锦江环境
JINJIANG ENVIRONMENT

China Jinjiang Environment Holding Company Limited

ADVANCING OUR POSITION TRANSFORMING BEYOND

ANNUAL REPORT 2018

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公司简介

China Jinjiang Environment Holding Company Limited ("Jinjiang Environment" or the "Company", and together with its subsidiaries, the "Group") is a forerunner and leading waste-to-energy operator in China's waste-to-energy ("WTE") industry. In 1998, Jinjiang Environment established the first WTE facility in China to utilise differential-density circulating fluidised bed technology. The Company is the first WTE operator to develop and industrialise differential-density circulating fluidised bed technology in China. The Company has an established track record in investment, construction, operations, and management, and is currently one of China's largest private WTE operators in terms of waste treatment capacity.

中国锦江环境控股有限公司（以下简称“锦江环境”或“公司”以及其子公司“集团”）是中国垃圾焚烧发电行业的先行者和引领者。1998年，锦江环境在中国建立了第一家异重循环流化床垃圾焚烧发电厂，是中国首家开发异重循环流化床技术并使之工业化的垃圾焚烧发电运营企业。公司具有成熟的投资、建设、运营和管理经验，按垃圾处理能力，是目前中国最大的民营垃圾焚烧发电运营商之一。

On 3 August 2016, Jinjiang Environment was successfully listed on the Mainboard of the Singapore Exchange, marking an important milestone for the Company. Jinjiang Environment is the first WTE operator to list in Singapore and the first Chinese-funded enterprise to list since 2011.

2016年8月3日，锦江环境在新加坡证券交易所主板成功挂牌上市，是公司发展过程中的重要里程碑。锦江环境作为新加坡市场首个上市的垃圾焚烧发电企业，是自2011年以来新加坡迎来的首个中资企业首次公开募股（IPO）。

As at 31 December 2018, Jinjiang Environment operates 20 WTE facilities and four resource recycling projects in 12 provinces, autonomous regions and centrally-administered municipalities in China, with a total waste treatment capacity of 29,240 tons/day and an installed electricity power generation capacity of 574MW. In 2018, the total amount of waste treated was 8.25 million tons, while the total electricity generated was 2.228 billion kWh. In addition, as at 31 December 2018, the Company has an additional 24 WTE facilities, six resource recycling projects and one construction waste treatment project under construction or in the preparatory stage within the PRC and five WTE facilities under construction or in the preparatory stage outside the PRC, which when fully completed, will bring the Company's total installed waste treatment capacity to approximately 67,256 tons/day.

截至2018年12月31日，锦江环境在中国12个省、自治区和直辖市拥有20个已投入运营的垃圾焚烧发电项目，4家垃圾资源化项目，垃圾处理能力累计29,240吨/日，装机容量达574MW。2018年全年垃圾处理量达825万吨，发电量22.28亿千瓦时。此外，截至2018年12月31日，公司还有24个在建/筹建垃圾焚烧发电项目，6个在建/筹建垃圾资源化项目，1个筹建建筑垃圾项目和5个境外在建/筹建垃圾发电项目。在所有项目全部建成后，垃圾处理总能力将达67,256吨/日。

Jinjiang Environment's waste treatment capacity and geographical coverage are industry-leading. The Company strives to be a promoter and leader in domestic WTE technology, an integral promoter of the applicability of fluidised bed technology and moving grate technology, and an outstanding manager of the operations of WTE enterprises. At present, the Company has further expanded its industry chain to include wastewater, sludge and many other fields, and is actively creating venous technological industrial parks. The Company will strive to develop the circular economy, create a better home environment and protect the blue skies and waters.

锦江环境垃圾处理能力及地域覆盖范围均居行业前列。公司力争在国产化垃圾焚烧发电技术方面做推广者和引领者，在流化床技术和炉排炉技术应用方面做整合提升者，在垃圾发电企业运行方面做优秀管理者。当前公司产业链进一步延伸，涉足污水、污泥等多个领域，积极打造静脉科技产业园区，努力发展循环经济，共创美好家园，守护碧水蓝天。

CHAIRMAN'S MESSAGE
主席致辞

DEAR SHAREHOLDERS,

First of all, on behalf of China Jinjiang Environment Holding Company Limited, I would like to express my heartfelt gratitude for the continued care and support you have shown towards the healthy and sustainable development of the Company.

GLOBAL TRENDS AND POLICY DIRECTION

With rising environmental awareness and deeper understanding about the concept of sustainable development, WTE has gradually become one of the most important methods of solid waste treatment in China and globally. The WTE industry is a strategic emerging industry that is encouraged by China. It is also an important civil engineering project for the construction of an ecological civilisation, which is an important component of China's key focus on the development of the renewable energy industry. In recent years, against the backdrop of a steady increase in the amount of domestic waste requiring removal and backed by a supportive policy environment for WTE, the introduction of a mechanism centred on the relevant laws, regulations and industry standards fundamentally guarantees the rapid and orderly development of the domestic waste treatment industry in China. According to the requirements of the "13th Five-Year Plan for the Construction of Harmless Treatment Facilities for Urban Domestic Waste" issued by the Chinese government, by the end of 2020, municipal solid waste incineration capacity should account for more than 50% of the total capacity of harmless treatment. China has elevated the construction of an ecological civilisation to a "thousand-year plan" which further elevates the status and role of the construction of an ecological civilisation in the national governance system.

