outsourcing

Applicable Not applicable

(V) Post-employment Benefits – Defined Contribution Plans

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

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

For the year ended 31 December 2023, the Group had no forfeited contribution or forfeited contribution available for deduction of the Group’s contribution as at 31 December 2023.

XV. PROPOSAL OF PROFIT DISTRIBUTION OR CONVERSION OF CAPITAL RESERVE

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

Applicable Not applicable

The Resolution on Shareholders' Return Plan for the Next Three Years (2021-2023) had been considered and passed at the 33rd 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 proposal for the year 2021, the dividend proposal for the year 2022 and the dividend proposal for the year 2023 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

VI. Corporate Governance (Continued)

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

Applicable Not applicable

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

Applicable Not applicable

Unit: RMB'0,000

Number of shares to be distributed for every ten shares (share)	0
Amount to be distributed for every ten shares (RMB) (tax inclusive)	1.5
Number of shares to be converted into share capital for every ten shares (share)	0
Amount of cash dividend (tax inclusive)	20,901.75
Net profit attributable to ordinary shareholders of the Company in the consolidated financial statements in the year of distribution	62,928.14
Percentage to the net profit attributable to ordinary shareholders of the Company in the consolidated financial statements (%)	33.22
Amount of repurchase of shares in cash included in cash dividend	0
Total dividends (tax inclusive)	20,901.75
Percentage of the total dividends to the net profit attributable to ordinary shareholders of the Company in the consolidated financial statements (%)	33.22

On 28 March 2024, the Board proposed to distribute cash dividends for 2023 to ordinary shareholders of the Company. It is proposed to distribute a cash dividend of RMB0.15 (before tax) for every share to all shareholders based on the aggregate share capital on the share-based equity registration date. A total of RMB209,017,500 in dividends is expected to be distributed. This proposal is subject to the approval at the general meeting.

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.

VI. Corporate Governance (Continued)

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

Applicable Not applicable

For details, please refer to the 2023 Internal Control Evaluation Report disclosed by the Company on the same date

Significant deficiency existed in internal control during the Reporting Period

Applicable Not applicable

XVIII. MANAGEMENT AND CONTROL OF SUBSIDIARIES DURING THE REPORTING PERIOD

Applicable Not applicable

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

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

XIX. AUDITORS' REPORT ON INTERNAL CONTROL

Applicable Not applicable

The Auditors' Report on Internal Control was issued by PricewaterhouseCoopers Zhong Tian LLP. For details, please refer to the 2023 Internal Control Audit Report disclosed by the Company on the website of the SSE on the same date.

Whether to disclose the internal control audit report: Yes

Opinion type of internal control audit report: standard unqualified

XX. RECTIFICATION OF PROBLEMS FOUND IN THE SPECIAL SELFEXAMINATION OF GOVERNANCE OF LISTED COMPANY

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

XXI. OTHERS

Applicable Not applicable

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

The Company has adopted Management Measures on Securities Transactions by Directors, Supervisors and Senior Management Personnel (the "Management Measures") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix C3 to the Listing Rules of the Stock Exchange. The Company had made specific inquiries to all of the Directors and Supervisors on whether they had complied with the Management Measures during the Reporting Period, and all of the Directors and supervisors had confirmed that they had all complied with the Management Measures. The Company has established the Employees Written Guidance (the "Employees Written Guidance") for its employees who may hold unpublished internal information of the Company in relation to dealing in securities, with terms no less favourable than the Model Code. The Company was not aware of any matters in relation to breaches of the Employees Written Guidance by any employee.

VI. Corporate Governance (Continued)

(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 2023.

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

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

(III) Auditors' Remuneration

The remuneration paid to the Company's external auditors (including PricewaterhouseCoopers Zhong Tian LLP and other PRC auditors) in respect of audit services for the year ended 31 December 2023 amounted to RMB3.495 million, of which RMB3.095 million is for audit services conducted under CASBE and RMB0.4 million is for audit services relating to the internal control for financial reporting rendered by PricewaterhouseCoopers Zhong Tian LLP. For the year ended 31 December 2023, the Company incurred a total of RMB98,800 of fees for non-audit services by its external auditors relating to the 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 2023.

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 2023.

VI. Corporate Governance (Continued)

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

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

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

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

The Board, as supported by the Audit and Risk Management Committee, assessed the effectiveness of the risk management and internal control systems by reviewing the management report and the internal audit report and considered that, for the year ended 31 December 2023, the risk management and internal control systems of the Company are effective and adequate.

VI. Corporate Governance (Continued)

(V) Joint Company Secretaries

Mr. ZHU Shuguang, the secretary of the Board of the Company, and Ms. YUEN Wing Yan, Winnie of Tricor Services Limited, 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 has reviewed the implementation and effectiveness of the shareholder communication policy during the Reporting Period. After review of the implementation and effectiveness of the shareholder communication policy, the Company is of the view that the policy is effective in providing a channel for shareholders to communicate their views on various matters affecting the Company, as well as in soliciting and understanding the views of shareholders and stakeholders. The Company tries its best to maintain a dialogue with its shareholders and has established multiple communication channels between itself and its shareholders, investors and other stakeholders, including annual general meetings, annual and interim reports, notices, announcements and circulars, especially through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries.

During the year ended 31 December 2023, the Company has amended its Articles of Association. Details of the amendments are set out in the circular to shareholders dated 25 May 2023. 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.

(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 C3 to the Stock Exchange Listing Rules, to be notified to the Company and the Stock Exchange.

(VIII) Directors' and Supervisors' Service Contracts

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

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

VII. Environmental and Social Responsibility

I. Environmental information

Whether relevant mechanisms for environmental protection have been established	Yes
Investment in environmental protection during the Reporting Period (Unit: RMB'0,000)	29,066.41

(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 achieved zero emission of COD.

VII. Environmental and Social Responsibility (Continued)

The concentration of major pollutants 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	Foshan Branch of Guangzhou Puno Environmental Testing Technology Service Co., Ltd. (廣州普諾環境檢測技術服務有限公司佛山分公司)	RSD20234673 (2023.10.23)	1 [#] furnace	ND	50mg/m ³	
				Shenzhen GreatEnvironmental Testing Co., Ltd. (深圳市深港聯檢測有限公司)	EP2310A034 (2023.10.25)	2 [#] furnace	12mg/m ³	50mg/m ³
					EP2311A292 (2023.11.14)	3 [#] furnace	4mg/m ³	50mg/m ³
		EP2310A034 (2023.10.25)	4 [#] furnace		13mg/m ³	50mg/m ³		
		Oxynitride	Foshan Branch of Guangzhou Puno Environmental Testing Technology Service Co., Ltd. (廣州普諾環境檢測技術服務有限公司佛山分公司)	RSD20234673 (2023.10.23)	1 [#] furnace	67mg/m ³	150mg/m ³	
				Shenzhen GreatEnvironmental Testing Co., Ltd. (深圳市深港聯檢測有限公司)	EP2310A034 (2023.10.25)	2 [#] furnace	44mg/m ³	150mg/m ³
					EP2311A292 (2023.11.14)	3 [#] furnace	94mg/m ³	150mg/m ³
		EP2310A034 (2023.10.25)	4 [#] furnace		45mg/m ³	150mg/m ³		
		Smog	Foshan Branch of Guangzhou Puno Environmental Testing Technology Service Co., Ltd. (廣州普諾環境檢測技術服務有限公司佛山分公司)	RSD20234673 (2023.10.23)	1 [#] furnace	1.7mg/m ³	10mg/m ³	
				Shenzhen GreatEnvironmental Testing Co., Ltd. (深圳市深港聯檢測有限公司)	EP2310A034 (2023.10.25)	2 [#] furnace	1.4mg/m ³	10mg/m ³
					EP2311A292 (2023.11.14)	3 [#] furnace	1.1mg/m ³	10mg/m ³
		EP2310A034 (2023.10.25)	4 [#] furnace		1.6mg/m ³	10mg/m ³		
		Dioxin	Foshan Branch of Guangzhou Puno Environmental Testing Technology Service Co., Ltd. (廣州普諾環境檢測技術服務有限公司佛山分公司)	RSD20234673 (2023.10.23)	1 [#] furnace	0.02ngTEQ/m ³	0.1ngTEQ/m ³	
				Guangzhou CTI Product Standard Testing Co., Ltd. (廣州市華測品標檢測有限公司)	A2230311790105a (2023.11.24)	2 [#] furnace	0.0018ngTEQ/m ³	0.1ngTEQ/m ³
					A2230311790105b (2023.11.23)	3 [#] furnace	0.0036ngTEQ/m ³	0.1ngTEQ/m ³
A2230311790104 (2023.10.8)	4 [#] furnace	0.0049ngTEQ/m ³	0.1ngTEQ/m ³					
2	Haining Expansion Company	Sulfur dioxide	ZheJiang ZhongYi Testing Institute Co., Ltd. (浙江中一檢測研究院股份有限公司)	HJ234049 (2023.12.07)	1 [#] furnace	<2mg/m ³	100mg/m ³	
					2 [#] furnace	<2mg/m ³	100mg/m ³	
		Oxynitride		1 [#] furnace	33mg/m ³	75mg/m ³		
				2 [#] furnace	39mg/m ³	75mg/m ³		
		Smog		1 [#] furnace	1.7mg/m ³	30mg/m ³		
				2 [#] furnace	1.3mg/m ³	30mg/m ³		
		COD		Waste water outlet	240mg/L	500mg/L		
		Dioxin		1 [#] furnace	0.0026ngTEQ/Nm ³	0.08ngTEQ/Nm ³		
				2 [#] furnace	0.004ngTEQ/Nm ³	0.08ngTEQ/Nm ³		

VII. Environmental and Social Responsibility (Continued)

No.	Name of unit	Name of pollutants	Testing institution	Number and date of the testing report	Emission concentration	Emission limit	
3	Tongzhou Company	Sulfur dioxide	Beijing Centre Testing International Group Co., Ltd. (華測檢測認證集團北京有限公司)	A2230610725102C (2023.12.7)	1 st furnace	<3mg/m ³	50mg/m ³
					2 nd furnace	<3mg/m ³	50mg/m ³
					3 rd furnace	19mg/m ³	50mg/m ³
		Oxynitride			1 st furnace	40mg/m ³	80mg/m ³
					2 nd furnace	46mg/m ³	80mg/m ³
					3 rd furnace	30mg/m ³	80mg/m ³
		Smog			1 st furnace	<1.0mg/m ³	10mg/m ³
					2 nd furnace	<1.0mg/m ³	10mg/m ³
					3 rd furnace	<1.0mg/m ³	10mg/m ³
		COD				A2230610725104C (2023.12.7)	Sewage station water
Dioxin		A2230499567102C003 (2023.11.15)	1 st furnace	0.015ngTEQ/m ³	0.1ngTEQ/m ³		
		A2230499567102C003 (2023.11.16)	2 nd furnace	0.0049ngTEQ/m ³	0.1ngTEQ/m ³		
		A2230131328159C003 (2023.08.23)	3 rd furnace	0.0054ngTEQ/m ³	0.1ngTEQ/m ³		
4	Shantou Company	Sulfur dioxide	Guangdong Bekind Testing Co., Ltd. (廣東本科檢測有限公司)	BKEN2023110025EQC (2023.11.11)	1 st furnace	ND	100mg/m ³
					2 nd furnace	ND	100mg/m ³
					3 rd furnace	ND	100mg/m ³
		Oxynitride			1 st furnace	40mg/m ³	200mg/m ³
					2 nd furnace	102mg/m ³	200mg/m ³
					3 rd furnace	106mg/m ³	200mg/m ³
		Smog			1 st furnace	3.3mg/m ³	30mg/m ³
					2 nd furnace	2.2mg/m ³	30mg/m ³
					3 rd furnace	3.9mg/m ³	30mg/m ³
		Dioxin				Guangdong Yupu Testing Technology Co., Ltd. (廣東譽譜檢測科技有限公司)	YP-231110 (2023.11.10)
2 nd furnace	0.0081ngTEQ/m ³		0.1ngTEQ/m ³				
3 rd furnace	0.0082ngTEQ/m ³		0.1ngTEQ/m ³				

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

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	229.69	796.37
Oxynitride	928.26	1,899.86
Smog	27.09	193.35
COD	3.01	11.34

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

Applicable Not applicable

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

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

Applicable Not applicable

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

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.

VII. Environmental and Social Responsibility (Continued)

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

Applicable Not applicable

7. Other environmental information to be disclosed

Applicable Not applicable

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

Applicable Not applicable

1. Administrative penalties due to environmental problems

Applicable Not applicable

As the environmental protection facilities of supporting construction were not completed and put into production, Pingyang Phase II Company was fined RMB360,000 by Wenzhou Ecological Environment Bureau on 10 July 2023.

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

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

Applicable Not applicable

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

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

Whether carbon reduction measures are taken	Yes
Reduction of carbon dioxide equivalent emissions (Unit: ton)	4,294,926
Type of carbon reduction measures (such as using clean energy to generate electricity, using carbon reduction technologies in the production process, developing and producing new products that help reduce carbon emissions, etc.)	The municipal waste-to-energy projects of the Company, on the one hand, replace the landfills and reduce the emission of methane and other greenhouse gases produced by the landfills. On the other hand, the projects contribute energy and replace thermal power to a certain extent, which makes direct contributions to carbon emission reduction.
Specific explanations	
<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not applicable	

II. Activities in connection with social responsibilities

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

Applicable Not applicable

For details, please refer to the 2023 Environmental, Social and Governance Report disclosed by the Company on the same date

(II) Particulars of activities in connection with social responsibilities

Applicable Not applicable

Donations, public welfare projects	Quantity/ Content	Explanations
Total investment (RMB'0,000)	793	Visit surrounding villagers, sanitation workers, fire brigades and health centers; support village and enterprise co-construction; and assist the local government of the project company to carry out afforestation, water sprinkling and dust removal activities, etc.
Including: funds (RMB'0,000)	759	–
Materials (RMB'0,000)	34	–
Number of people benefited (person)	N/A	–

Specific explanations
 Applicable Not applicable

VII. Environmental and Social Responsibility (Continued)

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

Applicable Not applicable

Specific explanations

Applicable Not applicable

VIII. Significant Events

I. PERFORMANCE OF UNDERTAKINGS

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

Applicable Not applicable

Background of undertaking	Type of undertaking	Undertaking party	Details of undertaking	Time of undertaking	Whether there is deadline for performance	Deadline of undertaking	Whether the undertaking was strictly and timely performed	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Undertakings related to initial public offering	Others	BSAM	For 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%.	30 May 2016	Yes	11 June 2021–10 June 2023	Yes		
Undertakings related to initial public offering	Others	BSAM	For any loss or risk of Dynagreen and its subsidiaries caused by BOT projects not obtained through bidding, BSAM will provide timely, full and effective compensation to Dynagreen and its subsidiaries to ensure Dynagreen and/or its domestic subsidiaries will not suffer any loss.	30 May 2016	No	Long term	Yes		

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

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

Applicable Not Applicable

(III) Communication with the previous accounting firm

Applicable Not Applicable

(IV) Approval procedures and other explanation

Applicable Not Applicable

VI. APPOINTMENT AND DISMISSAL OF AUDITOR

Unit: RMB'0,000

Existing Auditors

Name of domestic auditor	PricewaterhouseCoopers Zhong Tian LLP
Remuneration of domestic auditor	309.5
Term of the domestic auditor for audit services	2 years
Name of certified public accountants of the domestic auditor	Chen Zhiming, Liu Jingping
Accumulated years of audit services of provided by the certified public accountants of the domestic auditor	Chen Zhiming (2 years), Liu Jingping (2 years)

	Name	Compensation
The auditors for internal control audit	PricewaterhouseCoopers Zhong Tian LLP	40
Sponsor	China Securities Co., Ltd.	0

Explanation of appointment or dismissal of auditors

Applicable Not Applicable

During the Reporting Period, as passed at the 2022 annual general meeting of the Company, the Company reappointed PricewaterhouseCoopers Zhong Tian LLP as its auditors to provide financial statements and internal control audit services for the Company in 2023 with a term from the date of the general meeting at which this resolution was passed to date of the conclusion of the next annual general meeting.

Explanation of change of auditors during the audit period

Applicable Not Applicable

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

Applicable Not Applicable

VIII. Significant Events (Continued)

VII. RISK OF DELISTING

(I) Causes of delisting warning

Applicable Not Applicable

(II) Measures to be taken by the Company

Applicable Not Applicable

(III) Situation and causes for termination of listing

Applicable Not Applicable

VIII. MATTERS RELATED TO BANKRUPTCY AND REORGANISATION

Applicable Not Applicable

IX. MATERIAL LITIGATION AND ARBITRATION

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

X. PUNISHMENT AND RECTIFICATION OF THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER AND BENEFICIAL CONTROLLERS FOR SUSPECTED VIOLATION OF LAWS AND REGULATIONS

Applicable Not Applicable

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

Applicable Not Applicable

XII. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

Applicable Not Applicable

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

Applicable Not Applicable

Continuing connected transaction

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

In 2023, the actual amount of transaction between the Company and Shenzhen CDT was RMB1.11 million which did not exceed the annual cap for the year.

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

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

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 2023:

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 2023:

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

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

3. Matters which have not been published in temporary announcements

Applicable Not Applicable

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

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

(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 and its subsidiaries to the Company based on benchmark interest rate for RMB loans was RMB1.2 billion as at the end of the Reporting Period.

3. Matters which have not been published in temporary announcements

Applicable Not Applicable

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

Applicable Not Applicable

(VI) Others

Applicable Not applicable

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

The Group entered into certain transactions with parties regarded as “related parties” under the applicable accounting standards during the year ended 31 December 2023. Save as the non-exempt connected transaction and continuing connected transaction as set out in the section headed “Connected transactions” on page 101 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 14 to the Financial Statements. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Exchange Listing Rules.

XIII. MATERIAL CONTRACTS AND THEIR PERFORMANCE

(I) Trusteeship, contracting and leasing matters

1. Trusteeship

Applicable Not applicable

2. Contracting

Applicable Not applicable

3. Leasing

Applicable Not applicable

(II) Guarantees

Applicable Not applicable

Unit: RMB

Guarantor	Relationship Between the guarantor and the Company	Guaranteed party	Amount of guarantee	External guarantees provided by the Company (excluding those for subsidiaries)							Amount overdue	Counter- guarantee	Connected parties guarantee or not	Connected relations	
				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					
Total guarantees during the Reporting Period (excluding those for subsidiaries)													0		
Total guarantee balance as at the end of Reporting Period (A) (excluding those for subsidiaries)													0		
Guarantees for subsidiaries provided by the Company and its subsidiaries															
Total guarantees for subsidiaries during the Reporting Period													1,215,849,588.30		
Total guarantee balance for subsidiaries as at the end of Reporting Period (B)													7,242,311,708.86		
Total amount of guarantees provided by the Company (including those for subsidiaries)															
Total amount of guarantees (A+B)													7,242,311,708.86		
Total amount of guarantees over the net assets of the Company (%)													92.76%		
Including:															
Amount of guarantees provided to shareholders, beneficial controllers and their related parties (C)															
Amount of debt guarantees directly or indirectly provided for guaranteed parties with the gearing ratio exceeding 70% (D)													1,195,155,679.82		
Amount of the total guarantees exceeding 50% of net assets (E)													3,338,591,850.73		
Total amount of above three guarantees (C+D+E)													4,533,747,530.55		
Explanations on outstanding guarantee which may undertake joint liability for satisfaction															
Explanations on guarantees															

VIII. Significant Events (Continued)

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 2022 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 2023 would not exceed RMB1,608 million. As at 31 December 2023, guarantee provided by the Company in respect of new banking facilities granted to its project companies amounted to RMB108 million.

(III) Entrusted others to manage cash assets

1. Entrusted wealth management

(1) *Overall entrusted wealth management*

Applicable Not applicable

Others

Applicable Not applicable

(2) *Individual entrusted wealth management*

Applicable Not applicable

Others

Applicable Not applicable

(3) *Provisions for impairment of entrusted wealth management*

Applicable Not applicable

2. Entrusted loans

(1) *Overall entrusted loans*

Applicable Not applicable

Others

Applicable Not applicable

(2) *Individual entrusted loans*

Applicable Not applicable

Others

Applicable Not applicable

(3) *Provisions for Impairment of entrusted loan*

Applicable Not applicable

3. Others

Applicable Not applicable

VIII. Significant Events (Continued)

(IV) Other material contracts

Applicable Not applicable

XIV. Progress of use of proceeds

Applicable Not applicable

(I) Overall use of proceeds

Applicable Not applicable

RMB'0,000

Source of raised funds	Time of receipt of proceeds	Total proceeds	Including: overraised proceeds	Net proceeds after deducting issuance expenses	Committed investment of proceeds	Adjusted committed investment of proceeds ⁽¹⁾	Net proceeds unused at the beginning of the Reporting Period	Total amount of proceeds accumulated as at the end of the Reporting Period ⁽²⁾	Accumulated investment progress as at the end of the Reporting Period (%) ^{(3)=(2)/(1)}	Amount of investment in the year ⁽⁴⁾	Proportion of investment in the year (%) ^{(5)=(4)/(1)}	Total amount of proceeds with the use changed
Issue of convertible bonds	3 March 2022	236,000.00	0	234,476.64	234,476.64	234,476.64	62,695.62	208,074.18	88.74	36,293.16	15.48	0

VIII. Significant Events (Continued)

(II) Details of proceeds invested projects

✓ Applicable □ Not applicable

Name of project	Mature of project	Whether change of use involved	Source of proceeds	Time of receipt of proceeds	Whether oversawed proceeds are used	Total committed investment of proceeds in the project	Adjusted total investment of proceeds ⁽¹⁾	Amount of investment in the year	Total amount of proceeds accumulatively invested as at the end of the Reporting Period ⁽²⁾	Accumulated investment progress as at the end of the Reporting Period (%) (3=(2)/(1))	Date on which the project is ready for the intended use	Whether the investment progress is in the with the planned progress	Specific reasons for the investment progress has not met the plan	Benefits achieved this year	Whether the feasibility of the project development results achieved in the project details	Balance as at end of the Reporting Period	RMB'0,000	
																	082	No
Dengfeng Project	Production and construction	No	Issuance of A-share convertible bonds	3 March 2022	No	15,000.00	15,000.00	-	15,000.00	100.00	December 2021	Yes		0.82	-1,892.18	No	0	
Enshi Project ¹	Production and construction	No	Issuance of A-share convertible bonds	3 March 2022	No	40,000.00	35,886.3	4,794.97	34,832.09	97.40	September 2022	Yes		988.93	2,335.54	No		
Shuozhou Project ²	Production and construction	No	Issuance of A-share convertible bonds	3 March 2022	No	44,000.00	34,321.56	4,531.77	27,004.07	78.88	March 2023	Yes		-1,347.83	-1,347.83	No		
Wuhan Phase II Project ³	Production and construction	No	Issuance of A-share convertible bonds	3 March 2022	No	48,000.00	33,184.15	16,638.98	50,938.41	86.96	June 2023	Yes		3,988.17	3,988.17	No		
Huludao Waste-to-energy Project ⁴	Production and construction	No	Issuance of A-share convertible bonds	3 March 2022	No	32,000.00	35,627.99	8,127.44	25,892.97	70.35	May 2023	Yes		-11.47	-11.47	No		
Replenishment of working capital and repayment of bank loans	Replenishment of working capital and repayment of bank loans	No	Issuance of A-share convertible bonds	3 March 2022	No	55,476.64	55,476.64	-	55,476.64	100.00	N/A			-	-	No		

Notes:

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

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

Applicable Not applicable

(IV) Other information on the use of proceeds during the Reporting Period**1. Initial investment and replacement of proceeds invested in projects**

Applicable Not applicable

2. Use of idle proceeds to temporarily supplement working capital

Applicable Not applicable

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

Applicable Not applicable

4. Use of overraised proceeds to permanently replenish working capital or repay bank loans

Applicable Not applicable

5. Others

Applicable Not applicable

Due to the delay in the construction of peripheral supporting facilities of Shuozhou Project and Huludao Waste-to-energy Project, the projects could not be put into production as scheduled. According to the actual construction and subsequent planning, the time for putting Shuozhou Project into production was extended to the end of March 2023, and the time for putting Huludao Waste-to-energy Project into production was extended to the end of June 2023. For details, please refer to the announcement as disclosed by the Company on 2 February 2023 (Announcement No.: Lin 2023-005) on the Shanghai Stock Exchange.