尊敬的各位股东：

首先，本人谨代表中国锦江环境控股有限公司向一直以来关心、支持公司健康可持续发展的各位表示衷心的感谢！

世界潮流　政策导向

环境意识的觉醒和可持续发展理念的深入，使垃圾焚烧发电逐渐发展成为世界和中国固废处理最主要的方式之一。垃圾焚烧发电产业作为中国鼓励发展的战略性新兴产业，是生态文明建设的重要民生工程，也是中国重点发展可再生能源产业的重要组成部分。近年来，在生活垃圾清运量稳步上升且垃圾焚烧受政策扶持的背景下，相关法律、法规以及行业标准机制的出台为中国生活垃圾处理产业快速有序发展提供了基本的保证。根据中国政府发布的《"十三五"全国城镇生活垃圾无害化处理设施建设规划》等政策提出的要求，到2020年底，城市生活垃圾焚烧处理能力应占无害化处理总能力的50%以上。中国把建设生态文明提升为"千年大计"，进一步提升了生态文明建设在国家治理体系中的地位与作用。

INDUSTRY ANALYSIS

2018 is the 40th anniversary of the reform and opening-up of China. It is an extraordinary and meaningful year with regards to China's progress in building an ecological civilisation. China's 13th Five-Year Plan outlines the five development concepts of "innovation, coordination, greenery, openness and sharing", and clearly requires speeding up the construction of municipal waste treatment facilities, improving waste collection and transportation systems, and increasing the rate of the waste treatment by incineration. China's economy has evolved from a phase of high-speed growth to high-quality development. As part of China's green movement, the environment protection industry plays a part in providing material support and is a component of the green economy.

The State Energy Administration of China has issued the Guiding Opinions on the Implementation of the 13th Five-Year Plan for Renewable Energy Development (No. 31 of 2017), which outlines a consolidated plan for new WTE projects for treating municipal solid waste during the period covered by the 13th Five-Year Plan. This envisions 529 new WTE projects for treating municipal solid waste, with a new installed electricity generation capacity of 10.22 million kilowatts, which represents an increase of 4.6 times and 2.1 times in the number of projects and installed electricity generation capability, respectively, as compared to the 12th Five-Year Plan. Accordingly, the period covered by 13th Five-Year Plan is expected to be a period of great development for the WTE industry.

With rapid urbanization and population growth, the rate of production of domestic waste will continue to grow. In 2018, the volume of domestic waste produced in China is approximately 229 million tons. Although the rate of production of domestic waste is increasing year-on-year, with the continuous improvements in waste incineration technology, the rate of harmless treatment of domestic waste is also increasing year-on-year. In 2018, the harmless treatment capacity of municipal solid waste through incineration reached 85.24 million tons, and this is expected to exceed 130 million tons by 2022. Accordingly, there is still an immense potential for development for the WTE industry.

行业分析

2018年是改革开放40周年，是中国生态文明建设进程中意义非凡的一年。中国“十三五”规划纲要提出了“创新、协调、绿色、开放、共享”五大发展理念，并明确要求加快城镇垃圾处理设施建设，完善收运系统，提高垃圾焚烧处理率。中国经济由高速增长转向高质量发展，作为中国绿色发展的物质支撑和绿色经济的组成部分，环保产业也不例外。

中国国家能源局印发《关于可再生能源发展“十三五”规划实施的指导意见》(国能发新能[2017]31号)，对全国“十三五”期间城市生活垃圾焚烧发电新建项目进行了统一规划，规划新增城市生活垃圾焚烧发电项目529个，新增装机规模1,022万千瓦，项目个数和新增装机较“十二五”期间分别增长4.6倍和2.1倍。“十三五”期间垃圾焚烧发电行业的大好发展形势可期。

随着城镇人口规模扩大和城镇化率提高，生活垃圾产生量将持续增长，2018年中国生活垃圾清运量约在2.29亿吨左右。虽然生活垃圾产生量逐年增加，但随着垃圾焚烧技术的不断提升，生活垃圾的无害化处理率也在逐年提高。2018年，城市生活垃圾焚烧无害化处理量达8,524万吨，预计到2022年将超过13,000万吨，垃圾发电行业还有巨大发展空间。

CHAIRMAN'S MESSAGE
主席致辞

WTE corrects a "misallocation of resources" and achieves "volume reduction, harmless treatment and resource recycling", resulting in more rational utilisation of resources. This undoubtedly promotes the joint goals of enhancing social life, economic benefits and environmental protection, and enhances the sustainable development of social, economic and environmental resources.

垃圾焚烧发电使"放错地方的资源"做到"减量化、无害化、资源化"处理，更加合理利用，这无疑是促进社会生活、经济效益及保护环境的和谐统一，更是促进社会经济环境资源的可持续发展。

BUSINESS REVIEW

2018 was a memorable year for Jinjiang Environment. It has been 20 years since its subsidiary, Hangzhou Yuhang Jinjiang Environment Energy Co., Ltd., established the first WTE facility in China employing proprietary intellectual property in 1998. Over the past 20 years, with advanced technical experience and streamlined management systems, Jinjiang Environment has become an industry leader in China's WTE industry and independently developed a set of innovative integrated technologies for circulating fluidised bed treatment systems.

In 2018, Jinjiang Environment focused on refining its management and formulating steady growth. As at 31 December 2018, Jinjiang Environment operates 20 WTE facilities and four resource recycling projects in 12 provinces, autonomous regions and centrally-administered municipalities in China, with a total waste treatment capacity of 29,240 tons/day and an installed electricity generation capacity of 574MW.

业务回顾

2018年，对于锦江环境来说是富有纪念意义的一年。从1998年锦江环境旗下子公司——杭州余杭锦江环保能源有限公司改造成中国第一座自主知识产权垃圾电厂至今，已走过二十年。20年来，锦江环境凭借先进的技术经验、精细化的管理体系，成为中国垃圾焚烧发电行业引领者，形成了自主创新的一整套系统化的流化床处理系统集成技术。

2018年，是锦江环境注重精细化管理，稳健发展的一年。截至2018年12月31日，公司在中国12个省、自治区和直辖市拥有20个已投入运营的垃圾焚烧发电项目，4个垃圾资源化项目，目前已投运垃圾处理能力达29,240吨/日，装机容量达574MW。

CHAIRMAN'S MESSAGE
主席致辞



2018 saw Jinjiang Environment steadily promoting technological upgrades and building domestic benchmark projects. The Company sustained its push towards its established strategic objective of technological upgrading, by carrying out capacity expansion and upgrading works at eight operational facilities which are older and have potential to handle a higher volume of waste requiring treatment, and this has resulted in a marked increase in waste treatment capacity and higher boiler operation efficiency. The upgrading is expected to expand the waste treatment capacity by 5,000 tons per day. During the year, the Zibo New Energy WTE Facility in Zibo City, Shandong Province, commenced operations and was selected as a model science and technology project by the Ministry of Housing and the Ministry of Urban and Rural Construction. This project features China's first high-parameter circulating fluidised bed incinerator, is the first WTE project in China to fully incorporate waste incineration technology and equipment from Germany and Finland, and applies more than ten core technological patents of Jinjiang Environment. Through this, Jinjiang Environment laid down yet another milestone in its integration of WTE technologies. In order to provide better design, engineering and construction services to the Company, the Company acquired Hangzhou Zhenghui Construction Engineering Co., Ltd. during the year, to undertake domestic and overseas design, consulting, engineering procurement and construction ("EPC"), construction works and other engineering operations, which will help to mitigate and control design, construction and engineering risks during construction, and continue to steadily expand project technical and management services.

2018年，是锦江环境稳步推进技术升级，打造国内标杆项目的一年。公司持续推进技术升级改造的既定战略目标，对投运时间较长、垃圾增量较多的8家运营电厂进行增容改造，垃圾处理能力和锅炉运行效率提升效果明显。待改造提升完成后产能预计增容达5,000吨/天。年内山东省淄博市临淄电厂投运，并当选为住建部和城乡建设部科技示范工程项目。项目拥有中国第一台高参数循环流化床焚烧炉，是中国首个全引进德国和芬兰垃圾焚烧技术及设备项目，并采用了锦江环境十余项核心工艺技术专利。由此，锦江环境在垃圾发电技术集成树立了又一里程碑。为能更好向公司提供设计、工程和建造服务，公司于年内收购杭州正晖建设，承接境内外设计、咨询、工程总承包（“EPC”）、建设施工等工程业务，有助于减轻设计、建造和工程、风险控制建设风险，继续稳步扩展项目技术与管理服务。

CHAIRMAN'S MESSAGE
主席致辞

2018 will go down as the year when Jinjiang Environment truly garnered recognition from the international financial markets and investors. The Company attracted strategic, long-term investors, and placed out 214 million new shares to a fund which has an affiliate of Harvest Global as its fund manager. The three-year fixed-term syndicated loan financing of the aggregate of US$200 million and RMB100 million led by Standard Chartered Bank was over-subscribed, and was awarded the "Best Syndication" Award by Standard Chartered Bank in 2018.

2018年，更是锦江环境受到国际金融市场及投资者认可的一年。公司引入战略长期投资者，向一家以嘉实全球附属公司作为基金管理人的基金定向配售2.14亿股新股。获渣打银行牵头的三年期2亿美元和1亿人民币定期银团贷款融资超额认购，并被渣打银行评为2018年度“最佳银团贷款”奖。

SOCIAL RESPONSIBILITY

社会责任

Jinjiang Environment aligns environmental, social and governance factors with the Company's long-term strategy and business objectives. The Company regards social responsibility as an important factor to achieve a win-win situation bringing about both economic and social benefits for the Company.