During the Reporting Period, as Dengfeng Project, Shuozhou Project and Enshi Project were ready for the intended use, it was estimated that a total of RMB138,121,400 would be saved. The Company intended to allocate the expected saved proceeds to Wuhan Phase II Project and Huludao Waste-to-energy Project, including RMB101,841,500 for Wuhan Phase II Project and RMB3,6279,900 for Huludao Waste-to-energy Project (the final amount of allocation shall be subject to the bank settlement balance on the date of transfer of funds). For details, please refer to the announcement as disclosed by the Company on 12 August 2023 (Announcement No.: Lin 2023-033) on the Shanghai Stock Exchange.

During the Reporting Period, save as the extension of certain proceeds funded projects and the re-allocation of unutilized proceeds disclosed above, the proceeds were used in accordance with the intentions as disclosed in the Offering Document of the Issuance of Convertible Corporate Bonds by Dynagreen Environmental Protection Group Co., Ltd.

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

Applicable Not applicable

IX. Changes in Shares and Particulars of Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Table of changes in shares

Unit: share

	Before change		Increase or decrease (+/-)				After change		
	Number	Percentage	New issue	Bonus issue	Shares converted from reserves	Others	Sub-total	Number	Percentage
		(%)							(%)
I. Unlisted shares	0	0					0	0	0
II. Listed shares	1,393,447,763	100.00				2,971	2,971	1,393,450,734	100
1. RMB ordinary shares	989,067,971	70.98				2,971	2,971	989,090,942	70.98
2. Domestic listed foreign shares									
3. Overseas listed foreign shares	404,359,792	29.02						404,359,792	29.02
4. Others									
III. Total number of shares	1,393,447,763	100.00				2,971	2,971	1,393,450,734	100

1. Explanation of changes in shares

Applicable Not applicable

On 25 February 2022, the Company issued 23.6 million A-share convertible corporate bonds with a total issuance size of RMB2.36 billion. The abbreviation of the bonds is "Dyngreen Convertible Bonds". The convertible bonds could be converted into the A shares of the Company since 5 September 2022. During the Reporting Period, 2,971 A shares were increased due to the conversion of "Dyngreen Convertible Bonds" into ordinary shares.

2. 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

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

Applicable Not applicable

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

(II) Changes in restricted shares

Applicable Not applicable

II. SHARE ISSUE AND LISTINGS

(I) Issuance of securities during the Reporting Period

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

During the Reporting Period, 2,971 A shares were increased due to the conversion of “Dynagreen Convertible Bonds” into ordinary shares. The total number of shares is 1,393,450,734.

(III) Shares held by employees

Applicable Not applicable

III. SHAREHOLDERS AND DE FACTO CONTROLLER

(I) Total number of shareholders

Total number of holders of ordinary shares as at the end of the Reporting Period	46,123
Number of holders of the ordinary shares as of the end of the month preceding the disclosure of the annual report	44,303

As of the Latest Practicable Date prior to the publication of this annual report, based on the publicly available information and as far as the Directors are aware, the Company has a total public float of 767,374,946 shares, representing 55.07% 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 387,874,946 shares, accounting for 27.84% the issued share capital of the Company. Based on the information that is publicly available to the Company and to the knowledge of the Directors, from the date on which the Company became listed on the Stock Exchange and up to the Latest Practicable Date prior to the publication of this annual report, the Company had maintained a public float as required under the Listing Rules.

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

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

Unit: share

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

Name of shareholder (full name)	Change during the Reporting Period	Number of shares held as at the end of the Period	Percentage (%)	Number of shares held subject to selling restrictions	Pledged, marked or frozen		Nature of shareholder
					Status	Number	
Beijing State-owned Assets Management Co., Ltd.	0	594,085,618	42.63		Nil		State-owned legal person
HKSCC NOMINEES LIMITED	33,000	379,460,000	27.23		Unknown		Overseas legal person
Three Gorges Capital Holdings Co., Ltd.	0	84,265,896	6.05		Nil		State-owned legal person
Beijing State-Owned Assets Management (Hong Kong) Company Limited	0	24,859,792	1.78		Nil		Overseas legal person
Beijing Huitai Hengrui Investment Co., Ltd.	0	17,170,707	1.23		Nil		Domestic non-state-owned legal person
Gongqingcheng Jingxiu Investment Partnership (Limited Partnership)	0	7,130,378	0.51		Nil		Domestic non-state-owned legal person
Southern Fund Steady Value-added Pension Product – China Merchants Bank Co., Ltd. (南方基金穩健增值混合型養老金產品—招商銀行股份有限公司)	4,660,800	4,660,800	0.33		Nil		Other
Zhao Wansheng	1,054,500	1,429,000	0.10		Nil		Domestic natural person
Li Jia	861,200	1,311,200	0.09		Nil		Domestic natural person
Li Jun	16,500	1,297,600	0.09		Nil		Domestic natural 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.	594,085,618	RMB ordinary shares	594,085,618
HKSCC NOMINEES LIMITED	379,460,000	Overseas listed foreign shares	379,460,000
Three Gorges Capital Holdings Co., Ltd.	84,265,896	RMB ordinary shares	84,265,896
Beijing State-Owned Assets Management (Hong Kong) Company Limited	24,859,792	Overseas listed foreign shares	24,859,792
Beijing Huitai Hengrui Investment Co., Ltd.	17,170,707	RMB ordinary shares	17,170,707
Gongqingcheng Jingxiu Investment Partnership (Limited Partnership)	7,130,378	RMB ordinary shares	7,130,378
Southern Fund Steady Value-added Pension Product – China Merchants Bank Co., Ltd. (南方基金穩健增值混合型養老金產品－招商銀行股份有限公司)	4,660,800	RMB ordinary shares	4,660,800
Zhao Wansheng	1,429,000	RMB ordinary shares	1,429,000
Li Jia	1,311,200	RMB ordinary shares	1,311,200
Li Jun	1,297,600	RMB ordinary shares	1,297,600

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
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	Nil		

Top ten shareholders's participation in lending of shares through refinancing business

Applicable Not applicable

Changes in top ten shareholders as compared with the previous period

Applicable Not applicable

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

Unit: share

Changes in top ten shareholders as compared with the previous period

Name of shareholder (full name)	Increase/ decrease in the Reporting Period	Shares lent out through refinancing and outstanding at the end of the Reporting Period		Number of shares held in shareholders' general accounts, credit accounts, and shares lent out through refinancing that are outstanding at the end of the Reporting Period	
		Percentage		Percentage	
		Total	(%)	Total	(%)
Southern Fund Steady Value-added Pension Product – China Merchants Bank Co., Ltd. (南方基金穩健增值混合型養老金產品 – 招商銀行股份有限公司)	Increase	0	0	4,660,800	0.33
Zhao Wansheng	Increase	0	0	1,429,000	
Li Jia	Increase	0	0	1,311,200	0.09
Prudence Investment Management (Hong Kong) Limited – Prudence Enhanced Income Fund	Decrease	–	–	–	–
Agricultural Bank of China Limited – Southern CSI Yangtze River Protection Themed Exchanged Open Index Securities Investment Fund (中國農業銀行股份有限公司 – 南方中證長江保護主題交易型開放式指數證券投資基金)	Decrease	–	–	–	–
CITIC Securities Co., Ltd. – YFD CSI Yangtze River Protection Themed Exchanged Open Index Securities Investment Fund (中信證券股份有限公司 – 易方達中證長江保護主題交易型開放式指數證券投資基金)	Decrease	–	–	–	–

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

Applicable Not applicable

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

Applicable Not applicable

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

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

Save as disclosed in the section headed “Interests in securities held by Directors, Supervisors and senior management”, as at 31 December 2023, according to the register kept under Section 336 of the SFO, the following shareholders who had 5% or more interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO:

Shareholder	Number of shares held	Capacity	Approximate percentage of share holding in the relevant class of shares ⁽¹⁾	Approximate percentage of share holding in the total share capital of the Company ⁽²⁾
BSAM	594,085,618 A shares (Long position)	Beneficial owner	60.06%	42.63%
Beijing State-Owned Assets Management (Hong Kong) Company Limited (“BSAM (HK)”) ⁽³⁾	24,859,792 H shares (Long position)	Beneficial owner	6.15%	1.78%
BSAM ⁽³⁾	24,859,792 H shares (Long position)	Interest in controlled corporation	6.15%	1.78%
Three Gorges Capital Holdings Co., Ltd.	84,265,896 A shares (Long position)	Beneficial owner	8.52%	6.05%
Tenbagger Capital Management CO.,LTD	36,359,000 H shares (Long position)	Investment manager	8.99%	2.61%

Notes:

- (1) The calculation is based on the number of Shares in the relevant class of shares of the Company as at 31 December 2023.
- (2) The calculation is based on the total number of 1,393,450,734 Shares in issue as at 31 December 2023.
- (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 2023, no other interests required to be recorded in the register kept under Section 336 of the SFO have been notified to the Company.

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

IV. INFORMATION ON CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER

(I) Information on controlling shareholder

1 Legal Representative

Applicable Not applicable

Name	Beijing State-owned Assets Management Co., Ltd.
Authorised Representative or Legal Representative	ZHAO Jifeng
Date of establishment	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 63.31% of the shares of CAPINFO COMPANY LIMITED (首都信息發展股份有限公司) (1075.HK); directly and indirectly holding 52.48% of the shares of Beijing Certificate Authority Co., Ltd. (北京數字認證股份有限公司) (300579); and 8.63% of the shares of Bank of Beijing Co., Ltd. (601169).
Other explanations	Nil

2 Natural person

Applicable Not applicable

3 Special explanation on the Company not having controlling shareholders

Applicable Not applicable

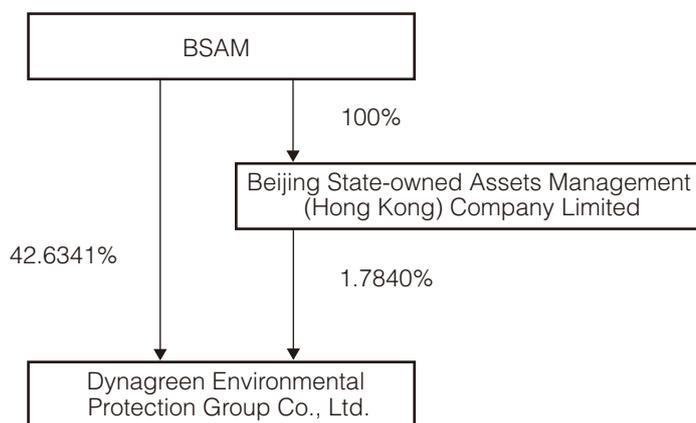
4 Changes in controlling shareholders during the Reporting Period

Applicable Not applicable

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

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

Applicable Not applicable



(II) De Facto Controller

1 Legal Representative

Applicable Not applicable

Name	Beijing State-owned Assets Management Co., Ltd.
Authorised Representative or Legal Representative	ZHAO Jifeng
Date of establishment	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 63.31% of the shares of CAPINFO COMPANY LIMITED (1075. HK); directly and indirectly holding 52.48% of the shares of Beijing Certificate Authority Co., Ltd. (300579); and 8.63% of the shares of Bank of Beijing Co., Ltd. (601169).
Other explanations	Nil

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

2 Natural person

Applicable Not applicable

3 Special explanation on the Company not having controlling shareholders

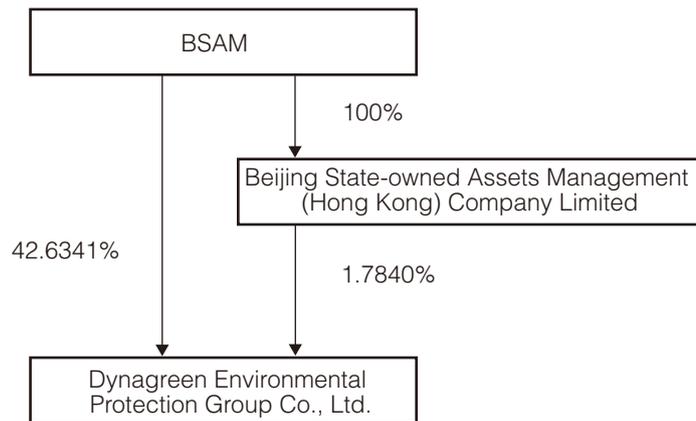
Applicable Not applicable

4 Changes in controlling shareholders during the Reporting Period

Applicable Not applicable

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

Applicable Not applicable



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

Applicable Not applicable

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

Applicable Not applicable

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

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

Applicable Not applicable

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

Applicable Not applicable

VII. EXPLANATION ON REDUCED SHAREHOLDING

Applicable Not applicable

VIII. SPECIFIC IMPLEMENTATION OF SHARE REPURCHASE DURING THE REPORTING PERIOD

Applicable Not applicable



X. Preference Shares

Applicable Not applicable

XI. Bonds

I. 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

In order to guarantee the capital requirements of projects, optimize the debt structure and reduce the financing cost, as approved by the Approval for the Public Issuance of A Share Convertible Corporate Bonds of Dynagreen Environmental Protection Group Co., Ltd.* (綠色動力環保集團股份有限公司)” (Zheng Jian Xu Ke [2022] No. 132) issued by the CSRC, the Company issued 23.6 million A share convertible corporate bonds with a nominal value of RMB100 each at par value, with an issuance size of RMB2.36 billion on 25 February 2022. The net proceeds amounted to RMB2,345 million. The target subscribers of the A share convertible corporate bonds are natural persons, legal persons, securities investment funds and other eligible investors pursuant to legal requirements who have maintained securities accounts with the China Securities Depository and Clearing Corporation Limited Shanghai Branch (excluding those prohibited by the PRC laws and regulations). On the date on which the terms of the issuance of A share convertible corporate bonds were fixed, i.e. 22 February 2022, the price of A shares of the Company was RMB9.73 per share. As approved by the Self-regulation Decision [2022] No. 70 of the Shanghai Stock Exchange, the A share convertible corporate bonds in an amount of RMB2.36 billion were listed for trading on the Shanghai Stock Exchange on 23 March 2022. The abbreviation and code of the bonds issued are “Dynagreen Convertible Bonds” and “113054”, respectively. The initial conversion price is RMB9.82 per share. Pursuant to relevant provisions and the Offering Document of the Issuance of Convertible Corporate Bonds by Dynagreen Environmental Protection Group Co., Ltd., the “Dynagreen Convertible Bonds” could be converted into the A shares of the Company since 5 September 2022. Due to the Company’s distribution of cash dividends for 2021, the conversion price of “Dynagreen Convertible Bonds” would be adjusted from RMB9.82 per share to RMB9.72 per share. The adjusted conversion price took effect from 21 July 2022 (ex-dividend date); due to the Company’s distribution of cash dividends for 2022, the conversion price of “Dynagreen Convertible Bonds” was adjusted from RMB9.72 per share to RMB9.60 per share. The adjusted conversion price took effect from 26 July 2023 (ex-dividend date).

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

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

✓ Applicable □ Not applicable

Name of convertible corporate bonds	Dynagreen Convertible Bonds
Number of holders of convertible corporate bonds at the end of the period	38,035
Guarantors of convertible bonds of the Company	N/A

Top ten holders of convertible corporate bonds are as follows:

Name of holders of convertible corporate bonds	Amount of bonds held at the end of the period (RMB)	Percentage of holding (%)
Basic Pension Insurance Fund Portfolio 102 (基本養老保險基金—零二組合)	117,889,000	5.00
Huatai Yousheng Convertible Bond Fixed Income Pension Product – China Merchants Bank Co., Ltd. (華泰優盛可轉債固定收益型養老金產品—招商銀行股份有限公司)	93,851,000	3.98
China AMC Yannianyishou No. 9 Fixed Income Pension Product – China Merchants Bank Co., Ltd. (華夏基金延年益壽9號固定收益型養老金產品—招商銀行股份有限公司)	92,420,000	3.92
Guosen Securities Co., Ltd.	91,679,000	3.88
Bank of China Limited – YFD Stable Income Bond Investment Fund (中國銀行股份有限公司—易方達穩健收益債券型證券投資基金)	71,764,000	3.04
Industrial Bank Co., Ltd. – Tianhong Yongli Bond Investment Fund (興業銀行股份有限公司—天弘永利債券型證券投資基金)	71,303,000	3.02
Industrial and Commercial Bank of China – Fuguo Tianli Bond Investment Growth Fund (中國工商銀行—富國天利增長債券投資基金)	59,407,000	2.52
China AMC Yannianyishou No. 5 Pure Bond Fixed Income Pension Product – Agricultural Bank of China Ltd. (華夏基金延年益壽5號純債固定收益型養老金產品—中國農業銀行股份有限公司)	56,446,000	2.39
Shanghai Pudong Development Bank Co. Ltd. – YFD Yuxiang Return Bond Investment Fund (上海浦東發展銀行股份有限公司—易方達裕祥回報債券型證券投資基金)	54,678,000	2.32
Industrial and Commercial Bank of China Limited – Fullgoal Steady Enhanced Bond Securities Investment Fund (中國工商銀行股份有限公司—富國穩健增強債券型證券投資基金)	52,778,000	2.24

XI. Bonds (Continued)

(III) Changes in convertible bonds during the Reporting Period

Applicable Not applicable

Unit: RMB

Name of convertible corporate bonds	Before the change	Increase and decrease in the change			After the change
		Conversion	Redemption	Repurchase	
Dynagreen					
Convertible Bonds	2,359,924,000	29,000	–	–	2,359,895,000

Accumulated conversion of convertible bonds during the Reporting Period

Applicable Not applicable

Name of convertible corporate bonds	Dynagreen Convertible Bonds
Amount of shares converted during the Reporting Period (RMB)	29,000
Number of shares converted during the Reporting Period (share)	2,971
Aggregate number of shares converted (share)	10,734
Aggregate number of shares converted to the total number of issued shares of the Company before conversion (%)	0.0008
Amount of unconverted bonds (RMB)	2,359,895,000
Number of unconverted bonds to the total number of convertible bonds issued (%)	99.9956

(IV) Previous adjustments to conversion price✓ Applicable Not applicable

Unit: RMB

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

(V) The Company's liabilities, creditworthiness and availability of cash for repayment of debts in future years✓ Applicable Not applicable

As of 31 December 2023, the Company's total assets amounted to RMB22.537 billion and its gearing ratio was 63.29%. China Chengxin International Credit Rating Co., Ltd. conducted a tracking credit rating on the convertible bonds issued by the Company and issued the Tracking Rating Report on Dynagreen Environmental Protection Group Co., Ltd. for 2023 (Xin Ping Wei Han Zi [2023] Gen Zong No. 0245) on 25 May 2023, pursuant to which the credit rating of the "Dynagreen Convertible Bonds" remained AA+. In the past three years, the Company's interest coverage ratio was relatively high and the Company's loan repayment was good, without overdue repayment of bank loans.

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

XI. Bonds (Continued)

(VI) Other description of convertible bonds

Applicable Not applicable

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

XII. FINANCIAL REPORT

Auditor's Report

PwC ZT Shen Zi (2024) No. 10029
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To all Shareholders of Dynagreen Environmental Protection Group Co., Ltd.:

I. OPINION

(I) What we have audited

We have audited the accompanying financial statements of Dynagreen Environmental Protection Group Co., Ltd. (hereinafter "Dynagreen"), which comprise:

- the consolidated and company balance sheets as at 31 December 2023;
- the consolidated and company income statements for the year then ended;
- the consolidated and company cash flow statements for the year then ended;
- the consolidated and company statements of changes in shareholders' equity for the year then ended; and
- notes to the financial statements.

(II) Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of Dynagreen as at 31 December 2023, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises ("CASs").

II. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing ("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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of Dynagreen in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code.