锦江环境将环境、社会和治理等因素与公司的长期战略和业务目标结合起来，将社会责任摆在重要位置，以达到企业经济效益和社会效益的共赢。

In 2018, the Company treated 8.25 million tons of domestic waste and provided close to 2.228 billion kilowatt-hours of green electricity, which can meet the electricity needs of 1.65 million households. This translated to a reduction in the usage of 1.18 million tons of standard coal, a reduction of 2.93 million tons of carbon dioxide emissions, and the saving of at least 27,000 hectares of land in 2018. Besides exporting technology and management and actively promoting the progress of the WTE industry, Jinjiang Environment participates in various social welfare activities and makes contributions to the field of environmental protection in China.

2018年，公司累计处理了825万吨生活垃圾，提供近22.28亿千瓦时的绿色电力，可满足165万户居民的生活用电需求，经折算公司在2018年共减少标准煤约118万吨，减少二氧化碳排放293万吨，至少为地球节约了近2.7万亩土地。锦江在积极继续输出技术和管理，积极推动中国垃圾发电产业进步的同时，参与各项社会公益事业，为中国环境保护领域做出应有的贡献。

In 2018, the Group received more than 10,000 visitors including government officials, investors, students and the public. The frequent and in-depth interactive exchanges have gradually strengthened the public's awareness on environmental protection. The Company is people-oriented and prioritises the health and safety of employees above other factors, provides physical and occupational health checkups for all employees every year, and works towards the physical well-being of its employees.

2018年公司所属企业为政府官员、投资者、学生及其他群众安排项目实地参观考察超10000人次，通过高频深入的互动交流，逐步强化大众的环保意识；公司坚持以人为本，将员工的健康与安全放于首位，每年都为所有员工提供身体及职业健康检查，全力保障员工的身体健康。

FUTURE PROSPECTS

The Company stands well-prepared to take on any future challenges and is ready to forge ahead when required. The Company strives to achieve its vision in this golden period where opportunities abound!

Facing increasingly competitive market conditions and stricter environmental regulations and standards in the domestic WTE industry, Jinjiang Environment has achieved "steady progress", with its performance having grown in line with expectations. In 2019, the Company will continue to consolidate its main WTE business, while ensuring stable operation, active research and development and upstream and downstream expansion in the industry value chain. The Company will coordinate and integrate its resources and move ahead with the WTE projects under construction and in preparatory stage in a comprehensive and orderly manner, to achieve collaborative waste treatment and strive to create more venous industrial parks. The Company will continue to maintain a balance between stable growth and promoting transformation, and expansion and efficiency. The Company will continue to leverage on China's national "One Belt, One Road" strategy, continue to introduce and assimilate foreign advanced technologies, operational experience and management systems and adhere to its strategy of serving both the Chinese and overseas markets. It will continue to advocate an independent approach to technological research and development, in line with the developmental trends in the WTE market. While not forgetting its beginnings, Jinjiang Environment will promote stable, sustainable and healthy development with a new vitality and dynamism to forge ahead steadily to the next level in its all-out drive to flourish!

HEARTFELT THANKS AND WELL WISHES

On behalf of the Board of Jinjiang Environment, I would like to thank all shareholders and business partners for their strong support, as well as the management and staff for their efforts in 2018. I wish China a clean environment with blue skies, green mountains and clear waters and a better tomorrow for Jinjiang Environment.

未来展望

金戈铁马闻征鼓，只争朝夕启新程；宏图愿景催人进，励志扬帆正当时！

面对国内垃圾焚烧发电行业日趋激烈的市场竞争，越来越严苛的环保法规及标准，锦江环境"稳步前进"，业绩增长符合预期。公司在2019年将继续夯实垃圾焚烧发电的主营业务，在保证稳定运营的同时，积极研究并拓展上下游产业链纵向延伸。统筹整合资源，全面有序推进其他在建及筹建的垃圾焚烧发电项目，实现垃圾协同处理并争取创建更多静脉产业园集成。将继续把握好稳增长与促转型的平衡，处理好扩规模与争效益的关系。将继续借助中国"一带一路"战略，持续引进消化国外先进技术、经验、管理体制，坚持服务中国和走出去战略，坚持自主技术研发，顺应垃圾焚烧发电市场发展大势，释放新活力，打造新动力，稳中求进，以进促稳，推进锦江环境可持续健康发展，推动公司再上新台阶，不忘初心、全力以赴、蒸蒸日盛！

衷心感谢和良好祝愿

本人谨代表锦江环境董事会，感谢各位股东、商业伙伴的鼎力支持，也感谢管理层及员工于2018年付出的努力！祝愿中国天更蓝、山更清、水更绿，锦江环境明天更加美好。

HARNESSING A SUSTAINABLE FUTURE

At China Jinjiang, we recognise the importance of an integrated approach towards sustainable development by drawing synergies between technology and the environment. With new breakthroughs in the WTE industry on the rise, we continue to sharpen our focus on ways to further enhance our business. This is through continually upgrading our technical expertise, expanding our domestic and overseas footprint, and proactively acquiring new facilities. As China remains steadfast in supporting its environmental protection policies, the Group is well-positioned to seize the extensive opportunities available for growth in the clean energy sector.

OVERVIEW OF THE COMPANY'S MAIN BUSINESS

China Jinjiang Environment Holding Company Limited (hereinafter referred to as "Jinjiang Environment" or the "Company") is a pioneer and leader in the waste-to-energy ("WTE") industry in China. At present, Jinjiang Environment's business mainly comprises the WTE business, including planning, development, construction, operations, management, and energy management contracting services.

In 2018, the supportive national policy of encouraging the development of the WTE industry has fundamentally remained stable. The Company has seized this opportunity, relying on its extensive and advanced technological expertise to consolidate a firm foothold in domestic and overseas markets and create high-equality demonstration projects, while continuing to promote the established strategic objectives of technological upgrading and transformation.

The WTE business involves the construction and operation of waste incineration power plants for the treatment of municipal solid waste, which typically enter into long-term concession agreements with the local government and sell electricity and steam generated in the WTE process. As at 31 December 2018, the Company operates 20 WTE facilities and 4 waste recycling projects in 12 provinces, autonomous regions and centrally-administered municipalities in China with a total waste treatment capacity of 29,240 tons per day and electricity generation capacity of 574 MW.

As a beneficial complement to the WTE business, the EMC business can bring about a synergistic effect in terms of business and operations, and has a high profitability, which presents an attractive business opportunity for the Company. By the end of 2018, the Company had implemented 76 business contracts, including 34 EMC contracts and 42 technical and management consulting service contracts. Save for six EMC projects under construction and four new technical consulting services contracts, other projects have enjoyed the benefits of energy conservation or consulting services. During FY2018, Hangzhou Zhenghui Construction Engineering Co., Ltd. ("Hangzhou Zhenghui") and its engineering and management teams were acquired to undertake design, consulting, engineering, procurement and construction ("EPC") of domestic and foreign projects, construction and other engineering business, which consolidated the Company's ability to maintain its existing capabilities and secure new service contracts in this field, further enhanced the standards of technical equipment in WTE systems, and significantly enhanced revenue.

公司主要业务概述

中国锦江环境控股有限公司（以下简称“锦江环境”或“公司”）是中国垃圾焚烧发电行业的先行者和引领者。目前，锦江环境业务主要集中于垃圾焚烧发电设施的规划、开发、建造、运营、管理以及合同能源管理。

2018年，国家鼓励垃圾焚烧发电产业发展的政策基本面依然稳定。公司把握机遇，凭借丰富、先进的技术经验，在持续推进技术升级改造既定战略目标的同时，稳健布局海内外市场，打造各地精品示范工程。

垃圾焚烧发电业务涉及处理城市生活垃圾的垃圾焚烧发电厂的建设和运营，通常与当地政府订立长期特许经营协议及出售垃圾焚烧发电过程中产生的电能和蒸汽。截至2018年12月31日，公司在中国12个省、自治区和直辖市已运行了20个垃圾焚烧发电项目，4个垃圾资源化项目，垃圾处理能力累计29,240吨/日，装机容量达574MW。

合同能源管理业务作为垃圾焚烧发电业务的有益补充，能够带来业务和运营的协同效应，同时具有较高的盈利能力，为公司带来了极具吸引力的商机。截至2018年底，公司累计实施76个业务合同，其中合同能源管理项目34个，项目技术和管理咨询服务项目42个。除正在建设的6个EMC项目与新签订的4个技术咨询服务合同外，其它项目均已享受节能收益或咨询服务带来的收益。于回顾期内收购杭州正晖建设工程有限公司及其工程和管理团队，承接境内外设计、咨询、工程总承包（“EPC”）、建设施工等工程业务，巩固公司在此领域确保现有和获得新服务合同的能力，进一步提升垃圾焚烧系统技术装备水平，并带来较大的收入提升。

OPERATIONS AND FINANCIAL REVIEW
经营和财务回顾

OPERATION AND BUSINESS REVIEW

DEEPLY PLOUGH THE CHINESE MARKET, ALL MAJOR BUSINESSES ADVANCING TOGETHER

In 20 years, the seeds of innovation which have fallen and germinated would have grown into shady trees. Within 20 years, Jinjiang Environment has taken root and sprouted from Zhejiang Province, and its roots have extended to all parts of China and even overseas countries, leading the WTE industry and shading the green mountains on one side. In the past 20 years, leveraging on its industry-leading position, relying on its advantages in advanced technology, seizing the opportunities at home and abroad and taking the initiative to adapt to the needs of the new era, Jinjiang Environment has achieved green development and innovative development.