III. 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)

PwC ZT Shen Zi (2024) No. 10029
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III. KEY AUDIT MATTERS (Continued)

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

(I) Recognition of revenue from construction services

(II) Provision for impairment of intangible assets – concession rights

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>(I) Recognition of revenue from construction services</p> <p>Refer to the accounting policies and accounting estimates as described in Note 2(20) and (26), and Note 4(39) to the financial statements.</p> <p>In 2023, the revenue from construction services of Dynagreen amounted to approximately RMB815 million, representing approximately 20.62% of revenue.</p> <p>For the construction services provided for waste-to-energy plants etc. Dynagreen recognizes revenue from construction services over a period of time according to the performance progress. The performance progress is determined by the input method according to the proportion of the actual construction service costs incurred during the construction process to the estimated total construction costs; the stand alone selling price of construction services is based on construction costs and is determined using the cost-plus method with reference to the gross profit margins of comparable businesses. The management is required to make a reasonable estimate of the total revenue from construction services and total construction cost at the beginning of the construction service, and make continuous evaluation and revision of total construction cost during the project construction process, and then adjust the performance progress and the amount of recognized revenue according to the revision result.</p>	<p>We performed the following procedures to address the key audit matter:</p> <p>(1) Understood the management's relevant internal control process over the recognition of revenue from construction services and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias; evaluated and validated the effectiveness of the key internal controls in relation to the estimation of the gross profit margin of construction services and total construction cost;</p> <p>(2) For the projects completed during the Year, assessed the reliability of this accounting estimation made by the management by comparing the actual total construction cost with the estimated total construction cost before completion;</p>

Auditor's Report (Continued)

PwC ZT Shen Zi (2024) No. 10029
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III. KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>(I) Recognition of revenue from construction services (Continued)</p> <p>Since the amount of revenue from construction services is significant, and the management needs to use significant accounting estimates and judgments when determining the gross profit margin and total construction cost of construction services as a key audit matter.</p>	<p>We performed the following procedures to address the key audit matter (Continued):</p> <p>(3) For the projects under construction during the Year, the following tests were performed:</p> <p>(a) Checked the relevant concession agreements to assess whether the recognition of revenue from construction services under each concession agreement compiles with the relevant provisions of the CASs;</p> <p>(b) Assessed the completeness and reasonableness of the management's estimates of the total construction costs of the relevant projects by comparing the estimated total construction cost of the relevant project with its project budget and feasibility analysis report, and at the same time checking the estimated total construction cost against the subsequent major procurement contracts, etc., to see whether there were major differences and analyzing the reasons for the differences;</p> <p>(c) Obtained the contract completion schedule confirmed by the construction unit, Dynagreen and the supervisory unit, and discussed with the above-mentioned three parties on the completion progress of the relevant project to assess the rationality of the management's evaluation to the progress to the contract;</p>

Auditor's Report (Continued)

PwC ZT Shen Zi (2024) No. 10029
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III. KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>(I) Recognition of revenue from construction services (Continued)</p>	<p>We performed the following procedures to address the key audit matter: (Continued)</p> <p>(3) For the projects under construction during the Year, the following tests were performed: (Continued)</p> <p>(d) Performed on-site observation procedures and interviews with the on-site construction personnel and project management personnel of the construction unit to understand the completion progress of relevant projects;</p> <p>(e) Carried out sampling tests on the actual construction costs incurred during the Year, and checked against the supporting documents such as procurement contracts, payment vouchers, and supervision reports;</p> <p>(f) Obtained the calculation sheet of revenue from construction services, and recalculated the performance progress and the revenue from construction services that should be recognized during the Year based on the gross profit margin of revenue from construction services and the estimated total construction cost determined by the management and the actual construction cost, to check the calculation accuracy.</p> <p>Based on the audit performed by us, the significant accounting estimates and judgments used by the management in recognition of revenue from construction services can be supported by the audit evidence obtained by us.</p>

Auditor's Report (Continued)

PwC ZT Shen Zi (2024) No. 10029
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III. KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>(II) Provision for impairment of intangible assets concession rights</p> <p>Refer to the accounting policies and accounting estimates as described in Note 2(14), (16) and (26), and Note 4(13) to the financial statements.</p> <p>As at 31 December 2023, the book value of the intangible assets – concession rights amounted to approximately RMB11,050 million, representing approximately 49.03% of the total assets.</p> <p>According to the relevant provisions of the CASs, intangible assets with any indicator that the assets may be impaired at the balance sheet date and intangible assets that are not yet available for their intended use or with indefinite useful lives should be tested for impairment irrespective of whether there is any indicator of impairment. Therefore, on 31 December 2023, the management performed impairment test for the concession rights of waste-to-energy projects that had not yet started operation, the concession rights of waste-to-energy projects with indicator of impairment, and the concession rights of hazardous waste projects accounted for as intangible assets with indefinite useful lives as no concession period was specified to assess the recoverable amount of the concession rights of these projects. According to the assessment results, as at 31 December 2023, the balance of provision made by Dynagreen for impairment of concession rights was approximately RMB307 million, of which the impairment provision for the Year 2023 was approximately RMB25.5756 million.</p>	<p>We performed the following procedures to address the key audit matter:</p> <ol style="list-style-type: none"> (1) Understood the relevant internal control process over the provision for impairment of concession rights and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias; evaluated and validated the effectiveness of the key internal controls in relation to the provision for impairment of concession rights; (2) Understood the management's judgment on indicators of impairment of concession rights and assess its rationality; (3) Compared and analyzed the actual operating results of relevant projects during the Year with the corresponding forecast data of the previous year to consider whether there are indicators of potential management bias in the judgments made by management in selecting assumptions and data relevant to the recoverable amount assessment;

Auditor's Report (Continued)

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III. KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>(II) Provision for impairment of intangible assets concession rights (Continued)</p> <p>The management evaluated the recoverable amount based on the higher of the present value of the future cash flows expected to be derived from the asset and an asset's fair value less costs to sell. The evaluation process involved the management's significant accounting estimates and judgments, including the use of appropriate impairment test methods and models and the use of key assumptions (mainly compound growth rates of revenue, EBIT margin and pre-tax discount rates) in the forecast of the present value of future cash flows.</p> <p>As the amount of the concession rights is significant and the management is required to use significant accounting estimates and judgments in assessing the recoverable amount of the concession rights, we identified it as a key audit matter.</p>	<p>We performed the following procedures to address the key audit matter: (Continued)</p> <p>(4) Obtained relevant information on the impairment test conducted by the management on the concession rights of projects as described on the left. With the assistance of our internal valuation experts:</p> <ul style="list-style-type: none"> (a) With reference to industry practices, evaluated the appropriateness of the impairment test methods and models adopted by the management in the tests; (b) With reference to analysis on trends of comparable industries, risk factors of comparable companies, etc., evaluated the reasonableness of the key assumptions adopted by the management in assessment of the recoverable amount, including compound growth rates of revenue, EBIT margin and pre-tax discount rate during the operating period, based on the industry development and the historical operating conditions, future operating plans, and actual operating conditions after the balance sheet date of Dynagreen; (c) Reviewed the sensitivity analysis performed by the management on key assumptions, and assessed the potential impact on the recoverable amount when the relevant key assumptions changed reasonably; (d) Checked the accuracy of the calculation of the present value of future cash flows and impairment provisions. <p>Based on the audit performed by us, the significant accounting estimates and judgments used by the management in evaluation of the recoverable amount of the concession rights as described on the left can be supported by the audit evidence obtained by us.</p>

Auditor's Report (Continued)

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IV. OTHER INFORMATION

Management of Dynagreen is responsible for the other information. The other information comprises all of the information included in 2023 annual report of Dynagreen 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.

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

Management of Dynagreen is responsible for the preparation and fair presentation of these financial statements in accordance with the CASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing Dynagreen'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 Dynagreen or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Report (Continued)

PwC ZT Shen Zi (2024) No. 10029
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VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgment and maintain professional scepticism throughout the audit. We also:

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

PwC ZT Shen Zi (2024) No. 10029
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VI. 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 to 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.

PricewaterhouseCoopers Zhong Tian LLP

Signing CPA

Chen Zhiming (Engagement Partner)

Shanghai, the PRC
28 March 2024

Signing CPA

Liu Jingping

XII. Financial Report (Continued)

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2023**

(All amounts in RMB Yuan unless otherwise stated)

	Note	31 December 2023	31 December 2022
ASSETS			
Current assets			
Cash at bank and on hand	4(1)	1,034,574,136.93	1,866,979,993.59
Notes receivables	4(2)	–	3,630,000.00
Accounts receivables	4(3)	1,973,420,906.89	1,514,336,722.29
Receivables financing		3,122,144.00	100,000.00
Advances to suppliers	4(4)	32,717,974.08	52,293,392.74
Other receivables	4(5)	39,382,637.73	44,296,534.45
Inventories	4(6)	62,734,783.04	50,455,726.71
Contract assets	4(7)	406,969,089.65	290,565,986.15
Assets held for sale	4(8)	53,508,848.34	63,241,709.17
Current portion of non-current assets	4(10)	257,143,592.87	256,939,869.44
Total current assets		3,863,574,113.53	4,142,839,934.54
Non-current assets			
Long-term receivables	4(9)	35,892,934.10	35,781,894.31
Fixed assets	4(11)	328,924,572.85	338,638,173.78
Construction in progress		917,164.63	–
Right-of-use assets	4(12)	3,538,266.49	4,569,816.51
Intangible assets	4(13)	11,115,558,991.16	10,969,431,289.46
Goodwill	4(15)	–	33,724,983.41
Long-term prepaid expenses	4(16)	6,147,345.30	574,822.36
Deferred tax assets	4(17)	266,527,917.63	230,546,731.84
Other non-current assets	4(18)	6,916,184,337.26	6,921,332,506.48
Total non-current assets		18,673,691,529.42	18,534,600,218.15
TOTAL ASSETS		22,537,265,642.95	22,677,440,152.69
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	4(20)	516,440,084.96	629,445,334.97
Accounts payables	4(21)	1,014,132,043.06	1,265,489,204.69
Contract liabilities	4(22)	614,204.13	17,002,561.22
Employee benefits payable	4(23)	109,884,464.06	101,522,137.34
Taxes payable	4(24)	59,207,794.73	54,699,728.19
Other payables	4(25)	152,350,860.79	135,686,058.50
Including: Dividends payable		19,600,000.00	18,000,000.00
Current portion of non-current liabilities	4(26)	2,138,535,085.14	1,225,740,394.21
Total current liabilities		3,991,164,536.87	3,429,585,419.12

XII. Financial Report (Continued)

	Note	31 December 2023	31 December 2022
Non-current liabilities			
Long-term borrowings	4(27)	7,033,566,028.80	8,325,811,964.03
Debentures payable	4(28)	2,275,489,512.51	2,195,494,717.04
Lease liabilities	4(29)	2,575,290.64	2,203,964.74
Long-term payables	4(30)	246,923,129.02	256,107,867.65
Provisions	4(31)	13,658,690.52	13,070,517.24
Deferred income	4(32)	173,963,722.30	153,995,806.76
Deferred tax liabilities	4(17)	525,967,837.35	487,891,034.57
Total non-current liabilities		10,272,144,211.14	11,434,575,872.03
Total liabilities		14,263,308,748.01	14,864,161,291.15
Shareholders' equity			
Share capital	4(33)	1,393,450,734.00	1,393,447,763.00
Other equity instruments	4(34)	217,559,203.01	217,561,876.52
Capital surplus	4(36)	2,412,507,464.92	2,412,480,372.81
Other comprehensive income		2,079,875.32	2,079,875.32
Special reserve	4(35)	16,667,067.53	1,559,206.97
Surplus reserve	4(37)	340,338,359.75	239,285,522.16
Undistributed profits	4(38)	3,424,837,011.73	3,063,822,504.78
Total equity attributable to shareholders of the Company		7,807,439,716.26	7,330,237,121.56
Minority interests		466,517,178.68	483,041,739.98
Total shareholders' equity		8,273,956,894.94	7,813,278,861.54
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		22,537,265,642.95	22,677,440,152.69

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

Qiao Dewei
Legal representative:

Yi Zhiyong
Principal in charge
of accounting:

Zhao Linbin
Head of accounting
department:

XII. Financial Report (Continued)

**COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2023**

(All amounts in RMB Yuan unless otherwise stated)

	Note	31 December 2023	31 December 2022
ASSETS			
Current assets			
Cash at bank and on hand		482,213,915.54	828,215,127.97
Accounts receivables	13(1)	295,943,666.56	265,762,596.46
Advances to suppliers		489,163.49	72,107.82
Other receivables	13(2)	2,239,027,923.02	2,078,879,200.57
Including: interests receivable		56,777,194.46	43,006,781.63
Dividends receivable		1,537,650,000.00	1,054,000,000.00
Current portion of non-current assets	13(3)	180,572,083.33	219,682,722.21
Total current assets		3,198,246,751.94	3,392,611,755.03
Non-current assets			
Long-term receivables	13(3)	1,618,469,200.00	1,051,358,272.96
Long-term equity investments	13(4)	6,525,907,220.95	6,129,517,456.34
Fixed assets		1,142,124.29	1,801,980.83
Right-of-use assets		–	1,750,972.44
Intangible assets		1,604,310.38	1,574,002.10
Long-term prepaid expenses		11,228.07	574,822.36
Deferred tax assets		500,326.32	737,274.47
Other non-current assets		1,515,453.32	1,515,453.32
Total non-current assets		8,149,149,863.33	7,188,830,234.82
TOTAL ASSETS		11,347,396,615.27	10,581,441,989.85
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings		497,416,555.55	708,121,805.56
Accounts payables		58,239.00	368,501.81
Contract liabilities		22,203,389.83	30,923,728.82
Employee benefits payable		22,290,702.33	20,367,954.39
Taxes payable		1,293,142.08	3,703,428.48
Other payables		378,317,390.79	193,821,954.39
Current portion of non-current liabilities		1,267,261,233.11	100,915,201.58
Total current liabilities		2,188,840,652.69	1,058,222,575.03

XII. Financial Report (Continued)

	Note	31 December 2023	31 December 2022
Non-current liabilities			
Long-term borrowings		414,000,000.00	1,702,000,000.00
Debentures payable	4(28)	2,275,489,512.51	2,195,494,717.04
Total non-current liabilities		2,689,489,512.51	3,897,494,717.04
Total liabilities		4,878,330,165.20	4,955,717,292.07
Shareholders' equity			
Share capital	4(33)	1,393,450,734.00	1,393,447,763.00
Other equity instruments	4(34)	217,559,203.01	217,561,876.52
Capital surplus		2,459,598,292.89	2,459,571,200.78
Surplus reserve	4(37)	340,338,359.75	239,285,522.16
Undistributed profits		2,058,119,860.42	1,315,858,335.32
Total shareholders' equity		6,469,066,450.07	5,625,724,697.78
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		11,347,396,615.27	10,581,441,989.85

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

Qiao Dewei
Legal representative:

Yi Zhiyong
Principal in charge
of accounting:

Zhao Linbin
Head of accounting
department:

XII. Financial Report (Continued)

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	2023	2022
I. Revenue	4(39)	3,955,548,511.61	4,567,117,851.39
Less: Cost of sale	4(39), 4(43)	(2,431,798,308.92)	(2,997,119,359.53)
Taxes and surcharges	4(40)	(65,528,769.38)	(59,238,343.74)
Selling expenses	4(43)	(1,394,043.52)	(949,028.34)
General and administrative expenses	4(41), 4(43)	(215,861,892.82)	(196,908,977.78)
Research and development expenses	4(14), 4(43)	(7,372,735.78)	(8,703,930.67)
Financial expenses	4(42)	(472,951,735.08)	(463,741,531.91)
Including: Interest expenses		(484,914,254.47)	(495,623,895.40)
Interest income		13,595,203.93	13,256,369.44
Add: Other income	4(47)	72,283,684.92	61,341,651.21
Investment income	4(48)	-	8,875,675.09
Including: Investment income from joint ventures		-	7,217,956.22
(Losses on)/Reversal of credit impairment	4(45)	(35,363,235.87)	13,170,291.08
Losses on asset impairment	4(44)	(27,862,366.22)	(26,920,305.05)
Gains/(losses) on disposals of assets	4(46)	4,352,720.63	(6,779,456.15)
II. Operating profit		774,051,829.57	890,144,535.60
Add: Non-operating income		3,822,651.64	2,603,173.82
Less: Non-operating expenses		(788,421.26)	(1,104,833.58)
III. Total profit		777,086,059.95	891,642,875.84
Less: Income tax expenses	4(49)	(113,614,410.62)	(107,184,835.83)
IV. Net profit		663,471,649.33	784,458,040.01
Classified by continuity of operations			
Net profit from continuing operations		663,471,649.33	784,458,040.01
Net profit from discontinued operations		-	-
Classified by ownership of the equity			
Attributable to shareholders of the Company		629,281,357.74	744,767,290.31
Minority interests		34,190,291.59	39,690,749.70

XII. Financial Report (Continued)

Item	Note	2023	2022
V. Other comprehensive income, net of tax		-	(22,474,072.98)
Attributable to shareholders of the Company		-	(22,474,072.98)
Other comprehensive income that will be reclassified to profit or loss		-	(22,474,072.98)
Differences on translation of foreign currency financial statements		-	(22,474,072.98)
VI. Total comprehensive income		663,471,649.33	761,983,967.03
Attributable to shareholders of the Company		629,281,357.74	722,293,217.33
Attributable to minority interests		34,190,291.59	39,690,749.70
VII. Earnings per share			
Basic earnings per share (RMB)	4(50)	0.45	0.53
Diluted earnings per share (RMB)		0.43	0.48

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

Qiao Dewei
Legal representative:

Yi Zhiyong
*Principal in charge
of accounting:*

Zhao Linbin
*Head of accounting
department:*

XII. Financial Report (Continued)

**COMPANY INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	2023	2022
I. Revenue	13(5)	147,950,404.37	204,717,689.44
Less: Cost of sale	13(5)	(11,849,379.34)	(10,895,373.99)
Taxes and surcharges		(888,367.84)	(1,302,431.19)
General and administrative expenses		(53,460,089.22)	(50,675,220.13)
Research and development expenses		(7,372,735.78)	(8,703,930.67)
Financial expenses		(166,114,528.15)	(162,421,439.57)
Including: Interest expenses		(176,240,004.90)	(179,614,033.73)
Interest income		10,748,732.46	18,365,060.95
Add: Other income		1,240,549.39	1,231,182.73
Investment income	13(6)	1,235,113,223.37	1,546,159,563.69
Including: Investment income from joint ventures		–	7,217,956.22
(Losses on)/Reversal of credit impairment		(386,410.91)	1,924,008.38
Losses on asset impairment	13(4)(b)	(133,610,235.39)	(122,000,000.00)
Losses on disposals of assets		(1,519.29)	(476.51)
II. Operating profit		1,010,620,911.21	1,398,033,572.18
Add: Non-operating income		144,412.83	–
III. Total profit		1,010,765,324.04	1,398,033,572.18
Less: Income tax expenses		(236,948.15)	(481,002.10)
IV. Net profit		1,010,528,375.89	1,397,552,570.08
Classified by continuity of operations			
Net profit from continuing operations		1,010,528,375.89	1,397,552,570.08
Net profit from discontinued operations		–	–
V. Other comprehensive income, net of tax		–	–
VI. Total comprehensive income		1,010,528,375.89	1,397,552,570.08

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

Qiao Dewei
Legal representative:

Yi Zhiyong
Principal in charge
of accounting:

Zhao Linbin
Head of accounting
department:

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	2023	2022
I. Cash flows from/(used in) operating activities			
Cash received from sale of goods or rendering of services		2,999,544,479.41	3,235,382,319.35
Refund of taxes and surcharges		63,971,621.07	57,808,335.03
Cash received relating to other operating activities	4(51)(a)	89,035,422.04	97,238,100.40
Sub-total of cash inflows		3,152,551,522.52	3,390,428,754.78
<hr style="border-top: 1px dashed #ccc;"/>			
Cash paid for goods and services		(955,728,788.38)	(788,199,188.90)
Other cash paid relating to the construction of the PPP project	4(51)(f)	(358,366,153.93)	(598,553,473.53)
Cash paid to and on behalf of employees		(500,102,931.53)	(472,024,306.21)
Payments of taxes and surcharges		(276,123,993.89)	(241,210,913.23)
Cash paid relating to other operating activities	4(51)(b)	(84,552,504.86)	(80,859,044.64)
Sub-total of cash outflows		(2,174,874,372.59)	(2,180,846,926.51)
<hr style="border-top: 1px dashed #ccc;"/>			
Net cash flows from/(used in) operating activities	4(52)(a)	977,677,149.93	1,209,581,828.27
<hr style="border-top: 1px dashed #ccc;"/>			
II. Cash flows from/(used in) investing activities			
Net cash received from disposals of fixed assets, intangible assets and other long-term assets		32,899,539.00	97,725,416.63
Net cash received from acquisition of subsidiaries	4(52)(c)	-	43,103,525.01
Cash received relating to other investing activities	4(51)(c)	4,182,004.95	12,543,483.50
Sub-total of cash inflows		37,081,543.95	153,372,425.14
<hr style="border-top: 1px dashed #ccc;"/>			
Cash paid to acquire fixed assets, intangible assets and other long-term assets	4(51)(f)	(722,133,011.80)	(1,236,019,790.95)
Cash paid relating to other investing activities	4(51)(d)	(4,024,484.95)	(28,051,080.00)
Sub-total of cash outflows		(726,157,496.75)	(1,264,070,870.95)
<hr style="border-top: 1px dashed #ccc;"/>			
Net cash flows from/(used in) investing activities		(689,075,952.80)	(1,110,698,445.81)
<hr style="border-top: 1px dashed #ccc;"/>			

XII. Financial Report (Continued)

Item	Note	2023	2022
III. Cash flows from/(used in) financing activities			
Cash received from capital contributions		-	9,600,000.00
Including: Cash received from capital contributions by minority shareholders of subsidiaries		-	9,600,000.00
Cash received from borrowings		2,008,449,588.30	2,148,020,742.35
Cash received from issuance of debentures		-	2,347,754,716.98
Sub-total of cash inflows		2,008,449,588.30	4,505,375,459.33
Cash repayments of borrowings		(2,500,968,040.73)	(3,062,123,472.62)
Cash payments for distribution of dividends, profits or interest expenses		(625,027,013.18)	(625,593,883.07)
Including: Dividends or profits paid to minority shareholders by subsidiaries		(49,600,000.00)	(32,000,000.00)
Cash paid relating to other financing activities	4(51)(e)	(3,008,265.21)	(6,468,831.32)
Sub-total of cash outflows		(3,129,003,319.12)	(3,694,186,187.01)
Net cash flows from/(used in) financing activities		(1,120,553,730.82)	811,189,272.32
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(295,802.97)	(79,316.54)
V. Net (decrease)/increase in cash and cash equivalents	4(52)(b)	(832,248,336.66)	909,993,338.24
Add: Cash and cash equivalents at the beginning of the year		1,864,783,293.59	954,789,955.35
VI. Cash and cash equivalents at the end of the year	4(52)(e)	1,032,534,956.93	1,864,783,293.59

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

Qiao Dewei
Legal representative:

Yi Zhiyong
Principal in charge
of accounting:

Zhao Linbin
Head of accounting
department:

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in RMB Yuan unless otherwise stated)

Item	2023	2022
I. Cash flows from/(used in) operating activities		
Cash received from sale of goods or rendering of services	115,152,799.18	94,947,059.21
Cash received relating to other operating activities	67,965,554.99	63,763,929.12
Sub-total of cash inflows	183,118,354.17	158,710,988.33
Cash paid for goods and services	(687,309.76)	(200,050.74)
Cash paid to and on behalf of employees	(52,173,092.09)	(51,746,073.96)
Payments of taxes and surcharges	(10,093,595.64)	(9,212,932.47)
Cash paid relating to other operating activities	(73,992,841.75)	(60,127,157.43)
Sub-total of cash outflows	(136,946,839.24)	(121,286,214.60)
Net cash flows from/(used in) operating activities	46,171,514.93	37,424,773.73
II. Cash flows from/(used in) investing activities		
Cash received from returns on investments	713,250,000.00	513,700,000.00
Net cash received from disposals of fixed assets, intangible assets and other long-term assets	26,023.49	88.49
Cash received relating to other investing activities	1,028,816,552.07	603,094,010.51
Sub-total of cash inflows	1,742,092,575.56	1,116,794,099.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(478,936.96)	(1,016,157.78)
Cash paid to acquire investments	(530,000,000.00)	(357,500,000.00)
Cash paid relating to other investing activities	(1,204,189,060.67)	(1,523,132,090.60)
Sub-total of cash outflows	(1,734,667,997.63)	(1,881,648,248.38)
Net cash flows from/(used in) investing activities	7,424,577.93	(764,854,149.38)

XII. Financial Report (Continued)

Item	2023	2022
III. Cash flows from/(used in) financing activities		
Cash received from borrowings	681,000,000.00	1,362,500,000.00
Cash received from issuance of debentures	-	2,347,754,716.98
Sub-total of cash inflows	681,000,000.00	3,710,254,716.98
Cash repayments of borrowings	(816,452,963.16)	(2,103,973,305.72)
Cash payments for distribution of dividends, profits or interest expenses	(261,702,155.02)	(247,964,069.85)
Cash paid relating to other financing activities	(2,135,933.33)	(5,733,716.98)
Sub-total of cash outflows	(1,080,291,051.51)	(2,357,671,092.55)
Net cash flows from/(used in) financing activities	(399,291,051.51)	1,352,583,624.43
IV. Effect of foreign exchange rate changes on cash and cash equivalents	(306,253.78)	(1,171.58)
V. Net (decrease)/increase in cash and cash equivalents	(346,001,212.43)	625,153,077.20
Add: Cash and cash equivalents at the beginning of the year	828,215,127.97	203,062,050.77
VI. Cash and cash equivalents at the end of the year	482,213,915.54	828,215,127.97