In 2018, the Company treated 8.25 million tons of domestic waste in aggregate, in the process providing nearly 2.228 billion kilowatt-hours of green power to meet the needs of 1.65 million households. At the same time, while converting waste into green energy, the Company actively responds to the national energy-saving and emission reduction mechanism and promotes social sustainable development. In 2018, the Company managed to reduce coal usage by 118,000 tons of standard coal, reduced carbon dioxide emissions by 2.93 million tons and conserved approximately 27,000 mu of land.

During FY2018, one new project and two expansion projects have been completed and put into operation, adding 3000 tons of waste treatment capacity per day. In April 2018, the expansion project to the Yinchuan Zhongke WTE Facility in Ningxia Hui Autonomous Region, which increased waste treatment capacity by 1,000 tons per day, was successfully put into trial operation. In July 2018, the first phase of the Zibo New Energy WTE Facility in Shandong Province, which increased waste treatment capacity of 2,000 tons per day, successfully commenced operations and was connected to the grid. As a benchmark project of solid recovered fuel (SRF) technology in China, the fuel preparation, high-parameter and large-capacity energy conversion technology used in the Zibo New Energy project set a milestone in WTE technology. The third project, which is the second phase expansion project of the cogeneration component of the Zhuji Bafang WTE Facility in Zhejiang Province has resulted in the construction of one furnace and one turbine, which has increased the heating area and quantity.

经营及业务回顾

深耕中国市场，各主营业务齐头并进

20年，创新的种子掉落发芽可以长成绿荫大树。锦江环境用20年，从浙江生根发芽，根系延伸至中国各地乃至海外国家，引领垃圾发电产业，荫庇一方绿水青山。在第20年里，立足行业引领者地位、凭借先进技术优势，抓住国内外机遇乘势而上，主动适应新时代的需要，实现绿色发展、创新发展。

2018年公司累计处理了825万吨生活垃圾，提供近22.28亿千瓦时的绿色电力，可满足165万户居民的生活用电需求。公司在将垃圾转化为绿色能源的同时，积极响应国家节能减排机制，促进社会可持续发展，经折算2018年共减少标准煤约118万吨，减少二氧化碳排放293万吨，至少为地球节约了近2.7万亩土地。

于回顾年度内，公司有1个新项目及2个扩建项目陆续建成投产，新增垃圾处理能力3,000吨/日。4月，宁夏银川市生活垃圾焚烧发电扩建项目成功并网发电试运营，垃圾处理能力新增1,000吨/日。7月，山东省临淄生活垃圾焚烧发电项目一期成功并网发电试运营，垃圾处理能力新增2,000吨/日，其作为中国固体回收燃料(SRF)技术的标杆项目，所使用燃料制备及高参数、大容量能量转化技术，树立了垃圾焚烧发电技术的里程碑。另外，浙江诸暨八方热电联产二期扩建一炉一机的投运，增加了供热面积及供热量。

As at 31 December 2018, the company has six projects under construction which are each progressing steadily: the second phase of the Zibo New Energy WTE Facility in Zibo City, Shandong Province which will increase waste treatment capacity by an additional 2,000 tons per day; the Tangshan Jiasheng WTE Facility in Tangshan City, Hebei Province with a designed waste treatment capacity of 1,000 tons per day; the Hebei province, the Shijiazhuang Jiasheng WTE Facility employing biomass incineration technology and covering Wuji County, Gaoxin District, Zheng'ding County, Zheng'ding New District, Chemical Park District and other areas, which has a designed waste treatment capacity of 2,400 tons per day and was rated as an advanced project construction unit in 2018 by the Wuji County Government; the Kunming Wuhua Relocation Project in Yunnan Province, which involves the relocation of the Kunming Jinjiang WTE Facility and has a designed waste treatment capacity of 2,250 tons per day, which far exceeds the Kunming Jinjiang WTE Facility's existing capacity of 1,200 tons per day; the second phase expansion project of the Wenling Green Energy WTE Facility in Zhejiang Province, which will result in an additional waste treatment capacity of 800 tons per day when completed; and the Wenling comprehensive organic waste treatment project in Wenling, Zhejiang Province with a waste treatment capacity of 220 tons per day. The above two Wenling projects involve cooperation with local animal waste harmless treatment centers, kitchen waste treatment centers, sludge treatment centers and other projects, with WTE as the core, to establish a zero-emissions venous industrial park, through the harmless treatment of waste, recycling, extracting valuable resources from waste, and the establishment of a resource sharing and industrial ecological chain. When the above six projects are put into operation, this will add an additional waste treatment capacity of 8,670 tons per day and electricity generation capability of 219 MW.

截至2018年12月31日，公司有6个在建项目稳步推进中：山东省淄博市临淄电厂第二条线顺利建设中，设计处理能力达2,000吨/日；河北省唐山市丰润生活垃圾焚烧发电项目，建成后垃圾处理能力可达1,000吨/日；同在河北省石家庄生物质焚烧发电项目，覆盖无极县、高新区、正定县、正定新区、化工园区等地区，被无极县政府评为2018年度项目建设先进单位，垃圾处理能力可达2,400吨/日；云南省昆明五华异地重建项目总设计垃圾处理能力2,250吨/日，远超过原云南昆明五华电厂现有1,200吨/日的处理能力；浙江省温岭垃圾发电二期扩建项目，完成后可新增垃圾处理能力800吨/日，浙江省温岭有机废弃物综合处置项目，垃圾处理能力达220吨/日，以上2个项目将以生活垃圾焚烧发电为核心与当地动物无害化处理中心、餐厨处理中心、污泥处理中心等项目一同，共建生态静脉产业园，并通过废弃物无害化处理、循环利用、垃圾变废为宝资源化，建立资源共享和工业生态链，实现园区零排放。待此6个项目全部建成投产后将新增垃圾处理能力8,670吨/日及装机容量219MW。

The Company continuously expands its footprint of WTE projects in China, and added two new projects to its pipeline in the course of FY2018. This comprises the WTE PPP project in Jinghong City, Yunnan Province, which has a total designed waste treatment capacity of 1,200 tons per day and solves the challenges of waste disposal brought about by the rapid development of urban expansion and the tourism industry, and the WTE PPP project in Leting County, Tangshan City, Hebei Province, which has a total designed waste treatment capacity of 450 tons per day in the first phase and is the Company's eighth WTE facility in Hebei Province, being of great significance to the Company's regional coordinated development in Hebei Province. As at 31 December 2018, the Company had a total of 18 domestic projects in the preparatory stage. When all domestic projects in the preparatory stage are completed, these are expected to add 16,250 tons per day of waste treatment capacity and 334.5 MW of electricity generation capacity.

公司不断拓展垃圾焚烧发电项目在中国的布局，于回顾年度内新增2个筹建项目。其中云南景洪市城市生活垃圾焚烧发电PPP项目，解决城市规模及旅游业快速发展带来的垃圾处理问题，总设计垃圾处理能力1,200吨/日；河北省唐山市乐亭县固废综合处理厂生活垃圾焚烧发电PPP项目，是公司在河北省的第8个生活垃圾处理设施，项目建设规模为一期处理生活垃圾450吨/日，对公司在河北的区域协同发展具有重要意义。截至2018年12月31日，公司在国内筹建项目总数达18个，待所有国内筹建项目建成后，预计将新增16,250吨/日的垃圾处理能力及334.5MW的装机容量。

OPERATIONS AND FINANCIAL REVIEW
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At the same time, the Company accelerated the pace of technological upgrading, introduced advanced European "pre-treatment" technology combined with independent research and development, converted waste into high-quality SRF, recycled metals, glass and other resources, improved the operational efficiency of its WTE facilities, reduced emissions, and truly achieved waste reduction, resource utilisation and harmless treatment. Focusing on the solid waste treatment market of small and medium-sized cities and towns, the existing enterprises are used as radiation points to extend to the surrounding areas and lay out potential markets. At present, there are four waste resource recycling projects in Jiangsu, Heilongjiang and Shandong provinces, and six waste resource recycling projects under construction or under preparation in Hebei, Hubei and Jilin provinces. When all projects are completed, the increase in the Company's treatment capacity brought about by these resource recycling projects will be 3,160 tons per day.

同时，公司加快技术升级步伐，引进欧洲先进“预处理”技术结合自主研发，将垃圾转化为高质量的SRF，回收金属、玻璃等资源，提高垃圾发电设施运营效率，减少排放，真正实现垃圾的减量化、资源化、无害化。围绕中小城镇的固废处理市场，以现有企业为辐射点，向周边区域延伸，布局潜在市场。目前于江苏省、黑龙江省、山东省拥有4个已投运的垃圾资源化项目；在河北省、湖北省、吉林省拥有6个在建或筹建的垃圾资源化项目。待所有项目完成后，垃圾资源化项目为公司带来的新增处理量将达3,160吨/日。

At present, the state vigorously promotes the harmless treatment of domestic waste and gives priority to the development of clean energy projects, which has brought good development opportunities to the industry and Jinjiang Environment. During FY2018, the expansion and upgrading works carried out at 8 WTE facilities, which have been in operation for relatively longer periods of time and have experienced large increase in volumes of waste, have progressed smoothly and have started to bear fruit. The units which have been upgraded are operating stably and significant improvements in waste treatment capacity and boiler operation efficiency have been achieved, which has driven improvements in waste treatment capacity and power generation by the end of 2018, and gradually improved the Group's WTE revenue (excluding BOT construction revenue). The expansion and upgrading project is expected to be completed in 2019, by which time the waste treatment capacity is expected to have increased by 5,000 tons per day, and in the process achieving reductions in the emissions of waste incineration facilities and coal blending ratio, as well as improvements in operational efficiency and environmental protection efficacy.