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

Qiao Dewei
Legal representative:

Yi Zhiyong
*Principal in charge
of accounting:*

Zhao Linbin
*Head of accounting
department:*

XII. Financial Report (Continued)

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Attributable to shareholders of the Company							Sub-total	Minority interests	Total shareholders' equity
		Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits			
Balance at 1 January 2022		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
Movements for 2022											
Total comprehensive income											
Net profit		-	-	-	-	-	-	744,767,290.31	744,767,290.31	39,690,749.70	784,458,040.01
Other comprehensive income		-	-	-	(22,474,072.98)	-	-	-	(22,474,072.98)	-	(22,474,072.98)
Total comprehensive income for the year		-	-	-	(22,474,072.98)	-	-	744,767,290.31	722,293,217.33	39,690,749.70	761,963,967.03
Capital contribution and withdrawal by shareholders											
Contribution by shareholders		-	-	-	-	-	-	-	-	9,600,000.00	9,600,000.00
Capital contribution by holders of convertible debentures	4(34)	-	217,568,790.78	-	-	-	-	-	217,568,790.78	-	217,568,790.78
Conversion of convertible corporate bonds to share capital and capital surplus	4(28)	7,763.00	(6,914.26)	69,467.08	-	-	-	-	70,315.82	-	70,315.82
Total capital contribution and withdrawal by equity owners		7,763.00	217,561,876.52	69,467.08	-	-	-	-	217,639,106.60	9,600,000.00	227,239,106.60
Business combinations involving enterprises not under common control		-	-	-	-	-	-	-	-	94,164,165.90	94,164,165.90
Profit distribution											
Appropriation to surplus reserves	4(37)	-	-	-	-	-	136,007,322.79	(136,007,322.79)	-	-	-
Profit distribution to shareholders	4(38)	-	-	-	-	-	-	(139,344,000.00)	(139,344,000.00)	(50,000,000.00)	(189,344,000.00)
Total profit distribution		-	-	-	-	-	136,007,322.79	(275,351,322.79)	(139,344,000.00)	(50,000,000.00)	(189,344,000.00)
Appropriation and use of safety production expenses	4(35)	-	-	-	-	1,559,206.97	-	-	1,559,206.97	94,903.72	1,654,110.69
Use of special reserves		-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2022		1,393,447,763.00	217,561,876.52	2,412,480,372.81	2,079,875.32	1,559,206.97	239,285,522.16	3,063,822,504.78	7,330,237,121.56	483,041,739.98	7,813,278,861.54

XII. Financial Report (Continued)

Item	Note	Attributable to shareholders of the Company								Minority interests	Total shareholders' equity
		Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Sub-total		
Balance at 1 January 2023		1,393,447,763.00	217,561,876.52	2,412,480,372.81	2,079,875.32	1,559,206.97	239,285,522.16	3,063,822,504.78	7,330,237,121.56	483,041,739.98	7,813,278,861.54
Movements for 2023											
Total comprehensive income											
Net profit		-	-	-	-	-	-	629,281,357.74	629,281,357.74	34,190,291.59	663,471,649.33
Total comprehensive income for the year		-	-	-	-	-	-	629,281,357.74	629,281,357.74	34,190,291.59	663,471,649.33
Capital contribution and withdrawal by shareholders											
Conversion of convertible corporate bonds to share capital and capital surplus											
	4(28)	2,971.00	(2,673.51)	27,092.11	-	-	-	-	27,389.60	-	27,389.60
Total capital contribution and withdrawal by equity owners		2,971.00	(2,673.51)	27,092.11	-	-	-	-	27,389.60	-	27,389.60
Profit distribution											
Appropriation to surplus reserves	4(37)	-	-	-	-	-	101,052,837.59	(101,052,837.59)	-	-	-
Profit distribution to shareholders	4(38)	-	-	-	-	-	-	(167,214,013.20)	(167,214,013.20)	(51,200,000.00)	(218,414,013.20)
Total profit distribution		-	-	-	-	-	101,052,837.59	(268,266,850.79)	(167,214,013.20)	(51,200,000.00)	(218,414,013.20)
Appropriation and use of safety production expenses											
Appropriation to special reserves	4(35)	-	-	-	-	31,240,505.72	-	-	31,240,505.72	1,608,180.33	32,848,686.05
Use of special reserves		-	-	-	-	(16,132,645.16)	-	-	(16,132,645.16)	(1,123,033.22)	(17,255,678.38)
Balance at 31 December 2023		1,393,450,734.00	217,559,203.01	2,412,507,464.92	2,079,875.32	16,667,067.53	340,338,359.75	3,424,837,011.73	7,807,439,716.26	466,517,178.68	8,273,956,894.94

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

Qiao Dewei
Legal representative:

Yi Zhiyong
Principal in charge
of accounting:

Zhao Linbin
Head of accounting
department:

**COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Share capital	Other equity instruments	Capital surplus	Surplus reserve	Undistributed profits	Total shareholders' equity
Balance at 1 January 2022		1,393,440,000.00	-	2,459,501,733.70	103,278,199.37	193,657,088.03	4,149,877,021.10
Movements for 2022							
Total comprehensive income							
Net profit		-	-	-	-	1,397,552,570.08	1,397,552,570.08
Capital contribution and withdrawal by shareholders							
Capital contribution by holders of convertible debentures	4(34)	-	217,568,790.78	-	-	-	217,568,790.78
Conversion of convertible corporate bonds to share capital and capital surplus	4(28)	7,763.00	(6,914.26)	69,467.08	-	-	70,315.82
Total capital contribution and withdrawal by equity owners		7,763.00	217,561,876.52	69,467.08	-	-	217,639,106.60
Profit distribution							
Appropriation to surplus reserves	4(37)	-	-	-	136,007,322.79	(136,007,322.79)	-
Profit distribution to shareholders	4(38)	-	-	-	-	(139,344,000.00)	(139,344,000.00)
Total profit distribution		-	-	-	136,007,322.79	(275,351,322.79)	(139,344,000.00)
Balance at 31 December 2022		1,393,447,763.00	217,561,876.52	2,459,571,200.78	239,285,522.16	1,315,858,335.32	5,625,724,697.78

XII. Financial Report (Continued)

Item	Note	Share capital	Other equity instruments	Capital surplus	Surplus reserve	Undistributed profits	Total shareholders' equity
Balance at 1 January 2023		1,393,447,763.00	217,561,876.52	2,459,571,200.78	239,285,522.16	1,315,858,335.32	5,625,724,697.78
Movements for 2023							
Total comprehensive income							
Net profit		-	-	-	-	1,010,528,375.89	1,010,528,375.89
Capital contribution and withdrawal by shareholders							
Conversion of convertible corporate bonds to share capital and capital surplus	4(28)	2,971.00	(2,673.51)	27,092.11	-	-	27,389.60
Total capital contribution and withdrawal by equity owners		2,971.00	(2,673.51)	27,092.11	-	-	27,389.60
Profit distribution							
Appropriation to surplus reserves	4(37)	-	-	-	101,052,837.59	(101,052,837.59)	-
Profit distribution to shareholders	4(38)	-	-	-	-	(167,214,013.20)	(167,214,013.20)
Total profit distribution		-	-	-	101,052,837.59	(268,266,850.79)	(167,214,013.20)
Balance at 31 December 2023		1,393,450,734.00	217,559,203.01	2,459,598,292.89	340,338,359.75	2,058,119,860.42	6,469,066,450.07

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

Qiao Dewei
Legal representative:

Yi Zhiyong
Principal in charge
of accounting:

Zhao Linbin
Head of accounting
department:

Notes to 2023 financial statements

(Expressed in Renminbi unless otherwise indicated)

1. GENERAL INFORMATION

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

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

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

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

On 25 February 2022, the Company publicly issued convertible corporate debentures (“convertible debentures”) totalling RMB2.36 billion under the Regulatory Permission [2022] No. 132 as issued by the CSRC. The convertible debentures have a term of six years. Holders of the convertible debentures can exercise the right to convert the convertible debentures into stocks of the Company at the current conversion price during the period from the first trading day after six months following the end of the issuance of convertible debentures to the maturity date (hereinafter “the conversion period”). As of 31 December 2023, as the holders of convertible debentures exercised the conversion rights, the share capital of the Company increased to RMB1,393,450,734.00 and the total number of shares was 1,393,450,734.00.

XII. Financial Report (Continued)

1. GENERAL INFORMATION (Continued)

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

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

These financial statements were authorised for issue by the Company’s Board of Directors on 28 March 2024.

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

Details of the Group’s critical judgements, critical accounting estimates and key assumptions used in determining significant accounting policies are set forth in Note 2(26).

(1) Basis of preparation

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises – Basic Standard, and the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereinafter collectively referred to as “the Accounting Standards for Business Enterprises” or “CASs”) and the disclosure requirements in the *Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Rules on Financial Reporting* issued by the China Securities Regulatory Commission.

The financial statements are prepared on a going concern basis.

The new Hong Kong Companies Ordinance came into effect on 3 March 2014. Certain relevant matters in these financial statements have been disclosed in accordance with the requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

(2) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the year ended 31 December 2023 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the Group’s and the Company’s financial position as at 31 December 2023 and their financial performance, cash flows and other information for the year then ended.

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(3) Accounting year

The Company's accounting year starts on 1 January and ends on 31 December.

(4) Recording currency

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

(5) Business combinations

(a) Business combinations involving enterprises under common control

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

(b) Business combinations involving enterprises not under common control

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

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(6) Preparation of consolidated financial statements

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

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

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

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

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

(7) Cash and cash equivalents

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

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(8) Foreign currency translation

(a) Foreign currency transactions

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

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

(b) Translation of foreign currency financial statements

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

(9) Financial instruments

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

(a) Financial assets

(i) Classification and measurement

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

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

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(i) *Classification and measurement (Continued)*

Debt instruments

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

Measured at amortised cost:

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

Measured at fair value through other comprehensive income:

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

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) Impairment

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) Impairment (Continued)

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(a) Financial assets (Continued)

(iii) *Derecognition*

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

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

(b) Financial liabilities

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

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

Convertible corporate debentures

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

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

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(9) Financial instruments (Continued)

(b) Financial liabilities (Continued)

Other financial liabilities

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

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

(c) Equity instruments

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

(10) Inventories

(a) Classification

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

(b) Measurement method of cost of inventories

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(11) Long-term equity investments

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

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

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

(a) Determination of investment cost

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

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

(b) Subsequent measurement and recognition of profit or loss

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

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

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(11) Long-term equity investments (Continued)

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

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

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

(d) Impairment of long-term equity investments

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

(12) Fixed assets

(a) Recognition and initial measurement of fixed assets

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(12) Fixed assets (Continued)

(b) Depreciation of fixed assets

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

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

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

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

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

(d) Disposals of fixed assets

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

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(13) Borrowing costs

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(14) Intangible assets

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

(a) Land use rights

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

(b) Software

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

(c) Concession rights

(i) *Concession rights of PPP projects*

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

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

(ii) *Others*

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

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(14) Intangible assets (Continued)

(d) Periodical review of useful life and amortisation method

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

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

(e) Research and development

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(14) Intangible assets (Continued)

(f) Impairment of intangible assets

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

(15) Long-term prepaid expenses

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

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

(16) Impairment of long-term assets

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(17) Employee benefits

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

(a) Short-term employee benefits

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

(b) Post-employment benefits

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

Basic pensions

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

(c) Termination benefits

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

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

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(18) Profit distributions

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

(19) Provisions

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(20) Revenue

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

(a) Revenue from construction services

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(20) Revenue (Continued)

(b) Electricity tariff

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

(c) Waste treatment fees

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

(21) Government grants

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(22) Deferred tax assets and deferred tax liabilities

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

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

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

Deferred tax assets and deferred tax liabilities are offset when:

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

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(23) Leases

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

The Group as the lessee

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(23) Leases (Continued)

The Group as the lessee (Continued)

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

(24) Segment information

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

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

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

(25) Safety production expenses

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

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

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(26) Critical accounting estimates and judgements

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

(a) Critical accounting estimates and key assumptions

(i) *Determination of income from construction services*

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

(ii) *Measurement of ECL*

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

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

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(26) Critical accounting estimates and judgements (Continued)

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

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

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

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

(iv) *Income taxes and deferred income taxes*

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

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

3. TAXATION

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

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

(a) EIT preferential benefits and approvals

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

3. TAXATION (Continued)

(a) EIT preferential benefits and approvals (Continued)

(ii) Subsidiaries of the Company, Tianjin Dynagreen Renewable Energy Co., Ltd. (“Jizhou Company”), Anshun Dynagreen Renewable Energy Co., Ltd. (“Anshun Company”), Tianjin Dynagreen Environmental Energy Co., Ltd. (“Ninghe Company”), Beijing Dynagreen Environment Co., Ltd. (“Tongzhou Company”), Jiamusi Bohai Environmental Protection and Electricity Company Limited (“Jiamusi Company”), Shantou Dynagreen Renewable Energy Co., Ltd. (“Shantou Company”), Zhaoqing Boneng Renewable Energy Power Generation Co., Ltd. (“Zhaoqing Company”), Beijing Dynagreen Renewable Energy Co., Ltd. (“Miyun Company”), Zhangqiu Dynagreen Renewable Energy Co., Ltd. (“Zhangqiu Company”), Bobai Dynagreen Renewable Energy Co., Ltd. (“Bobai Company”), Yichun Dynagreen Renewable Energy Co., Ltd. (“Yichun Company”), Hong’an Dynagreen Renewable Energy Co., Ltd. (“Hong’an Company”), Huizhou Dynagreen Renewable Energy Co., Ltd. (“Huizhou Phase II Company”), Haining Dynagreen Haiyun Environmental Protection Energy Co., Ltd. (“Haining Expansion Project Company”), Pingyang Dynagreen Environmental Energy Co., Ltd. (“Pingyang Phase II Project Company”), Wenzhou Dynagreen Environmental Energy Co., Ltd. (“Yongjia Phase II Project Company”), Guizhou Jinsha Green Energy Co., Ltd. (“Jinsha Company”), Dengfeng Dynagreen Renewable Energy Co., Ltd. (“Dengfeng Company”), Fengcheng Dynagreen Environmental Protection Co., Ltd. (“Fengcheng Company”), Laizhou Haikang Environmental Protection Energy Co., Ltd. (“Laizhou Company”), Shishou Dynagreen Renewable Energy Co., Ltd. (“Shishou Company”), Enshi Green Power Renewable Energy Co., Ltd. (“Enshi Company”), Shantou Dynagreen Environmental Services Co., Ltd. (“Shantou Sludge Company”), Huludao Hazardous Waste Company, Huizhou Dynagreen Environmental Services Co., Ltd. (“Huizhou Three-in-One Company”) Wuhan Dynagreen Renewable Energy Co., Ltd. (“Wuhan Company”), Huludao Dynagreen Environment Co., Ltd. (“Huludao Power Generation Company”), Shuozhou Dynagreen Nanshan Environmental Energy Co., Ltd. (“Shuozhou Company”) and Jinan Dynagreen Environmental Co., Ltd. (“Zhangqiu Phase II Company”) were qualified for the earnings from environmental protection, water and energy conservation as stipulated under the Enterprise Income Tax Law, and were eligible for a tax exemption for the first year to the third year, and a 50% reduction in EIT for the fourth year to the sixth year starting from the year in which the entities first generate operating income (the “3+3 tax holiday”). The details are as follows:

- Ninghe Company Biomass Power Generation Project, Tongzhou Company, Miyun Company and the phase I project of Jiamusi Company completed the “EIT preferential benefits and approvals” in 2018 and were entitled to the 3+3 tax holiday from 2018 to 2023;
- The phase I project of Shantou Company, the phase I project of Zhaoqing Company, Zhangqiu Company and Bobai Company completed the “EIT preferential benefits and approvals” in 2019 and were entitled to the 3+3 tax holiday from 2019 to 2024;
- The phase II project of Anshun Company, Yichun Company, Hong’an Company, Huizhou Phase II Company, Haining Expansion Company, the phase II project of Jizhou Company, Fengcheng Company and the phase II project of Shantou Company were entitled to the 3+3 tax holiday from 2020 to 2025;
- Pingyang Phase II Project Company, Yongjia Phase II Project Company, Shishou Company, Shantou Sludge Company, waste incineration project of Jinsha Company, Dengfeng Company, the phase II project of Jiamusi Company and Zhaoqing Company were entitled to the 3+3 tax holiday from 2021 to 2026.

3. TAXATION (Continued)

(a) EIT preferential benefits and approvals (Continued)

(ii) (Continued)

- Huludao Hazardous Waste Company, Huizhou Three-in-One Company, Laizhou Company and Enshi Company were entitled to the 3+3 tax holiday from 2022 to 2027.
- The phase II project of Wuhan Company, Huludao Power Generation Company, Shuozhou Company and Zhangqiu Phase II Company completed the “EIT preferential benefits and approvals” in 2023 and were entitled to the 3+3 tax holiday from 2023 to 2028;

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

(iii) The phase I project of Anshun Company and Guangyuan Boneng Renewable Energy Co., Ltd. (“Guangyuan Company”) belong to encouraged industry established in the Western region and are thus subject to enterprise income tax at a preferential tax rate of 15%;

(iv) Pursuant to the Announcement on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (MoF STA Announcement [2023] No. 6) jointly issued by the Ministry of Finance and the State Taxation Administration, the proportion of taxable income up to RMB1 million of a small and low-profit enterprise is entitled to a preferential tax treatment of 25% exemption of taxable income and application of EIT rate as 20%. The execution period of the announcement is from 1 January 2023 to 31 December 2024. Pursuant to the Announcement on the Further Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (MoF STA Announcement [2022] No. 13) jointly issued by the Ministry of Finance and the State Taxation Administration, the proportion of taxable income exceeding RMB1 million but less than RMB3 million of a small and low-profit enterprise is entitled to a preferential tax treatment of 25% exemption of taxable income and application of EIT rate as 20%. The execution period of the announcement is from 1 January 2022 to 31 December 2024.

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

(v) In 2022, the Company obtained the High-Tech Enterprise Certificate (Certificate No.: GR202244206993) issued by the Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Bureau, and Shenzhen Tax Bureau of the State Administration of Taxation. The certificate is valid for 3 years. In accordance with the relevant provision of Article 28 of the Enterprise Income Tax Law of the People’s Republic of China, the enterprise income tax rate for the Company in 2023 was 15% (2022: 15%).

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

3. TAXATION (Continued)

(b) VAT preferential benefits and approvals

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

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

Qingdao Dynagreen Renewable Energy Co., Ltd. (“Qingdao Company”), the Company’s subsidiary, is a small – scale VAT taxpayer and its applicable tax rate is 3%.

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash at bank and on hand

	31 December 2023	31 December 2022
Cash on hand	665.00	740.00
Cash at bank	1,032,534,291.93	1,864,782,553.59
Other cash balances (i)	2,039,180.00	2,196,700.00
	1,034,574,136.93	1,866,979,993.59
Including: Amounts deposited abroad	12,010,895.96	2,415,473.14

- (i) As at 31 December 2023, other cash balances of RMB2,039,180.00 represented deposits of the Group for the purpose of applying for unconditional, irrevocable bank letters of guarantee with restricted use (31 December 2022: RMB2,196,700.00).

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(2) Notes receivables

	31 December 2023	31 December 2022
Bank acceptance notes	-	3,630,000.00
Less: Provision for bad debts	-	-
	-	3,630,000.00

In 2023, the Group received bank acceptance notes of higher credit rating with a total amount of RMB5,833,444.46. As the credit risk of such notes is low and the Group's management model for such notes is aimed at both collecting contract cash flows and selling them, the Group classifies them as financial assets at fair value through other comprehensive income and accounts for them in financing item under accounts receivable. As at 31 December 2023, the balance of receivables financing amounted to RMB3,122,144.00 (31 December 2022: RMB100,000.00).

(3) Accounts receivables

	31 December 2023	31 December 2022
Receivables from waste treatment fee	914,100,345.39	576,935,173.06
Receivables from national renewable energy subsidies	807,066,463.27	709,072,832.70
Receivables from electricity sales	312,736,392.53	264,452,046.84
	2,033,903,201.19	1,550,460,052.60
Less: Provision for bad debts	(60,482,294.30)	(36,123,330.31)
	1,973,420,906.89	1,514,336,722.29

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3) Accounts receivables (Continued)

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

	31 December 2023	31 December 2022
Within 1 year	1,221,997,125.64	1,035,851,139.14
1 to 2 years	411,540,110.55	443,163,740.13
2 to 3 years	339,136,676.06	58,029,434.42
3 to 4 years	47,825,127.77	8,925,929.24
4 to 5 years	8,914,351.50	4,489,809.67
Over 5 years	4,489,809.67	–
	2,033,903,201.19	1,550,460,052.60

(b) As at 31 December 2023, the five largest accounts receivables aggregated by debtors were summarised and analysed as follows:

	Balance of accounts receivables	Balance of contract assets	Provision for bad debts	% of total balance of accounts receivables and contract assets
Urban Management Committee of Tongzhou District, Beijing (北京市通州區城市管理委員會)	35,182,415.06	1,056,624,792.29	(1,262,693.77)	12.20%
Chaoyang District City Management and Comprehensive Law Enforcement Bureau of Shantou City (汕頭市潮陽區城市管理和綜合執法局)	183,169,661.15	369,967,290.47	(1,505,674.81)	6.18%
Environmental Health Care Center of Zhangqiu District, Ji'nan City (濟南市章丘區環境衛生管護中心)	22,143,158.66	443,035,812.24	(604,578.02)	5.20%
Comprehensive Law Enforcement Bureau of Haining City (海甯市綜合行政執法局)	–	436,446,935.36	(502,947.84)	4.88%
Comprehensive Law Enforcement Bureau of Pingyang County (平陽縣綜合行政執法局)	15,315,442.02	316,275,128.65	(454,694.68)	3.70%
	255,810,676.89	2,622,349,959.01	(4,330,589.12)	32.16%

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3) Accounts receivables (Continued)

(c) Provision for bad debts

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

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

	31 December 2023				31 December 2022			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	% of total amount	Amount	Provision ratio	Amount	% of total amount	Amount	Provision ratio
Provision for bad debts on an individual basis(i)	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Provision for bad debts on a collective basis(ii)	2,033,903,201.19	100.00%	(60,482,294.30)	2.97%	1,550,460,052.60	100.00%	(36,123,330.31)	2.33%
	2,033,903,201.19	100.00%	(60,482,294.30)	2.97%	1,550,460,052.60	100.00%	(36,123,330.31)	2.33%

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

As at 31 December 2023, there were no accounts receivables for which the related provision for bad debts was provided on the individual basis (31 December 2022: nil).

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3) Accounts receivables (Continued)

(c) Provision for bad debts (Continued)

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

	31 December 2023		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rates	Amount
Receivables from renewable energy subsidies and tariff	1,119,802,855.80	2.67%	(29,948,579.87)
Receivables from waste treatment fee	914,100,345.39	3.34%	(30,533,714.43)
	2,033,903,201.19		(60,482,294.30)
	31 December 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rates	Amount
Receivables from renewable energy subsidies and tariff	973,524,879.54	1.54%	(14,983,476.19)
Receivables from waste treatment fee	576,935,173.06	3.66%	(21,139,854.12)
	1,550,460,052.60		(36,123,330.31)

(iii) In 2023, the provision for bad debts made by the Group amounted to RMB25,912,482.02 (2022: RMB0.00) and the Group's provision for bad debts reversed amounted to RMB1,553,518.03 (2022: RMB23,018,839.94). Changes in provision for bad debts are set out in Note 4(19).

(iv) In 2023 and 2022, no accounts receivables were written off.

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3) Accounts receivables (Continued)

- (d) As at 31 December 2023, the Group's accounts receivables with a carrying amount of RMB1,319,752,710.62 (31 December 2022: RMB1,223,222,513.63) are restricted by the Group's pledge of the collection rights of the concession rights (including rights to charge for electricity or waste treatment) under relevant PPP project contracts for bank borrowings (Note 4(27)(a)).

(4) Advances to suppliers

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

	31 December 2023		31 December 2022	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	32,717,974.08	100.00%	50,946,124.08	97.42%
1 to 2 years	-	0.00%	1,347,268.66	2.58%
	32,717,974.08		52,293,392.74	

- (b) As at 31 December 2023, the five largest advances to suppliers aggregated by debtors were analysed as follows:

	Amount	% of total balance
Total balances of advances to the top five debtors	9,747,094.12	29.79%

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Other receivables

	31 December 2023	31 December 2022
Compensation receivable for assets (Note 4(5)(e))	23,399,118.20	23,399,118.20
Receivable current accounts of former shareholders (Note 4(5)(b)(i))	12,961,261.85	12,961,261.85
VAT refunds receivable	4,136,220.69	8,253,811.53
Others	21,127,192.33	20,965,149.72
	61,623,793.07	65,579,341.30
Less: Provision for bad debts	(22,241,155.34)	(21,282,806.85)
	39,382,637.73	44,296,534.45

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

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

	31 December 2023	31 December 2022
Within 1 year	10,956,672.18	26,312,571.43
1 to 2 years	12,669,145.53	4,736,804.89
2 to 3 years	4,133,631.61	13,765,775.90
Over 3 years	33,864,343.75	20,764,189.08
	61,623,793.07	65,579,341.30

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Other receivables (Continued)

(b) Loss provision and changes in book balance

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

	31 December 2023				31 December 2022			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	% of total amount	Amount	Provision ratio	Amount	% of total amount	Amount	Provision ratio
Provision for bad debts on an individual basis (i)	18,750,678.21	30.43%	(18,750,678.21)	100.00%	18,765,878.21	28.62%	(18,765,878.21)	100.00%
Provision for bad debts on a collective basis (ii)	42,873,114.86	69.57%	(3,490,477.13)	8.14%	46,813,463.09	71.38%	(2,516,928.64)	5.38%
	61,623,793.07	100.00%	(22,241,155.34)	36.09%	65,579,341.30	100.00%	(21,282,806.85)	32.45%

	Stage 1		Stage 3		Total	
	12-month ECL		Lifetime ECL (individual) (Credit impaired)		Total	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Book balance	Provision for bad debts
31 December 2022	46,813,463.09	(2,516,928.64)	18,765,878.21	(18,765,878.21)	65,579,341.30	(21,282,806.85)
Increase in the current year	4,192,538.87	(1,013,869.62)	-	-	4,192,538.87	(1,013,869.62)
Decrease in the current year	(8,125,387.10)	32,821.13	(22,700.00)	22,700.00	(8,148,087.10)	55,521.13
Transfer to the third stage	(7,500.00)	7,500.00	7,500.00	(7,500.00)	-	-
31 December 2023	42,873,114.86	(3,490,477.13)	18,750,678.21	(18,750,678.21)	61,623,793.07	(22,241,155.34)

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Other receivables (Continued)

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

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

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

As at 31 December 2022, other receivables for which the related provision for bad debts was provided on the individual basis are analysed as follows:

Stage 3	Book balance	Lifetime ECL rates	Provision for bad debts	Reason
Receivable current accounts of former shareholders	12,961,261.85	100.00%	(12,961,261.85)	Had long ageing and risk on collection
Others	5,804,616.36	100.00%	(5,804,616.36)	Had long ageing and risk on collection
	18,765,878.21		(18,765,878.21)	

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Other receivables (Continued)

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

(ii) As at 31 December 2023 and 31 December 2022, other receivables for which the related provision for bad debts was provided on a collective basis are analysed as follows:

Stage 1	31 December 2023			31 December 2022		
	Book balance	Loss provision	Provision ratio	Book balance	Loss provision	Provision ratio
	Amount	Amount		Amount	Amount	
VAT refunds receivable and other tax refunds receivable	4,136,220.69	-	0.00%	8,253,811.53	-	0.00%
Others	38,736,894.17	(3,490,477.13)	9.01%	38,559,651.56	(2,516,928.64)	6.53%
	42,873,114.86	(3,490,477.13)		46,813,463.09	(2,516,928.64)	

(c) In 2023, the Group's provision for bad debts amounted to RMB1,013,869.62 (2022: RMB1,631,934.57), of which RMB55,521.13 (2022: RMB500,000.00) was collected or reversed. Changes in provision for bad debts are set out in Note 4(19).

(d) In 2023 and 2022, no other receivables were written off.

(e) As at 31 December 2023, the five largest other receivables aggregated by debtors were analysed as follows:

	Nature	Balance	Ageing	% of total balance	Provision for bad debts
Huludao City Land Reserve Center	Compensation receivable for assets	12,550,215.00	Over 3 years	20.37%	(1,255,021.50)
The People's Government of Yanguan Town, Haining City	Compensation receivable for assets	10,848,903.20	1 to 2 years	17.61%	-
Shenzhen Hanyang Holdings Company	Receivable current accounts of former shareholders	6,988,073.50	Over 3 years	11.34%	(6,988,073.50)
Dynagreen Environment Investment Limited	Receivable current accounts of former shareholders	5,160,600.00	Over 3 years	8.37%	(5,160,600.00)
Guizhou Xijie Environmental Health Management Co., Ltd. (貴州西潔環境衛生管理有限公司)	Receivable advance payments made for others	2,668,488.18	Over 3 years	4.33%	(2,668,488.18)
		38,216,279.88		62.02%	(16,072,183.18)

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(6) Inventories

(a) Inventories are summarised by categories as follows:

	31 December 2023			31 December 2022		
	Book balance	Provision for decline in the value of inventories	Carrying amount	Book balance	Provision for decline in the value of inventories	Carrying amount
Turnover materials	62,734,783.04	-	62,734,783.04	50,455,726.71	-	50,455,726.71

As at 31 December 2023 and 31 December 2022, the Group's balance of inventories neither included capitalised borrowing costs nor was pledged as security.

As at 31 December 2023 and 31 December 2022, there was no impairment of the Group's inventories and no provision for decline in the value was required.

(7) Contract assets

	31 December 2023	31 December 2022
PPP project construction services	6,657,460,191.77	6,505,623,201.49
Contract assets generated by electricity sales contract (i)	260,662,319.31	165,728,407.23
	6,918,122,511.08	6,671,351,608.72
Less: Provision for impairment of contract assets	(54,920,994.63)	(86,359,256.85)
	6,863,201,516.45	6,584,992,351.87
Less: Contract assets included in other non-current assets (Note 4(18))	(6,456,232,426.80)	(6,294,426,365.72)
	406,969,089.65	290,565,986.15

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(7) Contract assets (Continued)

- (i) The contract assets are receivables from renewable energy subsidies in the electricity sales contract between the Group and the grid company, items of which are not included in the National Renewable Energy Subsidy Catalogue. When they are included or the Group obtains the right to receive the unconditional consideration, the contract assets will be recognised as accounts receivables.
- (ii) For contract assets, the Group recognises the lifetime ECL regardless of whether there exists a significant financing component. As at 31 December 2023 and 31 December 2022, the Group's contract assets were not overdue, and the provision for impairment was made on a collective basis.

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

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

As at 31 December 2022, contract assets for which the provision for bad debts was provided on the collective basis were analysed as follows:

	Book balance	Lifetime ECL rates	Provision for impairment
PPP project construction services	6,505,623,201.49	1.31%	(85,095,313.26)
Contract assets generated by electricity sales contract	165,728,407.23	0.76%	(1,263,943.59)
	6,671,351,608.72		(86,359,256.85)

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(7) Contract assets (Continued)

- (iii) As at 31 December 2023, the Group's contract assets with a carrying amount of RMB341,067,032.77 (31 December 2022: RMB209,947,636.84) were restricted by the Group's pledge of the collection rights of concession rights (including rights to charge for electricity or processing of waste) under relevant PPP project contracts for bank borrowings (Note 4(27)(a)).

(8) Current portion of non-current assets

	31 December 2023	31 December 2022
Receivables from BT projects (Note 4(9))	73,359,064.98	72,934,962.63
Less: Provision for impairment	(19,850,216.64)	(9,693,253.46)
	53,508,848.34	63,241,709.17

(9) Long-term receivables

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(9) Long-term receivables (Continued)

	31 December 2022		
	Book balance	Provision for bad debts	Carrying amount
Receivables from BT projects (i)	72,934,962.63	(9,693,253.46)	63,241,709.17
Performance bond (ii)	36,000,000.00	(218,105.69)	35,781,894.31
	108,934,962.63	(9,911,359.15)	99,023,603.48
Less: Due within one year (Note 4(8))	72,934,962.63	(9,693,253.46)	63,241,709.17
	36,000,000.00	(218,105.69)	35,781,894.31

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

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

	31 December 2023				31 December 2022			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	% of total amount	Amount	Provision ratio	Amount	% of total amount	Amount	Provision ratio
Provision for bad debts on an individual basis	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Provision for bad debts on a collective basis (a)	109,359,064.98	100.00%	(19,957,282.54)	18.25%	108,934,962.63	100.00%	(9,911,359.15)	9.10%
	109,359,064.98	100.00%	(19,957,282.54)	18.25%	108,934,962.63	100.00%	(9,911,359.15)	9.10%

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(9) Long-term receivables (Continued)

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

	31 December 2023		
	Book balance	Provision for bad debts	
	Amount	ECL rate	Amount
Receivables from BT projects	73,359,064.98	27.06%	(19,850,216.64)
Performance bond	36,000,000.00	0.30%	(107,065.90)
	109,359,064.98		(19,957,282.54)
	31 December 2022		
	Book balance	Provision for bad debts	
	Amount	ECL rate	Amount
Receivables from BT projects	72,934,962.63	13.29%	(9,693,253.46)
Performance bond	36,000,000.00	0.61%	(218,105.69)
	108,934,962.63		(9,911,359.15)

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

As at 31 December 2023 and 31 December 2022, the Group had no long-term receivables with restricted ownership.

(10) Other current assets

	31 December 2023	31 December 2022
Input VAT to be deducted and others	257,143,592.87	256,939,869.44

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(11) Fixed assets

	Buildings	Machinery and equipment	Motor vehicles	Others	Total
Cost					
31 December 2022	226,618,013.93	104,695,853.91	32,417,484.89	43,461,082.04	407,192,434.77
Increase in the current year	5,006,864.56	666,120.09	2,854,531.27	2,517,976.23	11,045,492.15
Decrease in the current year	–	(548,107.58)	(2,542,890.63)	(723,406.84)	(3,814,405.05)
31 December 2023	231,624,878.49	104,813,866.42	32,729,125.53	45,255,651.43	414,423,521.87
Accumulated depreciation					
31 December 2022	11,103,549.88	14,296,838.27	18,107,531.10	25,046,341.74	68,554,260.99
Increase in the current year	4,125,172.70	7,289,838.80	3,507,558.09	5,328,520.26	20,251,089.85
Decrease in the current year	–	(334,400.87)	(2,297,292.58)	(674,708.37)	(3,306,401.82)
31 December 2023	15,228,722.58	21,252,276.20	19,317,796.61	29,700,153.63	85,498,949.02
Carrying amount					
31 December 2023	216,396,155.91	83,561,590.22	13,411,328.92	15,555,497.80	328,924,572.85
31 December 2022	215,514,464.05	90,399,015.64	14,309,953.79	18,414,740.30	338,638,173.78

In 2023, depreciation charged to fixed assets amounted to RMB20,251,089.85 (2022: RMB21,737,086.18), of which the depreciation expenses charged to the cost of sale, general and administrative expenses, research and development expenses, sales expenses and capitalized expenses were RMB14,037,166.70, RMB5,702,086.71, RMB15,611.47, RMB7,798.83 and RMB488,426.14 (2022: RMB16,149,591.09, RMB5,232,533.08, RMB21,859.13, RMB360.66 and RMB332,742.22), respectively.

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(11) Fixed assets (Continued)

(i) As at 31 December 2023, the fixed assets with pending certificates of ownership were as follows:

Buildings	Carrying amount	Reasons for not obtaining certificates of ownership
Huludao Hazardous Waste Company	94,645,987.60	In process
Dongguan Company	14,234,969.82	(a)
	108,880,957.42	

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

(12) Right-of-use assets

	Buildings	Motor vehicles	Others	Total
Cost				
31 December 2022	9,032,802.09	378,759.79	1,681,228.25	11,092,790.13
Increase in the current year	87,564.49	1,379,708.76	–	1,467,273.25
Decrease in the current year	(7,127,270.35)	(241,129.36)	–	(7,368,399.71)
31 December 2023	1,993,096.23	1,517,339.19	1,681,228.25	5,191,663.67
Accumulated depreciation				
31 December 2022	6,054,093.75	309,944.59	158,935.28	6,522,973.62
Increase in the current year	2,248,227.66	190,741.89	59,853.72	2,498,823.27
Decrease in the current year	(7,127,270.35)	(241,129.36)	–	(7,368,399.71)
31 December 2023	1,175,051.06	259,557.12	218,789.00	1,653,397.18
Carrying amount				
31 December 2023	818,045.17	1,257,782.07	1,462,439.25	3,538,266.49
31 December 2022	2,978,708.34	68,815.20	1,522,292.97	4,569,816.51

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(13) Intangible assets

	Concession rights	Land use rights	Software	Construction license	Total
Cost					
31 December 2022	12,735,955,013.74	71,446,558.44	3,639,433.22	6,529,123.58	12,817,570,128.98
Increase in the current year	615,302,225.05	–	444,089.16	–	615,746,314.21
31 December 2023	13,351,257,238.79	71,446,558.44	4,083,522.38	6,529,123.58	13,433,316,443.19
Accumulated amortisation					
31 December 2022	1,552,498,970.56	6,060,429.61	1,694,556.57	3,396,442.65	1,563,650,399.39
Provision for the year	442,275,099.17	1,428,931.20	338,937.11	–	444,042,967.48
31 December 2023	1,994,774,069.73	7,489,360.81	2,033,493.68	3,396,442.65	2,007,693,366.87
Provision for impairment					
31 December 2022	281,355,759.20	–	–	3,132,680.93	284,488,440.13
Increase in the current year (ii)	25,575,645.03	–	–	–	25,575,645.03
31 December 2023	306,931,404.23	–	–	3,132,680.93	310,064,085.16
Carrying amount					
31 December 2023	11,049,551,764.83	63,957,197.63	2,050,028.70	–	11,115,558,991.16
31 December 2022	10,902,100,283.98	65,386,128.83	1,944,876.65	–	10,969,431,289.46

In 2023, the amortisation of intangible assets amounted to RMB444,042,967.48 (2022: RMB388,967,175.69).

As at 31 December 2023, the Group's intangible assets with a carrying amount of RMB5,228,829,544.18 (31 December 2022: RMB5,326,458,140.64) were restricted by the Group's pledge of the collection rights of concession rights (including rights to charge for electricity or processing of waste) under relevant PPP project contracts for bank borrowings (Note 4(27)(a)).

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(13) Intangible assets (Continued)

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

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

In 2023, the waste-to-energy project of Baise Dynagreen Environmental Protection Co., Ltd. (“Jingxi Company”), a subsidiary of the Company, had not been put into operation. The Group conducted an impairment test on the concession rights with a carrying amount of approximately RMB160,823,800. The present value of the estimated future cash flows was used to determine the recoverable amount of the concession rights of approximately RMB184,697,300, and no provision for impairment was required.

In 2023, Laizhou Company had signs of impairment due to suffering from losses, and the Group conducted an impairment test on the concession rights with a carrying amount of approximately RMB238,320,600. The present value of the estimated future cash flows was used to determine the recoverable amount of the concession rights of approximately RMB253,227,800, and no provision for impairment was required.

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

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

	2023	
	Jingxi Company	Laizhou Company
Compound income growth rate	1.24%	1.84%
EBIT margin	39.33%	33.30%
Pre-tax discount rate	9.58%	9.90%

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(13) Intangible assets (Continued)

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

In 2022, the key assumptions used by the Group in applying the discounted future cash flow method are as follows:

	2022	
	Jingxi Company	Laizhou Company
Compound income growth rate	0.99%	N/A
EBIT margin	39.51%	N/A
Pre-tax discount rate	10.36%	N/A

(ii) Concession rights of hazardous waste projects

In 2023, the concession rights of the hazardous waste projects of Huludao Hazardous Waste Company, a subsidiary of the Company, were intangible assets with uncertain service life, and the Group conducted an impairment test on it. The Group determined the recoverable amount of the relevant asset group based on the asset group of the business of Huludao Hazardous Waste Company of the concession rights. After comparing the net fair value of the relevant asset group after deducting disposal expenses and the present value of the estimated future cash flows, the present value of the estimated future cash flows was used to determine the recoverable amount of the relevant asset group of approximately RMB382,827,600 and impairment loss of intangible assets of RMB25,575,600 should be recognized based on the difference between the recoverable amount of the relevant asset group and its carrying value (excluding goodwill) of RMB408,403,200, mainly due to the delay in obtaining individual business qualifications and the underperformance of business.

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

In 2023 and 2022, the key assumptions used by the Group in applying the discounted future cash flow method are as follows:

	Hazardous waste business	
	2023	2022
Income growth rate	1.82%	2.72%
EBIT margin	-6.81%-29.05%	0.27%-38.96%
Pre-tax discount rate	9.01%	10.48%

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(14) Research and development expenditure

The Group's total expenditure for research and development activities in 2023 and 2022 is shown by nature as follows:

	2023	2022
Employee benefits	6,623,713.36	6,444,388.17
Depreciation and amortization	139,534.81	272,265.59
Utilities and property fees	46,753.50	45,942.92
Travel expenses	365,529.86	139,443.45
Intermediary service fees	69,802.82	136,128.01
Others	127,401.43	1,665,762.53
	7,372,735.78	8,703,930.67

The Group's research and development expenditures in 2023 and 2022 were fully expensed in current profit or loss.

(15) Goodwill

	31 December 2022	Increase in the current year	31 December 2023
Goodwill – Huludao Hazardous Waste Company	43,910,821.67	–	43,910,821.67
Less: Provision for impairment – Huludao Hazardous Waste Company	(10,185,838.26)	(33,724,983.41)	(43,910,821.67)
	33,724,983.41	(33,724,983.41)	–

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(15) Goodwill (Continued)

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

When conducting impairment tests on goodwill, the Group compares the book value of relevant assets or asset group portfolio (including goodwill) with its recoverable amount. If the recoverable amount is lower than the book value, the relevant difference is included in the current profit and loss (Note 4(44)).

In 2023, the Group conducted impairment tests on the goodwill related to the business of Huludao Hazardous Waste Company. As described in Note 4(13)(ii), the recoverable amount of the asset group of the business of Huludao Hazardous Waste Company amounted to approximately RMB382,827,600, and the Group compared it with the carrying value of RMB416,552,600 of the asset group (including goodwill) after consideration of the impairment of concession rights of hazardous waste projects, and the balance of RMB33,725,000 was recognised as impairment losses of good will.

(16) Long-term prepaid expenses

	31 December 2023	31 December 2022
Royalties of emission right and others	6,147,345.30	574,822.36

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(17) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets before offsetting

	31 December 2023		31 December 2022	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Tax losses	83,214,564.72	20,803,641.17	26,761,874.38	6,690,468.60
Deferred income	10,213,669.11	2,553,417.04	10,610,772.99	2,652,693.23
Provision for asset impairment	157,601,726.81	22,456,284.42	147,303,352.84	18,608,620.91
Offsetting of internal unrealised profits	1,022,722,918.95	255,680,729.90	998,577,671.43	229,246,555.34
	1,273,752,879.59	301,494,072.53	1,183,253,671.64	257,198,338.08
Including:				
Expected to be recovered within one year (inclusive)		21,002,792.54		17,076,677.69
Expected to be recovered after one year		280,491,279.99		240,121,660.39
		301,494,072.53		257,198,338.08

(b) Deferred tax liabilities before offsetting

	31 December 2023		31 December 2022	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Temporary difference from concession rights and contract assets	1,944,372,203.36	486,093,050.84	1,787,855,922.47	446,963,308.31
PRC withholding tax on dividends	257,508,521.10	25,750,852.11	102,520,558.95	10,252,055.90
Asset evaluation increment from combinations involving enterprises not under common control	196,360,357.20	49,090,089.30	229,309,106.40	57,327,276.60
	2,398,241,081.66	560,933,992.25	2,119,685,587.82	514,542,640.81
Including:				
Expected to be recovered within one year (inclusive)		138,316,064.30		117,136,257.12
Expected to be recovered after one year		422,617,927.95		397,406,383.69
		560,933,992.25		514,542,640.81

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	31 December 2023	31 December 2022
Deductible temporary differences	319,216,718.51	297,296,528.08
Deductible losses	212,846,092.75	340,537,285.98
	532,062,811.26	637,833,814.06

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

	31 December 2023	31 December 2022
2023	–	1,741,980.99
2024	7,542,776.87	19,662,957.63
2025	2,267,602.70	107,374,619.00
2026	7,998,153.44	50,369,439.55
2027	44,819,669.43	98,375,255.51
2028	79,708,415.77	–
Indefinite	70,509,474.54	63,013,033.30
	212,846,092.75	340,537,285.98

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

	31 December 2023		31 December 2022	
	Amount offset	Balance after offsetting	Amount offset	Balance after offsetting
Deferred tax assets	34,966,154.90	266,527,917.63	26,651,606.24	230,546,731.84
Deferred tax liabilities	34,966,154.90	525,967,837.35	26,651,606.24	487,891,034.57

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(18) Other non-current assets

	31 December 2023	31 December 2022
PPP project construction services (Note 4(7))	6,508,258,817.36	6,378,482,294.46
Input VAT to be deducted	409,144,286.17	488,357,501.82
Prepayments for projects and equipment	49,292,170.97	137,033,185.64
Others	1,515,453.32	1,515,453.30
	6,968,210,727.82	7,005,388,435.22
Less: Provision for impairment of contract assets (Note 4(7))	(52,026,390.56)	(84,055,928.74)
	6,916,184,337.26	6,921,332,506.48

- (i) As at 31 December 2023, the Group's other non-current assets with a carrying amount of RMB4,007,336,391.53 (31 December 2022: RMB3,711,705,882.90) were restricted by the Group's pledge of the collection rights of concession rights (including rights to charge for electricity or processing of waste) under relevant PPP project contracts for bank borrowings (Note 4(27)(a)).

(19) Provision for asset impairment and losses

	31 December 2022	Increase in the current year	Reversal in the current year	31 December 2023
Provision for bad debts of accounts receivables	36,123,330.31	25,912,482.02	(1,553,518.03)	60,482,294.30
Provision for bad debts of other receivables	21,282,806.85	1,013,869.62	(55,521.13)	22,241,155.34
Provision for bad debts of long-term receivables	9,911,359.15	10,156,963.18	(111,039.79)	19,957,282.54
Sub-total	67,317,496.31	37,083,314.82	(1,720,078.95)	102,680,732.18
Provision for impairment of contract assets	86,359,256.85	622,895.20	(32,061,157.42)	54,920,994.63
Provision for impairment of intangible assets	284,488,440.13	25,575,645.03	-	310,064,085.16
Provision for impairment of goodwill	10,185,838.26	33,724,983.41	-	43,910,821.67
Sub-total	381,033,535.24	59,923,523.64	(32,061,157.42)	408,895,901.46
Total	448,351,031.55	97,006,838.46	(33,781,236.37)	511,576,633.64

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	31 December 2021	Reclassification	Increase in the current year	Reversal in the current year	31 December 2022
Provision for bad debts of accounts receivables	103,753,122.44	(44,610,952.19)	–	(23,018,839.94)	36,123,330.31
Provision for bad debts of other receivables	20,150,872.28	–	1,631,934.57	(500,000.00)	21,282,806.85
Provision for bad debts of long-term receivables	15,722,456.36	(14,527,711.50)	8,716,614.29	–	9,911,359.15
Sub-total	139,626,451.08	(59,138,663.69)	10,348,548.86	(23,518,839.94)	67,317,496.31
Provision for impairment of contract assets	10,486,126.37	59,138,663.69	17,118,833.47	(384,366.68)	86,359,256.85
Provision for impairment of intangible assets	284,488,440.13	–	–	–	284,488,440.13
Provision for impairment of goodwill	–	–	10,185,838.26	–	10,185,838.26
Sub-total	294,974,566.50	59,138,663.69	27,304,671.73	(384,366.68)	381,033,535.24
Total	434,601,017.58	–	37,653,220.59	(23,903,206.62)	448,351,031.55

(20) Short-term borrowings

	31 December 2023	31 December 2022
Unsecured borrowings	516,440,084.96	629,445,334.97

- (a) As at 31 December 2023, none of the Group's bank borrowings (31 December 2022: nil) were guaranteed by the Company.
- (b) As at 31 December 2023, the Group has no overdue short-term borrowings and the range of interest rate was from 2.80% to 5.22% (31 December 2022: 2.90% to 5.22%).

(21) Accounts payable

	31 December 2023	31 December 2022
Payables for engineering and equipment	1,014,132,043.06	1,265,489,204.69

As at 31 December 2023 and 31 December 2022, the balance of accounts payable of the Group aged over one year based on their recording dates was RMB345,203,137.56 and RMB322,977,182.13, respectively, which were mainly used as the balance payable for engineering and equipment quality assurance funds, and balances of all remaining accounts payables were aged within 1 year.

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(22) Contract liabilities

	31 December 2023	31 December 2022
Waste treatment fees received in advance and others	614,204.13	17,002,561.22

(23) Employee benefits payable

	31 December 2023	31 December 2022
Short-term employee benefits payable (a)	107,810,923.03	99,411,450.89
Defined contribution plans payable (b)	2,025,798.00	2,110,686.45
Termination benefits payable	47,743.03	-
	109,884,464.06	101,522,137.34

(a) Short-term employee benefits

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Wages and salaries, bonus, allowances and subsidies	93,140,690.66	372,830,151.58	(361,770,652.36)	104,200,189.88
Staff welfare	418,635.43	28,544,646.17	(28,477,255.44)	486,026.16
Social insurance	306,900.05	26,131,009.28	(26,130,528.48)	307,380.85
Including: Medical insurance	270,234.10	23,392,815.67	(23,390,513.89)	272,535.88
Work injury insurance	20,442.91	1,733,416.98	(1,735,294.59)	18,565.30
Maternity insurance	16,223.04	1,004,776.63	(1,004,720.00)	16,279.67
Housing funds	135,858.68	38,990,151.40	(38,993,631.04)	132,379.04
Union running costs and employee education costs	5,404,719.25	4,384,002.37	(7,105,089.08)	2,683,632.54
Other short-term employee benefits	4,646.82	4,274,488.54	(4,277,820.80)	1,314.56
	99,411,450.89	475,154,449.34	(466,754,977.20)	107,810,923.03

(b) Defined contribution plans

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Basic pensions	2,093,250.04	47,328,589.66	(47,410,353.83)	2,011,485.87
Unemployment insurance	17,436.41	1,606,697.26	(1,609,821.54)	14,312.13
	2,110,686.45	48,935,286.92	(49,020,175.37)	2,025,798.00

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(24) Taxes payable

	31 December 2023	31 December 2022
Enterprise income tax	35,733,249.32	30,162,961.32
Property tax	10,554,288.15	11,808,659.95
VAT	6,055,601.55	6,901,051.82
Urban land use tax	4,955,283.52	3,699,344.79
City maintenance and construction tax	391,618.45	475,693.94
Individual income tax	249,863.24	419,012.46
Others	1,267,890.50	1,233,003.91
	59,207,794.73	54,699,728.19

(25) Other payables

	31 December 2023	31 December 2022
Deposits and guarantees payable	49,082,419.52	35,691,186.85
Management fee payable to Urban Construction Bureau	25,548,102.29	22,268,267.34
Dividends payable to minority shareholders	19,600,000.00	18,000,000.00
Refund of tariff	17,443,927.26	22,022,030.10
Intermediary fees payable	1,759,433.96	1,622,605.66
Payable for purchase of equity	1,234,620.00	1,234,620.00
Other payables	37,682,357.76	34,847,348.55
	152,350,860.79	135,686,058.50

As at 31 December 2023, other payables with ageing over 1 year amounted to RMB24,282,211.04 (31 December 2022: RMB24,659,527.27), mainly representing deposits and guarantees of suppliers.

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(26) Current portion of non-current liabilities

	31 December 2023	31 December 2022
Current portion of long-term borrowings (Note 4(27))	2,120,325,657.41	1,210,357,279.15
Current portion of debentures payable (Note 4(28))	8,017,177.56	4,008,638.04
Current portion of lease liabilities (Note 4(29))	1,007,511.54	2,775,718.59
Current portion of long-term payables (Note 4(30))	9,184,738.63	8,598,758.43
	2,138,535,085.14	1,225,740,394.21

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

(27) Long-term borrowings

	31 December 2023	31 December 2022
Guaranteed and pledged borrowings (a)	7,597,792,241.77	7,563,593,253.20
Unsecured borrowings	1,556,099,444.44	1,972,575,989.98
	9,153,891,686.21	9,536,169,243.18
Less: Current portion of long-term borrowings (Note 4(26))		
Guaranteed and pledged borrowings	(886,226,212.97)	(867,781,289.17)
Unsecured borrowings (b)	(1,234,099,444.44)	(342,575,989.98)
	(2,120,325,657.41)	(1,210,357,279.15)
	7,033,566,028.80	8,325,811,964.03

- (a) As at 31 December 2023, pledged borrowings of RMB6,238,755,748.88 (31 December 2022: RMB6,165,833,112.38) represented bank borrowings of the Group. According to the Fixed Assets Loan Contract and the Rights Pledge Contract, the Group is required to pledge the collection rights of concession rights (including the rights to charge for electricity or processing of waste) under relevant PPP contracts to the lenders. As at 31 December 2023, the Group had other non-current assets (Note 4(18)) restricted by the above pledge with a balance of RMB4,007,336,391.53 (31 December 2022: RMB3,711,705,882.90), accounts receivables (Note 4(3)) with a balance of RMB1,319,752,710.62 (31 December 2022: RMB1,223,222,513.63), contract assets (Note 4(7)) with a balance of RMB341,067,032.77 (31 December 2022: RMB209,947,636.84) and intangible assets (Note 4(13)) with a balance of RMB5,228,829,544.18 (31 December 2022: RMB5,326,458,140.64).

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(27) Long-term borrowings (Continued)

(a) (Continued)

As at 31 December 2023, guaranteed borrowings of RMB1,359,036,492.89 (31 December 2022: RMB1,397,760,140.82) included the bank borrowings of RMB1,359,036,492.89 (31 December 2022: RMB1,359,118,602.86) from subsidiaries only guaranteed by the Company, and there were no bank borrowings guaranteed by the parent company of the Company, BSAM (31 December 2022: RMB38,641,537.96).

(b) The 3-year long-term borrowing of RMB1.2 billion, which was borrowed by the Group from the parent company BSAM on 7 July 2021, for replenishing working capital, will mature on 7 July 2024. The Group has reached an extension or renewal intention with BSAM. As of the date of these financial statements, the parties have not entered into an agreement on extension or renewal of the borrowing with legal effects binding on both parties.

(c) As at 31 December 2023, the Group had no overdue long-term borrowings and the range of interest rate was from 3.05% to 4.65% (31 December 2022: 3.05% to 4.90%).

(28) Debentures payable

	31 December 2022	Interest at par value	Interest amortisation	Conversion during the year	Interests paid during the year	Interest of debentures payable due within 1 year (Note 4(26))	31 December 2023
Convertible debentures	2,195,494,717.04	8,728,365.52	80,022,137.74	(27,342.27)	(711,187.96)	(8,017,177.56)	2,275,489,512.51

Details of the debentures are as follows:

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(28) Debentures payable (Continued)

	Liability component	Equity component Note 4 (34)	Total
Amount of convertible debentures issued	2,141,017,698.42	218,982,301.58	2,360,000,000.00
Direct issuance expenses	(13,820,074.12)	(1,413,510.80)	(15,233,584.92)
Balance as at the date of issue	2,127,197,624.30	217,568,790.78	2,344,766,415.08
Accumulated interest amortization at the beginning of the year	68,367,311.91	–	68,367,311.91
Accumulated conversion amount at the beginning of the year	(70,219.17)	(6,914.26)	(77,133.43)
Balance as at 1 January 2023	2,195,494,717.04	217,561,876.52	2,413,056,593.56
Interest amortization for the year	80,022,137.74	–	80,022,137.74
Conversion amount for the year	(27,342.27)	(2,673.51)	(30,015.78)
Balance as at 31 December 2023	2,275,489,512.51	217,559,203.01	2,493,048,715.52

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

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(28) Debentures payable (Continued)

(a) (Continued)

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

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

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

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

(b) In the year, convertible bonds with a total par value of RMB29,000.00 have been converted into shares. As a result, the Group's share capital increased by RMB2,971.00 and the capital reserve increased by RMB27,092.11.

As at 31 December 2023, convertible bonds with a total par value of RMB105,000.00 have been converted into shares. As a result, the Group's share capital increased by RMB10,734.00 and the capital reserve increased by RMB96,559.19.

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(29) Lease liabilities

	31 December 2023	31 December 2022
Lease liabilities	3,582,802.18	4,979,683.33
Less: Current portion of non-current liabilities (Note 4(26))	(1,007,511.54)	(2,775,718.59)
	2,575,290.64	2,203,964.74

(30) Long-term payables

	31 December 2023	31 December 2022
Construction payable for leachate treatment stations	256,107,867.65	264,706,626.08
Less: Current portion of long-term payables (Note 4(26))	(9,184,738.63)	(8,598,758.43)
	246,923,129.02	256,107,867.65

(31) Provisions

	31 December 2022	Interest amortization	31 December 2023
Decommissioning costs of hazardous waste landfill (i)	13,070,517.24	588,173.28	13,658,690.52

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(32) Deferred income

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Government grants	153,995,806.76	26,000,000.00	(6,032,084.46)	173,963,722.30

(a) Government grants

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Government grants related to assets:				
Specific fund for ecological civilisation construction of the Finance Bureau of Hong'an County	28,136,487.29	–	(1,029,383.76)	27,107,103.53
Infrastructure subsidies for the Anshun WTE project	26,709,708.44	–	(1,185,177.72)	25,524,530.72
Enshi special financial subsidies	18,862,732.92	–	(711,801.24)	18,150,931.68
Laizhou ecological civilisation subsidies	17,078,313.28	–	(632,530.08)	16,445,783.20
Specific fund for ecological civilisation construction of Shishou	16,752,181.60	–	(596,516.88)	16,155,664.72
Shuozhou City Human Settlement Improvement Award Supplementary Fund	14,340,000.00	–	(395,889.57)	13,944,110.43
Subsidies for ecological civilisation construction of Zhangqiu	13,458,862.40	–	(549,341.28)	12,909,521.12
Special fund for pollution control, energy conservation and carbon reduction of Zhangqiu	4,000,000.00	16,000,000.00	(247,678.00)	19,752,322.00
Special fund for ecological civilization construction of Dengfeng	959,247.60	9,000,000.00	(138,447.81)	9,820,799.79
Others	13,698,273.23	1,000,000.00	(545,318.12)	14,152,955.11
	153,995,806.76	26,000,000.00	(6,032,084.46)	173,963,722.30

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(33) Share capital

	31 December 2022	Movements for the current year (Note 4 (28)(b))	31 December 2023
RMB ordinary shares	989,087,971.00	2,971.00	989,090,942.00
Foreign shares listed overseas	404,359,792.00	–	404,359,792.00
	1,393,447,763.00	2,971.00	1,393,450,734.00
	31 December 2021	Movements for the current year	31 December 2022
RMB ordinary shares	989,080,208.00	7,763.00	989,087,971.00
Foreign shares listed overseas	404,359,792.00	–	404,359,792.00
	1,393,440,000.00	7,763.00	1,393,447,763.00

(34) Other equity instruments

	31 December 2022	Conversion of shares in the year	Issuance expenses	31 December 2023	
Convertible debentures (Note 4(28))	217,561,876.52	(2,673.51)	–	217,559,203.01	
	31 December 2021	Increase in the current year	Issuance expenses	Conversion of shares in the year	31 December 2022
Convertible debentures (Note 4(28))	–	218,982,301.58	(1,413,510.80)	(6,914.26)	217,561,876.52

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(35) Special reserve

	31 December 2022	Appropriation in the current year	Use in the current year	31 December 2023
Safety production expenses	1,559,206.97	31,240,505.72	(16,132,645.16)	16,667,067.53
	31 December 2021	Appropriation in the current year	Use in the current year	31 December 2022
Safety production expenses	–	1,559,206.97	–	1,559,206.97

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

(36) Capital surplus

	31 December 2022	Movements for the current year (Note 4 (28)(b))	31 December 2023
Share premium	2,412,209,207.11	27,092.11	2,412,236,299.22
Other capital surplus	271,165.70	–	271,165.70
	2,412,480,372.81	27,092.11	2,412,507,464.92
	31 December 2021	Movements for the current year	31 December 2022
Share premium	2,412,139,740.03	69,467.08	2,412,209,207.11
Other capital surplus	271,165.70	–	271,165.70
	2,412,410,905.73	69,467.08	2,412,480,372.81

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(37) Surplus reserve

	31 December 2022	Movements for the current year	31 December 2023
Statutory surplus reserve	239,285,522.16	101,052,837.59	340,338,359.75
	1 January 2022	Movements for the current year	31 December 2022
Statutory surplus reserve	103,278,199.37	136,007,322.79	239,285,522.16

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

(38) Undistributed profits

	2023	2022
Undistributed profits at the beginning of the year	3,063,822,504.78	2,594,406,537.26
Add: Net profit attributable to shareholders of the Company for the current year	629,281,357.74	744,767,290.31
Less: Appropriation for statutory surplus reserve	(101,052,837.59)	(136,007,322.79)
Profit distribution to shareholders (a)	(167,214,013.20)	(139,344,000.00)
Undistributed profits at the end of the year	3,424,837,011.73	3,063,822,504.78

(a) In accordance with the resolution at the shareholders' meeting, dated 16 June 2023, the Company proposed a cash dividend to the shareholders at RMB0.12 per share, amounting to approximately RMB167,214,000 calculated by approximately 1,393,449,800 issued shares.

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(39) Revenue and cost of sale

	2023	2022
Revenue from main operations	3,901,188,741.67	4,539,625,369.78
Revenue from other operations	54,359,769.94	27,492,481.61
	3,955,548,511.61	4,567,117,851.39
	2023	2022
Cost of sale from main operations	2,428,844,692.10	2,994,065,590.15
Cost of sale from other operations	2,953,616.82	3,053,769.38
	2,431,798,308.92	2,997,119,359.53

(a) Revenue and cost of sale from main operations

	2023		2022	
	Revenue from main operations	Cost of sale from main operations	Revenue from main operations	Cost of sale from main operations
Waste treatment and power generation business	2,607,650,756.29	1,621,544,434.00	2,334,869,925.89	1,331,917,265.31
Construction services	815,496,845.88	748,474,510.63	1,747,440,929.97	1,606,448,402.11
Interest income from PPP projects	395,987,209.22	-	383,601,839.25	-
Others	82,053,930.28	58,825,747.47	73,712,674.67	55,699,922.73
	3,901,188,741.67	2,428,844,692.10	4,539,625,369.78	2,994,065,590.15

(b) Revenue and cost of sale from other operations

	2023		2022	
	Revenue from other operations	Cost of sale from other operations	Revenue from other operations	Cost of sale from other operations
Revenue from sludge and others	54,359,769.94	2,953,616.82	27,492,481.61	3,053,769.38

XII. Financial Report (Continued)

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(39) Revenue and cost of sale (Continued)

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

	2023					Total
	Waste treatment fees	Electricity tariff	Revenue from construction services	Revenue from sludge and others	Interest income	
Revenue from main operations	482,499,966.76	2,125,150,789.53	815,496,845.88	82,053,930.28	395,987,209.22	3,901,188,741.67
Including: Recognised at a point in time	-	2,125,150,789.53	-	82,053,930.28	-	2,207,204,719.81
Recognised over a period of time	482,499,966.76	-	815,496,845.88	-	-	1,297,996,812.64
Interest income from PPP projects	-	-	-	-	395,987,209.22	395,987,209.22
Revenue from other operations (i)	-	-	-	54,359,769.94	-	54,359,769.94
	482,499,966.76	2,125,150,789.53	815,496,845.88	136,413,700.22	395,987,209.22	3,955,548,511.61
	2022					Total
	Waste treatment fees	Electricity tariff	Revenue from construction services	Revenue from sludge and others	Interest income	
Revenue from main operations	446,398,869.30	1,888,471,056.59	1,747,440,929.97	73,712,674.67	383,601,839.25	4,539,625,369.78
Including: Recognised at a point in time	-	1,888,471,056.59	-	73,712,674.67	-	1,962,183,731.26
Recognised over a period of time	446,398,869.30	-	1,747,440,929.97	-	-	2,193,839,799.27
Interest income from PPP projects	-	-	-	-	383,601,839.25	383,601,839.25
Revenue from other operations (i)	-	-	-	27,492,481.61	-	27,492,481.61
	446,398,869.30	1,888,471,056.59	1,747,440,929.97	101,205,156.28	383,601,839.25	4,567,117,851.39

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

As at 31 December 2023, the amount of revenue corresponding to the performance obligation of the Group that has been contracted but not yet performed or not fulfilled was RMB7,858,000.00 (31 December 2022: RMB707,310,668.74), and all the revenue is expected to be recognised in 2024.

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(40) Taxes and surcharges

	2023	2022	Tax base
Property tax	39,767,051.58	35,336,435.16	Note 3
Land use tax	12,594,524.49	10,700,054.74	
City maintenance and construction tax	5,416,465.11	5,094,587.10	Note 3
Educational surcharge	4,071,581.55	3,986,488.27	Note 3
Others	3,679,146.65	4,120,778.47	
	65,528,769.38	59,238,343.74	

(41) General and administrative expenses

	2023	2022
Labour costs	132,639,331.54	122,793,388.30
External labour costs	17,443,571.44	17,065,579.83
Depreciation and amortisation	8,306,897.47	9,881,306.27
Intermediary service fees	10,211,027.20	8,455,776.11
General office and communication expenses	3,939,305.90	3,988,142.19
Transportation expenses	5,805,545.92	3,303,405.17
Utilities and leasing expenses	3,582,984.26	2,959,843.52
Business entertainment expenses	4,370,400.50	2,887,841.51
Others	29,562,828.59	25,573,694.88
	215,861,892.82	196,908,977.78

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(42) Financial expenses

	2023	2022
Interest costs on borrowings and payables	505,733,399.95	534,713,337.60
Add: Interest costs on lease liabilities	144,110.64	269,332.80
Less: Amounts capitalised on qualifying assets (i)	(20,963,256.12)	(39,358,775.00)
Interest expenses	484,914,254.47	495,623,895.40
Less: Interest income	(13,595,203.93)	(13,256,369.44)
Exchange gains or losses	295,802.97	(20,933,155.44)
Others	1,336,881.57	2,307,161.39
	472,951,735.08	463,741,531.91

- (i) In 2023, the capitalisation rate used to determine the borrowing costs eligible for capitalisation was 3.85%-4.20% (2022: 3.85%-4.65%).

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(43) Expenses by nature

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

	2023	2022
Construction costs	748,474,510.63	1,606,448,402.11
Employee benefits	500,220,704.10	453,138,686.64
Depreciation and amortisation expenses	467,962,287.68	415,127,827.08
Environmental protection expenses	279,749,822.62	231,940,142.75
Maintenance expenses	132,550,713.87	132,213,265.44
Fuel expenses	152,266,308.00	77,522,912.82
Materials expenses	79,830,150.14	72,134,463.40
Utilities	27,177,611.25	35,887,275.37
Waste transfer costs	51,022,428.90	45,856,399.42
External labour costs	38,009,483.03	32,088,616.76
Safety production expenses	33,028,357.54	6,353,335.57
– Provision for special reserves	32,848,686.05	1,654,110.69
Intermediary service fees	6,901,773.42	5,390,960.72
Auditor's fees	3,484,716.98	3,200,943.40
– Audit services	3,297,169.81	3,108,490.57
– Non-audit services	187,547.17	92,452.83
Others	135,748,112.88	86,378,064.84
	2,656,426,981.04	3,203,681,296.32

(44) Asset impairment losses

	2023	2022
Impairment losses on goodwill	33,724,983.41	10,185,838.26
(Reversal of)/losses on contract asset impairment	(31,438,262.22)	16,734,466.79
Impairment losses on intangible assets	25,575,645.03	–
	27,862,366.22	26,920,305.05

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(45) Losses on/(Reversal of) credit impairment

	2023	2022
Losses on/(Reversal of) bad debts of accounts receivables	24,358,963.99	(23,018,839.94)
Losses on bad debts of other receivables	958,348.49	1,131,934.57
Losses on bad debts of long-term receivables	10,045,923.39	8,716,614.29
	35,363,235.87	(13,170,291.08)

(46) Gains/(losses) on disposals of assets

	2023	2022	Amount included in non-recurring profit or loss for 2023
Gains on disposal of other non-current assets	4,485,464.30	-	4,485,464.30
Gains/(losses) on disposal of fixed assets	(132,743.67)	(46,404.64)	(132,743.67)
Losses on disposal of intangible assets	-	(6,733,051.51)	-
	4,352,720.63	(6,779,456.15)	4,352,720.63

(47) Other income

	2023	2022
VAT refund income	59,854,030.23	44,551,693.91
Refund of individual income tax withholding fees	315,883.17	370,098.07
Additional deduction of value-added tax	53,025.37	204,649.06
Government grants related to assets:		
Amortization of deferred revenue	6,032,084.46	4,536,237.74
Government grants related to income:		
Foreign investment incentive for Zhangqiu Phase II Project	-	3,750,000.00
Advance ignition subsidy for Haining Expansion Project	-	2,000,000.00
Tax incentive funds of Hong'an	-	1,158,072.00
Others	6,028,661.69	4,770,900.43
	72,283,684.92	61,341,651.21

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(48) Investment income

	2023	2022
Investment income from long-term equity investments under equity method	-	7,217,956.22
Investment income from disposals of long-term equity investments	-	950,501.90
Interest income	-	707,216.97
	-	8,875,675.09

(49) Income tax expenses

	2023	2022
Current income tax calculated based on tax law and related regulations	118,057,378.38	89,614,026.49
Reconciliation of filing difference (i)	(6,538,584.75)	(15,641,592.85)
Deferred income tax	2,095,616.99	33,212,402.19
	113,614,410.62	107,184,835.83

- (i) The reconciliation of filing difference mainly represents the reconciliation related to deduction for environmental protection equipment.

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(49) Income tax expenses (Continued)

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

	2023	2022
Total profit	777,086,059.95	891,642,875.84
Income tax expenses calculated at the standard tax rate of 25%	194,271,514.99	222,910,718.96
Effect of change in the tax rates and favourable tax rates	(126,639,383.86)	(132,435,815.32)
Costs, expenses and losses not deductible for tax purposes	39,668,310.55	8,644,236.34
Effect of tax losses and other temporary differences for which no deferred income tax asset was recognised in the current period	27,281,261.86	32,987,011.78
Reversal of tax losses and other temporary differences for which deferred income tax was recognised in prior years	–	204,448.04
Recognition or use of tax losses and other temporary differences for which no deferred income tax was recognised in prior years	(27,685,025.13)	(9,073,310.03)
Reconciliation of filing difference	(6,538,584.75)	(15,641,592.85)
PRC withholding tax on dividends	15,738,796.21	4,324,917.63
Non-taxable income	(2,383,082.89)	(3,076,897.97)
Additional deduction on research and development expenses	(1,843,183.95)	(1,755,457.76)
Others	1,743,787.59	96,577.01
Income tax expenses	113,614,410.62	107,184,835.83

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(50) Earnings per share

(a) Basic earnings per share

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

	2023	2022
Consolidated net profit attributable to ordinary shareholders of the Company	629,281,357.74	744,767,290.31
Weighted average number of ordinary shares outstanding issued by the Company	1,393,449,745.62	1,393,441,656.99
Basic earnings per share	0.45	0.53
Including:		
– Basic earnings per share from continuing operations:	0.45	0.53
– Basic earnings per share for discontinued operations:	–	–

(b) Diluted earnings per share

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

	2023	2022
Consolidated net profit attributable to ordinary shareholders of the Company	629,281,357.74	744,767,290.31
Add: Interest expenses from uncapitalised convertible corporate debentures (after tax)	77,443,766.02	30,198,562.11
Adjusted consolidated net profit attributable to ordinary shareholders of the Company for calculation of earnings per share	706,725,123.76	774,965,852.42
Weighted average number of outstanding ordinary shares of the Company	1,393,449,745.62	1,393,441,656.99
Add: Weighted average number of ordinary shares which are assumed to be converted from all convertible corporate debts	242,788,552.36	206,210,643.59
Weighted average number of outstanding diluted ordinary shares	1,636,238,297.98	1,599,652,300.58
Diluted earnings per share	0.43	0.48

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(51) Notes to the cash flow statement

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

(a) Cash received relating to other operating activities

	2023	2022
Government grants	31,981,593.36	38,179,092.81
Refund of income tax	10,222,428.28	17,409,894.91
Deposits	26,617,599.44	5,071,779.33
Others	20,213,800.96	36,577,333.35
	89,035,422.04	97,238,100.40

(b) Cash paid relating to other operating activities

	2023	2022
Payment of deposits	10,483,044.08	2,163,443.29
Others	74,069,460.78	78,695,601.35
	84,552,504.86	80,859,044.64

(c) Cash received relating to other investing activities

	2023	2022
Recovery of performance bond	4,182,004.95	11,793,833.50
Interest income from borrowings	-	749,650.00
	4,182,004.95	12,543,483.50

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

(d) Cash paid relating to other investing activities

	2023	2022
Payment of performance bond	4,024,484.95	2,039,180.00
Borrowing and lending	-	20,000,000.00
Cash paid for disposals of PPP assets	-	6,011,900.00
	4,024,484.95	28,051,080.00

(e) Cash paid relating to other financing activities

	2023	2022
Cash repayments of principal and interest of lease liabilities (i)	3,008,265.21	4,277,114.34
Financing expenses (ii)	-	1,691,716.98
Advance payments for conversion of convertible bonds to shares	-	500,000.00
	3,008,265.21	6,468,831.32

(i) In 2023, the total cash outflows for leases paid by the Group amounted to RMB6,656,915.67, of which RMB3,008,265.21 were classified as cash paid relating to financing activities (2022: RMB4,277,114.34).

(ii) It is issuance expenses of publicly issued convertible debentures, etc.

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

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(52) Supplementary information to the cash flow statement

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

	2023	2022
Net profit	663,471,649.33	784,458,040.01
Add: Asset impairment losses	27,862,366.22	26,920,305.05
Losses on/(reversal of) credit impairment	35,363,235.87	(13,170,291.08)
Depreciation of fixed assets	19,762,663.71	21,404,343.96
Depreciation of right-of-use assets	2,485,298.37	4,046,647.83
Amortisation of intangible assets	444,039,183.47	388,708,982.10
Amortisation of long-term prepaid expenses	1,675,142.13	967,853.19
(Gains)/losses on disposals of fixed assets and other non-current assets	(4,352,720.63)	6,779,456.15
Losses on scrap of fixed assets	44,348.31	27,489.27
Financial expenses	468,249,040.94	467,350,093.56
Investment income	-	(8,875,675.09)
Increase in special reserve	15,593,007.67	-
Increase in inventories	(12,279,056.33)	(6,964,652.04)
Increase in deferred tax assets	(35,981,185.79)	(23,766,775.59)
Increase in deferred tax liabilities	38,076,802.78	56,979,177.78
Increase in operating receivables	(700,066,598.36)	(561,274,886.19)
Increase in operating payables	13,733,972.24	65,991,719.36
Net cash flows from operating activities	977,677,149.93	1,209,581,828.27

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

(b) Net increase/(decrease) in cash and cash equivalents

	2023	2022
Cash at the end of the year	1,032,534,956.93	1,864,783,293.59
Less: Cash at the beginning of the year	(1,864,783,293.59)	(954,789,955.35)
Net (decrease)/increase in cash and cash equivalents	(832,248,336.66)	909,993,338.24

(c) Net cash received from acquisition of subsidiaries

	2023	2022
Cash and cash equivalents held by Fengcheng Company at the acquisition date	-	43,103,525.01

(d) Changes in in liabilities arising from financing activities

	Borrowings (including those due within one year)	Debentures payable (including those due within one year)	Lease liabilities (including those due within one year)	Interests payable	Total
31 December 2022	10,165,614,578.15	2,199,503,355.08	4,979,683.33	1,528,214.67	12,371,625,831.23
Net cash flows from financing activities	(895,784,379.03)	(4,719,826.00)	(3,008,265.21)	(227,247.38)	(903,739,717.62)
Interests provided for in the year	400,501,572.05	88,750,503.26	144,110.64	-	489,396,185.95
Changes not involving cash receipts and payments	-	-	1,467,273.42	-	1,467,273.42
Others	-	(27,342.27)	-	-	(27,342.27)
31 December 2023	9,670,331,771.17	2,283,506,690.07	3,582,802.18	1,300,967.29	11,958,722,230.71

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

(e) Cash and cash equivalents

	31 December 2023	31 December 2022
Cash		
Including: Cash on hand	665.00	740.00
Cash at bank that can be readily drawn on demand	1,032,534,291.93	1,864,782,553.59
Cash and cash equivalents at the end of the year	1,032,534,956.93	1,864,783,293.59

- (i) As described in Note 4(28), the Company was authorized to issue convertible bonds in an amount of RMB2.360 billion in 2022, and the proceeds were used to supplement working capital and for construction projects. The Company used the relevant proceeds for the purposes set out in the Offering Document and as at 31 December 2023, the balance of the relevant proceeds was RMB286 million, presented as cash and cash equivalents.

(53) Monetary items denominated in foreign currency

	31 December 2023		
	Amount in foreign currency	Exchange rate	Amount in RMB
Cash at bank and on hand –			
USD	285.28	7.08	2,020.55
HKD	879,631.53	0.91	797,139.69
JPY	11.00	0.05	0.55
			799,160.79

XII. Financial Report (Continued)

5. INTERESTS IN OTHER ENTITIES

(1) Equity in subsidiaries

(a) Composition of the Group

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

5. INTERESTS IN OTHER ENTITIES (Continued)

(1) Equity in subsidiaries (Continued)

(a) Composition of the Group (Continued)

Subsidiaries	Company type	Major business		Nature of business	Registered capital/Paid-in capital		Shareholding		
		location	Place of registration		Currency	Amount in original currency	Direct	Indirect	Method of acquisition
Qingdao Company	Limited liability company	Qingdao, Shandong	Qingdao, Shandong	Waste treatment and power generation	HKD	93.50 million/ 93.50 million	75%	25%	Business combinations involving enterprises under common control
Wuhan Company	Limited liability company	Wuhan, Hubei	Wuhan, Hubei	Waste treatment and power generation	RMB	279.4843 million/ 279.4843 million	100%	-	Business combinations involving enterprises under common control
Hong Kong Dynagreen	Limited liability company	Hong Kong	Hong Kong	Investment holding	HKD	739.329 million/ 739.329 million	100%	-	Business combinations involving enterprises under common control
Haining Dynagreen Renewable Energy Co., Ltd. ("Haining Company")	Limited liability company	Haining, Zhejiang	Haining, Zhejiang	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Business combinations involving enterprises not under common control
Shenzhen Jingxiu Environmental Engineering Technology Limited Company ("Shenzhen Jingxiu")	Limited liability company	Shenzhen, Guangdong	Shenzhen, Guangdong	Construction engineering	RMB	20.80 million/ 20.80 million	100%	-	Business combinations involving enterprises not under common control
Miyun Company	Limited liability company	Miyun, Beijing	Miyun, Beijing	Waste treatment and power generation	RMB	120 million/120 million	100%	-	Establishment
Yichun Company	Limited liability company	Yichun, Jiangxi	Yichun, Jiangxi	Waste treatment and power generation	RMB	165 million/165 million	-	60%	Establishment
Yongjia Phase II Company	Limited liability company	Yongjia, Zhejiang	Yongjia, Zhejiang	Waste treatment and power generation	RMB	100 million/100 million	51%	49%	Establishment
Huludao Hazardous Waste Company	Limited liability company	Huludao, Liaoning	Huludao, Liaoning	Hazardous waste treatment	RMB	100 million/100 million	80%	-	Business combinations involving enterprises not under common control
Huizhou Phase II Company	Limited liability company	Huizhou, Guangdong	Huizhou, Guangdong	Waste treatment and power generation	RMB	450 million/450 million	100%	-	Establishment
Dengfeng Company	Limited liability company	Dengfeng, Henan	Dengfeng, Henan	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Haining Expansion Company	Limited liability company	Haining, Zhejiang	Haining, Zhejiang	Waste treatment and power generation	RMB	390 million/390 million	60%	-	Establishment
Shishou Company	Limited liability company	Shishou, Hubei	Shishou, Hubei	Waste treatment and power generation	RMB	100 million/100 million	100%	-	Establishment
Guangyuan Company	Limited liability company	Guangyuan, Sichuan	Guangyuan, Sichuan	Waste treatment and power generation	RMB	140 million/140 million	100%	-	Business combinations involving enterprises not under common control
Dongguan Company	Limited liability company	Dongguan, Guangdong	Dongguan, Guangdong	Garbage transfer	RMB	10 million/10 million	-	100%	Business combinations involving enterprises not under common control
Jiamusi Company	Limited liability company	Jiamusi, Heilongjiang	Jiamusi, Heilongjiang	Waste treatment and power generation	RMB	209 million/209 million	-	100%	Business combinations involving enterprises not under common control
Zhaoqing Company	Limited liability company	Shui, Guangdong	Shui, Guangdong	Waste treatment and power generation	RMB	225 million/225 million	100%	-	Business combinations involving enterprises not under common control
Guangdong Promising Environmental Protection Company Limited ("Guangdong Promising Company")	Limited liability company	Dongguan, Guangdong	Dongguan, Guangdong	Environmental protection industry and new energy investment	RMB	584.50 million/ 584.50 million	100%	-	Business combinations involving enterprises not under common control

XII. Financial Report (Continued)

5. INTERESTS IN OTHER ENTITIES (Continued)

(1) Equity in subsidiaries (Continued)

(a) Composition of the Group (Continued)

Subsidiaries	Company type	Major business		Nature of business	Registered capital/Paid-in capital		Shareholding		
		location	Place of registration		Currency	Amount in original currency	Direct	Indirect	Method of acquisition
Shulan Boneng Environmental Protection Company Limited ("Shulan Company")	Limited liability company	Shulan, Jilin	Shulan, Jilin	Waste treatment and power generation	RMB	90 million/9.2 million	-	100%	Business combinations involving enterprises not under common control
Zhangye Boneng Environmental Protection Company Limited	Limited liability company	Zhangye, Gansu	Zhangye, Gansu	Garbage transfer	RMB	6 million/6 million	-	100%	Business combinations involving enterprises not under common control
Jinsha Company	Limited liability company	Biije, Guizhou	Biije, Guizhou	Garbage transfer, waste treatment and power generation	RMB	160 million/160 million	100%	-	Business combinations involving enterprises not under common control
Pingyang Phase II Company	Limited liability company	Pingyang, Zhejiang	Pingyang, Zhejiang	Waste treatment and power generation	RMB	110 million/110 million	100%	-	Establishment
Jingxi Company	Limited liability company	Jingxi, Guangxi	Jingxi, Guangxi	Waste treatment and power generation	RMB	120 million/105 million	100%	-	Establishment
Enshi Company	Limited liability company	Enshi, Hubei	Enshi, Hubei	Waste treatment and power generation	RMB	200 million/200 million	100%	-	Establishment
Huludao Power Generation Company	Limited liability company	Huludao, Liaoning	Huludao, Liaoning	Waste treatment and power generation	RMB	122.6575 million/110.1575 million	100%	-	Establishment
Shantou Sludge Company	Limited liability company	Shantou, Guangdong	Shantou, Guangdong	Sludge treatment	RMB	13 million/13 million	100%	-	Establishment
Laizhou Company	Limited liability company	Laizhou, Shandong	Laizhou, Shandong	Waste treatment and power generation	RMB	200 million/200 million	-	87.5%	Business combinations involving enterprises not under common control
Shuozhou Company	Limited liability company	Shuozhou, Shanxi	Shuozhou, Shanxi	Waste treatment and power generation	RMB	195 million/195 million	98%	-	Establishment
Zhangqu Phase II Company	Limited liability company	Jinan, Shandong	Jinan, Shandong	Waste treatment and power generation	RMB	255 million/255 million	-	100%	Establishment
Huizhou Three-in-One Company	Limited liability company	Huizhou, Guangdong	Huizhou, Guangdong	Collection, storage, transportation and disposals of kitchen waste (including gutter oil and swill oil), municipal sludge and excrement	RMB	63 million/63 million	80%	-	Establishment
Shantou Kitchen Waste Company	Limited liability company	Shantou, Guangdong	Shantou, Guangdong	Disposal of kitchen waste and municipal domestic waste operational services	RMB	32.72 million/3 million	80%	-	Establishment
Fengcheng Company	Limited liability company	Fengcheng, Jiangxi	Fengcheng, Jiangxi	Waste treatment and power generation	RMB	135.37 million/135.37 million	51%	-	Business combinations involving enterprises not under common control

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

6. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(1) Information of the parent company

(a) General information of the parent company

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

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

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

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
BSAM	RMB10,000 million	-	-	RMB10,000 million

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

	31 December 2023		31 December 2022	
	Shareholding	Voting rights	Shareholding	Voting rights
BSAM	42.63%	42.63%	42.63%	42.63%

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

(2) Information of subsidiaries

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

6. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(3) Information of other related parties

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

- (i) Fengcheng Company changed from a joint venture to a subsidiary of the Company from 23 June 2022. Therefore, the related party transactions between the Group and Fengcheng Company represented transactions in the period from 1 January 2022 to 23 June 2022.

(4) Related party transactions

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

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

Purchase of goods and receipt of services:

	2023	2022
Shenzhen CDT	4,721,446.38	7,112,459.96
Others	135,739.00	185,000.00
	4,857,185.38	7,297,459.96

6. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(4) Related party transactions (Continued)

(b) Interest expenses

	2023	2022
BSAM	56,575,000.00	68,651,666.59
BSAM (HK)	6,961,777.78	19,580,000.00
	63,536,777.78	88,231,666.59

(c) Investment income (interest income)

	2023	2022
Fengcheng Company	-	707,216.97

(d) Guarantees

The Group acts as the guaranteed party:

Guarantor	31 December 2023	31 December 2022
BSAM	-	38,641,537.96

The Group's bank borrowings guaranteed by BSAM were repaid during the year, and the relevant guarantees were fulfilled since the date of repayment.

(e) Remuneration of key management

	2023	2022
Remuneration of key management	16,590,300.88	16,526,645.12

6. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(5) Balances with related parties

(a) Accounts payables

	31 December 2023	31 December 2022
Shenzhen CDT	1,130,078.04	2,273,567.63
Others	-	73,750.00
	1,130,078.04	2,347,317.63

(b) Long-term borrowings

	31 December 2023	31 December 2022
BSAM (Note 4(27)(b))	1,201,705,000	1,201,705,000
BSAM (HK)	-	485,598,278
	1,201,705,000	1,687,303,278

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

6. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Benefits and interests of directors

(a) Directors' and CEO's emoluments

The remuneration of every director, supervisor and CEO for 2023 are set out below:

Name	Fees	Salary and allowance	Employer's contribution to a retirement benefit scheme	Bonus	Housing provident	Total
Executive Directors:						
Qiao Dewei (i)	-	892,500.00	43,134.84	1,171,700.00	57,659.04	2,164,993.88
Hu Shengyong	-	536,844.00	46,215.90	969,983.00	57,659.04	1,610,701.94
Zhong Xia (i)	-	892,500.00	30,363.30	1,317,520.00	37,887.84	2,278,271.14
Non-executive Directors:						
Liu Shuguang	-	-	-	-	-	-
Yue Peng (ii)	-	-	-	-	-	-
Tong Xiangyu (ii)	-	-	-	-	-	-
Cheng Suning (ii)	-	-	-	-	-	-
Li Lei (ii)	-	-	-	-	-	-
Independent non-executive Directors:						
Fu Jie	107,196.60	-	-	-	-	107,196.60
Xie Lanjun	80,000.00	-	-	-	-	80,000.00
Zhou Beihai	80,000.00	-	-	-	-	80,000.00
Supervisors:						
Luo Zhaoguo	-	-	-	-	-	-
Yu Lijun	-	174,320.00	23,400.00	21,500.00	23,803.92	243,023.92
Yan Shiwen	-	174,920.00	21,840.00	11,375.00	22,711.68	230,846.68
Total	267,196.60	2,671,084.00	164,954.04	3,492,078.00	199,721.52	6,795,034.16

6. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Benefits and interests of directors (Continued)

(a) Directors' and CEO's emoluments (Continued)

The remuneration of every director, supervisor and CEO for 2022 are set out below:

Name	Fees	Salary and allowance	Employer's contribution to a retirement benefit scheme	Bonus	Housing provident	Total
Executive Directors:						
Qiao Dewei	-	892,500.00	42,086.70	1,119,300.00	53,101.44	2,106,988.14
Hu Shengyong	-	536,844.00	44,958.96	930,000.00	53,101.44	1,564,904.40
Zhong Xia	-	892,500.00	44,958.96	1,261,080.00	53,101.44	2,251,640.40
Non-executive Directors:						
Liu Shuguang	-	-	-	-	-	-
Cheng Suning	-	-	-	-	-	-
Li Lei	-	-	-	-	-	-
Independent non-executive Directors:						
Fu Jie	107,192.40	-	-	-	-	107,192.40
Xie Lanjun	80,000.00	-	-	-	-	80,000.00
Zhou Beihai	80,000.00	-	-	-	-	80,000.00
Supervisors:						
Luo Zhaoguo	-	-	-	-	-	-
Yu Lijun	-	173,920.00	24,440.00	36,000.00	21,874.32	256,234.32
Yan Shiwen	-	180,798.62	22,205.00	19,500.00	20,762.64	243,266.26
Total	267,192.40	2,676,562.62	178,649.62	3,365,880.00	201,941.28	6,690,225.92

- (i) In view of the resignation of the former CEO Zhong Xia, the Company held a Board meeting on 8 February 2024, and the chairman Qiao Dewei was agreed to temporarily perform the duties of the CEO.

6. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(6) Benefits and interests of directors (Continued)

(a) Directors' and CEO's emoluments (Continued)

- (ii) Directors Cheng Suning and Li Lei resigned on 24 May 2023, and Directors Yue Peng and Tong Xiangyu were appointed on 16 June 2023.
- (iii) No directors waived remuneration in 2023 (2022: nil).

(b) Retirement benefits of Directors

In 2023, other than the remuneration disclosed in (a) above, the Directors of the Group received no other retirement benefits (2022: nil).

(c) Termination benefits of Directors

In 2023, the Group did not pay any compensation to the Directors for early termination of appointment (2022: nil).

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

In 2023, the Group did not pay any consideration to third parties for the services provided by Directors (2022: nil).

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

In 2023, the Group did not have loans and quasi-loans granted to Directors, corporations controlled by Directors and connected entities of such Directors and other transactions benefiting such persons (2022: nil).

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

In 2023, Directors of the Group had no material interest in the significant transactions, arrangements or contracts entered into by the Group in relation to the Group's business (2022: nil).

6. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(7) Five highest paid individuals

In 2023, the five individuals whose emoluments were the highest in the Group for the year included three Directors (2022: three Directors) directors whose emoluments are reflected in the analysis shown in Note 6(6). The emoluments to the remaining two Directors (2022: two Directors) highest paid individuals during the year are as follows:

	2023	2022
Salaries, housing fund and other allowances	1,189,006.08	1,073,688.00
Bonus	1,841,966.00	1,802,788.00
Contribution to retirement benefit scheme	92,431.80	89,917.92
Total	3,123,403.88	2,966,393.92
	Number of individuals	
	2023	2022
Emolument bands:		
HK\$1,500,000 – HK\$2,000,000	2	2

7. OPERATING AND CAPITAL EXPENDITURE COMMITMENTS

	31 December 2023	31 December 2022
Infrastructure construction contract contracted for and being or to be performed	5,859,703.09	607,003,984.03
Infrastructure construction contract authorised but not contracted for	44,309,624.29	339,774,612.87
	50,169,327.38	946,778,596.90

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

8. EVENTS AFTER THE BALANCE SHEET DATE

(1) Explanation on profit distribution

According to the resolution of the Board on 28 March 2024, the Board proposed that the Company distribute a cash dividend of RMB0.15 for every share to all shareholders based on the aggregate share capital on the share-based equity registration date. Calculated based on the approximately 1,393,450,000 issued shares of the Company as at 31 December 2023, it is proposed to distribute cash dividends of approximately RMB209,020,000. The above proposal is still subject to the approval at the general meeting and has not been recognised as liabilities in the financial statements.

9. BUSINESS COMBINATIONS

There was no business combination in the year.

10. Financial instruments and risks

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

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

(1) Market risk

(a) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. The Group is exposed to foreign exchange risk arising from the recognised assets and liabilities, and future business denominated in foreign currencies, primarily with respect to US dollars ("USD") and HK Dollars ("HKD"). The Group is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies, to reduce foreign exchange risk to the greatest extent.

As at 31 December 2023 and 31 December 2022, the Group's exposure to currency risk arising from recognised assets or liabilities denominated in foreign currencies was less.

(b) Interest rate risk

The Group's interest rate risk mainly arises from long-term interest-bearing borrowings including long-term borrowings and convertible debentures. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 31 December 2023, the Group's long-term interest-bearing borrowings are mainly long-term borrowings at floating rates amounting to RMB7,940,180,300.93 (31 December 2022: RMB7,798,445,790.20), long-term borrowings at fixed rates amounting to RMB1,200,000,000 (31 December 2022: RMB1,721,452,963.16) and convertible debentures at fixed rates amounting to RMB2,275,489,512.51 (31 December 2022: RMB2,195,494,717.04).

As at 31 December 2023, if interest rates on borrowings had risen/fallen by 50 basis points while all other variables had been held constant, the Group's net profit would have been approximately RMB29,776,000.00 (31 December 2022: approximately RMB29,244,000.00) lower/higher respectively.

10. Financial instruments and risks (Continued)

(2) Credit risk

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

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

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

As at 31 December 2023, the Group had no significant collateral or other credit enhancements held as a result of the debtor's mortgage (31 December 2022: Nil).

(3) Liquidity risk

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

XII. Financial Report (Continued)

10. Financial instruments and risks (Continued)

(3) Liquidity risk (Continued)

At the balance sheet date, the Group's financial liabilities are presented as undiscounted contractual cash flows by maturity date as follows:

	31 December 2023					Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years		
Short-term borrowings	523,755,705.67	-	-	-	-	523,755,705.67
Accounts payables	1,014,132,043.06	-	-	-	-	1,014,132,043.06
Other payables	152,350,860.79	-	-	-	-	152,350,860.79
Long-term borrowings (i)	2,426,043,525.61	1,374,531,162.34	3,290,440,250.27	3,469,463,757.94		10,560,478,696.16
Debentures payable	9,439,580.03	14,198,162.79	290,267,085.00	2,359,895,000.00		2,673,799,827.82
Lease liabilities	1,209,860.65	854,644.31	456,886.24	2,218,832.44		4,740,223.64
Long-term payables	26,373,334.15	26,373,334.15	79,120,002.45	320,648,286.03		452,514,956.78
	4,153,304,909.96	1,415,957,303.59	3,660,284,223.96	6,152,225,876.41		15,381,772,313.92
	31 December 2022					
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years		Total
Short-term borrowings	638,577,481.87	-	-	-	-	638,577,481.87
Accounts payables	1,265,489,204.69	-	-	-	-	1,265,489,204.69
Other payables	135,686,058.50	-	-	-	-	135,686,058.50
Long-term borrowings (i)	1,578,789,191.97	2,476,368,390.45	3,602,483,432.21	3,692,515,060.92		11,350,156,075.55
Debentures payable	4,719,848.01	9,439,696.00	92,037,036.00	2,572,317,160.00		2,678,513,740.01
Lease liabilities	2,850,193.22	571,859.45	517,436.51	2,301,293.52		6,240,782.70
Long-term payables	26,373,334.15	26,373,334.15	79,120,002.45	339,854,842.18		471,721,512.93
	3,652,485,312.41	2,512,753,280.05	3,774,157,907.17	6,606,988,356.62		16,546,384,856.25

10. Financial instruments and risks (Continued)

(3) Liquidity risk (Continued)

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

	31 December 2023		31 December 2022	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Within 1 year	906,614,272.13	1,200,000,000.00	884,086,789.33	310,000,000.00
1 to 2 years	1,127,962,927.35	–	966,974,476.02	1,200,000,000.00
2 to 5 years	2,769,525,509.59	–	2,692,072,191.31	175,000,000.00
Over 5 years	3,136,077,591.86	–	3,291,765,296.70	–
	7,940,180,300.93	1,200,000,000.00	7,834,898,753.36	1,685,000,000.00

11. Fair value estimates

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

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

As at 31 December 2023 and 31 December 2022, the Group had no assets and liabilities measured at fair value except for receivables financing.

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

As at 31 December 2023 and 31 December 2022, financial assets and financial liabilities measured at amortised cost mainly include cash at bank and on hand, notes receivables, accounts receivables, other receivables, contract assets (including contract assets included in other non-current assets), long-term receivables, short-term borrowings, payables, lease liabilities, long-term borrowings, debentures payable and long-term payables. Their carrying amount is a reasonable approximation of their fair value.

XII. Financial Report (Continued)

12. Capital management

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

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

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

As at 31 December 2023 and 31 December 2022, the Group's gearing ratio was as follows:

	31 December 2023	31 December 2022
Gearing ratio	63%	66%

13. Notes to the Company's financial statements

(1) Accounts receivables

	31 December 2023	31 December 2022
Accounts receivables	295,943,666.56	265,762,596.46
Less: Provision for bad debts	-	-
	295,943,666.56	265,762,596.46

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

	31 December 2023	31 December 2022
Within 1 year	58,159,655.90	138,356,042.41
1 to 2 years	110,877,456.61	60,553,904.05
2 to 3 years	60,053,904.05	20,876,650.00
3 to 4 years	20,876,650.00	45,976,000.00
4 to 5 years	45,976,000.00	-
	295,943,666.56	265,762,596.46

13. Notes to the Company's financial statements (Continued)

(1) Accounts receivables (Continued)

- (b) As at 31 December 2023, the five largest accounts receivables (excluding contract assets) aggregated by debtors were summarised and analysed as follows:

	Balance	Provision for bad debts	% of total balance
Huizhou Dynagreen Renewable Energy Co., Ltd.	89,592,500.00	-	30.27%
Shuozhou Dynagreen Nanshan Environmental Energy Co., Ltd.	40,145,000.00	-	13.57%
Bobai Dynagreen Renewable Energy Co., Ltd.	35,976,000.00	-	12.16%
Dengfeng Dynagreen Renewable Energy Co., Ltd.	34,960,000.00	-	11.81%
Guizhou Jinsha Green Energy Co., Ltd.	30,821,750.00	-	10.41%
	231,495,250.00	-	78.22%

(c) Provision for bad debts

The provision for bad debts of accounts receivables analysed by category below

	31 December 2023				31 December 2022			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	% of total amount	Amount	Provision ratio	Amount	% of total amount	Amount	Provision ratio
Provision for bad debts on an individual basis (i)	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Provision for bad debts on a collective basis (ii)	295,943,666.56	100.00%	-	0.00%	265,762,596.46	100.00%	-	0.00%
	295,943,666.56	100.00%	-	0.00%	265,762,596.46	100.00%	-	0.00%

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

As at 31 December 2023, there were no accounts receivables for which the related provision for bad debts was provided on the individual basis (31 December 2022: nil).

13. Notes to the Company's financial statements (Continued)

(1) Accounts receivables (Continued)

(c) Provision for bad debts (Continued)

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

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

	31 December 2022		
	Book balance	Provision for bad debts	
	Amount	Lifetime ECL rate	Amount
Total outsourcing service fees and royalties receivable	265,762,596.46	0.00%	-

(iii) In 2023, the Company's provision for bad debts reversed amounted to RMB0.00 (2022: RMB2,000,000.00).

13. Notes to the Company's financial statements (Continued)

(2) Other receivables

	31 December 2023	31 December 2022
Receivable from related parties	2,232,791,616.32	2,072,221,895.06
Including: Dividends receivable	1,537,650,000.00	1,054,000,000.00
Interests receivable	56,777,194.46	43,006,781.63
Receivable current accounts of former shareholders	5,973,188.35	5,973,188.35
Others	9,571,815.50	9,606,403.40
	2,248,336,620.17	2,087,801,486.81
Less: Provision for bad debts	(9,308,697.15)	(8,922,286.24)
	2,239,027,923.02	2,078,879,200.57

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

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

	31 December 2023	31 December 2022
Within 1 year	1,503,662,662.44	1,911,671,776.79
1 to 2 years	677,029,886.14	120,276,339.78
2 to 3 years	16,537,367.20	23,270,476.55
Over 3 years	51,106,704.39	32,582,893.69
	2,248,336,620.17	2,087,801,486.81

13. Notes to the Company's financial statements (Continued)

(2) Other receivables (Continued)

(b) Loss provision and changes in book balance

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

	31 December 2023				31 December 2022			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	% of total amount	Amount	Provision ratio	Amount	% of total amount	Amount	Provision ratio
Provision for bad debts on an individual basis (i)	8,641,676.53	0.38%	(8,641,676.53)	100.00%	8,641,676.53	0.41%	(8,641,676.53)	100.00%
Provision for bad debts on a collective basis (ii)	2,239,694,943.64	99.62%	(667,020.62)	0.03%	2,079,159,810.28	99.59%	(280,609.71)	0.01%
	2,248,336,620.17	100.00%	(9,308,697.15)	0.41%	2,087,801,486.81	100.00%	(8,922,286.24)	0.43%

	Stage 1		Stage 3		Total	
	12-month ECL		Lifetime ECL (individual) (Credit impaired)		Total	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Book balance	Provision for bad debts
31 December 2022	2,079,159,810.28	(280,609.71)	8,641,676.53	(8,641,676.53)	2,087,801,486.81	(8,922,286.24)
Increase in the current year	783,385,596.17	(391,561.71)	-	-	783,385,596.17	(391,561.71)
Decrease in the current year	(622,850,462.81)	5,150.80	-	-	(622,850,462.81)	5,150.80
31 December 2023	2,239,694,943.64	(667,020.62)	8,641,676.53	(8,641,676.53)	2,248,336,620.17	(9,308,697.15)

13. Notes to the Company's financial statements (Continued)

(2) Other receivables (Continued)

(b) Loss provision and changes in book balance

As at 31 December 2023, the Company did not have other receivables at Stage 2. Other receivables at Stage 3 are analysed below:

- (i) As at 31 December 2023 and 31 December 2022, other receivables for which the related provision for bad debts was provided on the individual basis are analysed as follows:

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

- (ii) As at 31 December 2023 and 31 December 2022, other receivables for which the related provision for bad debts was provided on a collective basis are analysed as follows:

Stage 1	31 December 2023			31 December 2022		
	Book balance	Loss provision		Book balance	Loss provision	
	Amount	Amount	Provision ratio	Amount	Amount	Provision ratio
Receivable from related parties	2,232,791,616.32	-	0.00%	2,072,221,895.06	-	0.00%
Others	6,903,327.32	(667,020.62)	9.66%	6,937,915.22	(280,609.71)	4.04%
	2,239,694,943.64	(667,020.62)		2,079,159,810.28	(280,609.71)	

13. Notes to the Company's financial statements (Continued)

(2) Other receivables (Continued)

- (c) In 2023, the Company's provision for bad debts amounted to RMB391,561.71 (2022: RMB575,991.62), of which RMB5,150.80 (2022: RMB500,000.00) was collected or reversed.
- (d) In 2023 and 2022, no other receivables were written off.
- (e) As at 31 December 2023, the five largest other receivables aggregated by debtors were analysed as follows:

	Nature	Balance	Ageing	% of total balance	Provision for bad debts
Wuhan Company	Current accounts of subsidiaries within the Group, dividends receivable	292,000,000.00	Within 1 year, 1 to 2 years	12.99%	–
Huizhou Phase II Company	Dividends receivable	172,500,000.00	Within 1 year, 1 to 2 years	7.67%	–
Huludao Power Generation Company	Current accounts of subsidiaries within the Group	170,556,902.87	Within 1 year, 1 to 2 years	7.59%	–
Taizhou Company	Dividends receivable	152,000,000.00	Within 1 year, 1 to 2 years	6.76%	–
Dengfeng Company	Current accounts of subsidiaries within the Group	137,340,630.02	Within 1 year, 1 to 2 years	6.11%	–
		924,397,532.89		41.12%	–

- (f) As at 31 December 2023 and 31 December 2022, the Company had no overdue dividends receivable.

13. Notes to the Company's financial statements (Continued)

(3) Long-term receivables

	31 December 2023			
	Book balance	Provision for bad debts	Carrying amount	Range of interest rates
Entrusted loans to subsidiaries	1,799,041,283.33	-	1,799,041,283.33	0.00%-4.75%
Less: Due within one year	(180,572,083.33)	-	(180,572,083.33)	
	1,618,469,200.00	-	1,618,469,200.00	
	31 December 2022			
	Book balance	Provision for bad debts	Carrying amount	Range of interest rates
Entrusted loans to subsidiaries	1,271,040,995.17	-	1,271,040,995.17	0.00%-4.90%
Less: Due within one year	(219,682,722.21)	-	(219,682,722.21)	
	1,051,358,272.96	-	1,051,358,272.96	

(4) Long-term equity investments

	31 December 2023	31 December 2022
	Subsidiaries (a)	6,792,666,753.87
Joint ventures	-	-
	6,792,666,753.87	6,262,666,753.87
Less: Provision for impairment of long-term equity investments (b)	(266,759,532.92)	(133,149,297.53)
	6,525,907,220.95	6,129,517,456.34

13. Notes to the Company's financial statements (Continued)

(4) Long-term equity investments

(a) Subsidiaries

	31 December 2022	Movements for the current year	Provision for impairment in the current year	31 December 2023	Ending balance of provision for impairment	Cash dividends declared in the current year
Haining Company	86,000,000.00	-	-	86,000,000.00	-	10,000,000.00
Taizhou Company	180,000,000.00	-	-	180,000,000.00	-	95,000,000.00
Yongjia Company	100,000,000.00	-	-	100,000,000.00	-	42,000,000.00
Rushan Company	100,880,000.00	-	-	100,880,000.00	-	20,000,000.00
Pingyang Company	100,000,000.00	-	-	100,000,000.00	-	30,000,000.00
Changzhou Company	220,221,697.72	-	-	220,221,697.72	-	18,750,000.00
Wuhan Company	277,874,320.40	-	-	277,874,320.40	-	70,000,000.00
Qingdao Company	58,471,209.64	-	-	58,471,209.64	(4,620,173.95)	-
Anshun Company	102,083,479.98	-	-	102,083,479.98	-	80,000,000.00
Zhangqiu Company	172,940,000.00	-	-	172,940,000.00	-	70,000,000.00
Jurong Company	100,026,752.87	-	-	100,026,752.87	-	30,000,000.00
Huizhou Company	220,954,159.23	-	-	220,954,159.23	-	100,000,000.00
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	500,000,000.00	-	663,613,261.06	-	-
Ninghe Company	67,610,235.39	-	(67,610,235.39)	-	(149,610,235.39)	-
Shenzhen Jingxiu	20,518,171.42	-	-	20,518,171.42	(6,529,123.58)	5,000,000.00
Tongzhou Company	375,066,706.59	-	-	375,066,706.59	-	150,000,000.00
Hong'an Company	100,029,152.18	-	-	100,029,152.18	-	28,000,000.00
Longhui Company	20,000,000.00	-	-	20,000,000.00	-	-
Shantou Company	157,500,000.00	-	-	157,500,000.00	-	75,000,000.00
Bobai Company	75,000,000.00	-	-	75,000,000.00	-	18,750,000.00
Bengbu Company	166,000,000.00	-	-	166,000,000.00	-	50,000,000.00
Miyun Company	120,000,000.00	-	-	120,000,000.00	-	32,000,000.00
Huludao Hazardous Waste Company	130,000,000.00	-	(66,000,000.00)	64,000,000.00	(106,000,000.00)	-
Huludao Power Generation Company	110,157,500.00	-	-	110,157,500.00	-	-
Huizhou Phase II Company	450,000,000.00	-	-	450,000,000.00	-	130,000,000.00
Dengfeng Company	100,000,000.00	-	-	100,000,000.00	-	-
Dynagreen Haiyun Company	234,000,000.00	-	-	234,000,000.00	-	72,000,000.00
Guangdong Promising Company	610,000,000.00	-	-	610,000,000.00	-	-

13. Notes to the Company's financial statements (Continued)

(4) Long-term equity investments (Continued)

(a) Subsidiaries (Continued)

	31 December 2022	Movements for the current year	Provision for impairment in the current year	31 December 2023	Ending balance of provision for impairment	Cash dividends declared in the current year
Shishou Company	100,000,000.00	-	-	100,000,000.00	-	-
Pingyang Phase II Company	110,000,000.00	-	-	110,000,000.00	-	10,000,000.00
Jinsha Company	162,360,400.00	-	-	162,360,400.00	-	-
Jingxi Company	75,000,000.00	30,000,000.00	-	105,000,000.00	-	-
Enshi Company	200,000,000.00	-	-	200,000,000.00	-	-
Yongjia Phase II Company	51,000,000.00	-	-	51,000,000.00	-	20,400,000.00
Shuozhou Company	191,100,000.00	-	-	191,100,000.00	-	-
Zhaoqing Company	225,871,016.18	-	-	225,871,016.18	-	-
Shantou Sludge Company	13,000,000.00	-	-	13,000,000.00	-	10,000,000.00
Huizhou Three-in-One Company	50,400,000.00	-	-	50,400,000.00	-	-
Guangyuan Company	140,365,600.00	-	-	140,365,600.00	-	30,000,000.00
Shantou Kitchen Waste	2,400,000.00	-	-	2,400,000.00	-	-
Fengcheng Company	97,056,589.13	-	-	97,056,589.13	-	-
	6,129,517,456.34	530,000,000.00	(133,610,235.39)	6,525,907,220.95	(266,759,532.92)	1,196,900,000.00

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

	31 December 2022	Increase in the current year	Decrease in the current year	31 December 2023
Ninghe Company	82,000,000.00	67,610,235.39	-	149,610,235.39
Huludao Hazardous Waste Company	40,000,000.00	66,000,000.00	-	106,000,000.00
Shenzhen Jingxiu	6,529,123.58	-	-	6,529,123.58
Qingdao Company	4,620,173.95	-	-	4,620,173.95
	133,149,297.53	133,610,235.39	-	266,759,532.92

13. Notes to the Company's financial statements (Continued)

(5) Revenue and cost of sale

	2023	2022
Revenue from main operations	143,681,326.41	202,275,693.30
Revenue from other operations	4,269,077.96	2,441,996.14
	147,950,404.37	204,717,689.44

	2023	2022
Cost of sale from main operations	11,849,379.34	10,895,373.99

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

	2023			
	Revenue from total outsourcing services	Revenue from royalties	Others	Total
Revenue from main operations	98,681,326.41	45,000,000.00	-	143,681,326.41
Including: Recognised at a point in time	-	45,000,000.00	-	45,000,000.00
Recognised over a period of time	98,681,326.41	-	-	98,681,326.41
Revenue from other operations	-	-	4,269,077.96	4,269,077.96
	98,681,326.41	45,000,000.00	4,269,077.96	147,950,404.37

13. Notes to the Company's financial statements (Continued)

(5) Revenue and cost of sale (Continued)

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

	2022			
	Revenue from total outsourcing services	Revenue from royalties	Others	Total
Revenue from main operations	172,275,693.30	30,000,000.00	–	202,275,693.30
Including: Recognised at a point in time	–	30,000,000.00	–	30,000,000.00
Recognised over a period of time	172,275,693.30	–	–	172,275,693.30
Revenue from other operations	–	–	2,441,996.14	2,441,996.14
	172,275,693.30	30,000,000.00	2,441,996.14	204,717,689.44

(6) Investment income

	2023	2022
Income from dividends of long-term equity investment accounted for using the cost method	1,196,900,000.00	1,506,700,000.00
Investment income from long-term equity investments under equity method	–	7,217,956.22
Interest income	38,213,223.37	32,241,607.47
	1,235,113,223.37	1,546,159,563.69

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts in RMB Yuan unless otherwise stated)

1. Statement of non-recurring profit or loss for 2023

	2023
Gains on disposals of non-current assets	4,308,372.32
Other non-operating income and expenses except for the above-mentioned items	3,078,578.69
Government grants recognised through profit or loss (except for government grants which are closely related to normal business operations, in line with national policies and enjoyed in accordance with established standards and have a continuous impact on the profit or loss of the Company)	6,028,661.69
Other profit or loss items that meet the definition of non-recurring profit or loss	315,883.17
	13,731,495.87
Effect of income tax	(2,231,795.59)
Effect of minority interests (net of tax)	(124,842.53)
	11,374,857.75

(1) Basis for preparation of statement of non-recurring profit or loss for 2023

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

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

(2) Effect of implementation of the 2023 Explanatory Announcement No. 1 on non-recurring profit and loss for 2022

Pursuant to the relevant provisions of the the Explanatory Announcement for Information Disclosure of Companies Offering Securities to the Public No. 1 – Non-recurring Profit or Loss [2008] (the “2008 Explanatory Announcement No. 1”), the Group’s government grants presented as non-recurring profit or loss in 2022 included government grants of RMB4,536,237.74 related to assets. As the grants are closely related to the normal business operation of the Group, in line with relevant national industrial policies and enjoyed in accordance with determined standards and have a continuous impact on the Group’s profit or loss during the service life of the assets, the above grants of RMB4,536,237.74 shall be presented as non-recurring profit or loss in accordance with the relevant provisions of the 2023 Explanatory Announcement No. 1.

2. Statement of non-recurring profit or loss for 2022

	2022
Gains on disposals of non-current assets	(5,853,019.64)
Government grants recognised in profit or loss for the current period	16,215,330.55
Expenses for using funds charged from non-financial enterprises and included in the current profit or loss	707,216.97
Reversal of provision for impairment of receivables tested for impairment on an individual basis	2,000,000.00
Other non-operating income and expenses except for the above-mentioned items	1,522,405.63
Other profit or loss items that meet the definition of non-recurring profit or loss	370,110.06
	14,962,043.57
Effect of income tax	(1,651,693.01)
Effect of minority interests (net of tax)	(1,210,084.28)
	12,100,266.28

(1) Basis for preparation of statement of non-recurring profit or loss for 2022

The Group prepared the statement of non-recurring profit or loss for 2022 in accordance with the relevant provisions of the 2008 Explanatory Announcement No. 1.

3. Rate of return on net assets and earnings per share

	Weighted average return on net asset (%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	2023	2022	2023	2022	2023	2022
Net profit attributable to ordinary shareholders of the Company	8.31%	10.64%	0.45	0.53	0.43	0.48
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	8.16%	10.47%	0.44	0.53	0.42	0.48

XIII. Five-Year Operations Highlights

Unit: RMB'000

Year	2023	2022	2021	2020	2019
Results					
Operating income	3,955,549	4,567,118	5,056,889	2,277,619	1,752,449
Gross profit	1,523,750	1,569,998	1,731,716	1,309,943	945,981
Gross profit margin	38.52%	34.38%	34.24%	57.51%	53.98%
Net profit attributable to shareholders of the parent company	629,281	744,767	697,786	503,386	416,088
Financial position					
Total assets	22,537,266	22,677,440	20,214,466	17,446,071	13,670,787
Total liabilities	14,263,309	14,864,161	13,296,885	11,665,793	10,174,272



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