目前国家大力推进生活垃圾无害化处理及优先发展清洁能源项目，给行业及锦江环境带来了良好的发展机遇。集团持续推进增容改造的既定战略目标，于回顾期内对投运时间较长、垃圾增量较多的8家运营电厂的增容改造工作进展顺利，初见成效：增容改造项目部分已投产的机组运行稳定，垃圾处理能力和锅炉运行效率提升效果明显，带动了2018年年底的垃圾处理量、发电量和供电量，并逐步改善垃圾焚烧发电业务的收入（不包括BOT建筑收入）。增容改造项目预计将于2019年完成，届时预计产能可增加5,000吨/日，减少垃圾焚烧设施的排放量以及掺煤比率，提升运营效率及环保效能。

As a beneficial complement to the WTE business, the EMC business is the focus of the Company's business development direction. The EMC business is mainly managed by Hangzhou Kesheng Energy Technology Co., Ltd. ("Hangzhou Kesheng") which is a part of the Group. Hangzhou Kesheng won the title of "National High-tech Enterprise" for FY2018. Hangzhou Kesheng was included in the subsidy list of high-tech enterprises by the Hangzhou Science and Technology Bureau and was appraised as a Zhejiang Province Science and Technology Small and Medium-sized Enterprise in 2018, which was affirmed by the government at all levels. During 2018, the company launched 8 EMC projects and 18 technical consulting projects. Except for six EMC projects under construction and four newly signed technical consultancy service contracts, other projects have enjoyed the benefits of energy conservation or consultancy services.

作为垃圾焚烧发电业务的有益补充，合同能源管理业务是公司重点发展的业务方向。该业务主要由锦江环境旗下杭州科晟能源技术有限公司负责，杭州科晟能源在回顾年内荣获“国家高新技术企业”称号，进入杭州市科技局高新企业通过补助名单，并被评为2018年浙江省科技型中小企业，获得中国各级政府部门的肯定。在2018年期间，公司新开展了8个EMC项目和18个技术咨询项目。除正在建设的6个EMC项目与4个新签的技术咨询服务合同外，其他项目均已享受节能收益或咨询服务带来的收益。

In view of the increasing number of projects at home and abroad, a unified internal engineering management platform was established to improve work efficiency and control construction risks. In April 2018, the company acquired Hangzhou Zhenghui and integrated the existing project management team to undertake domestic and foreign design, consulting, EPC, construction and other engineering business, not only to consolidate the Group's ability to maintain its existing capabilities and obtain new service contracts in this field, but also to promote further technical cooperation between the Group and third parties at home and abroad. After the acquisition of Hangzhou Zhenghui, the business of project technical service and management service, including equipment selection and sales, has increased considerably.

鉴于公司境内外项目日益增多，为提高工作效率及控制建设风险，建立内部统一工程管理平台。2018年4月，公司收购杭州正晖建设工程有限公司并整合现有工程管理团队，承接境内外设计、咨询、工程总承包（“EPC”）、建设施工等工程业务，不单巩固集团在此等领域确保现有和获得新服务合同的能力，更促进集团与境内外的第三方进一步的技术合作。收购正晖后，项目技术服务与管理服务业务包括设备选型与销售业务有较大增加。

In 2018, the Company obtained 24 patents, including 4 invention patents and 20 utility model patents. The national standard of domestic waste fluidised bed incineration boiler GB/T34552-2017 edited by Jinjiang Environment was awarded the title of "Excellent Standard" by the National Technical Committee for Urban Environmental Sanitation Standardisation.

2018年，公司取得专利共24项，包括4项发明专利及20项实用新型专利且由锦江主编的国家标准《生活垃圾流化床焚烧锅炉GB/T34552-2017》被全国城镇环境卫生标准化技术委员会授予“优秀标准”称号。

Kesheng Energy National High-tech
科晟能源国家高新

The Company's contribution to industry development and environmental protection is also widely recognised by all parties. Three of its environmental protection projects were supported by RMB54.81 million from the State central budget, two environmental protection projects enjoyed an RMB43.3 million subsidy from renewable energy tariff funds, and one cooperative project enjoyed a PPP project award of RMB5 million. At the same time, the Company has been fully recognised by the WTE industry and won various awards: in 2018, it maintained its title of "Top Ten Influential Enterprises in China's Solid Waste Industry" and was awarded "Leading Enterprise in China's Strategic Emerging Environmental Protection Industry in 2018"; its projects were listed as excellent cases in "Zhejiang Province 2017 White Paper on Environmental Protection Technology"; and the Company's operation and control platform, Green Energy (Hangzhou) Corporate Management Co., Ltd. was awarded the title of a pilot demonstration enterprise of Zhejiang Province manufacturing industry and Internet integration development in 2018 and a patent demonstration enterprise of Linan District in 2018; Wuhan Jinjiang WTE Facility in Hubei Province was awarded the honorary title of "Harmonious Enterprise of Wuhan City" by Wuhan Municipal People's Government; Shijiazhuang Jiasheng WTE Facility in Hebei Province was awarded the title of "Advanced Project Construction Unit of 2018" by Wuji County People's Government.

公司对行业发展及环保事业作出的贡献也广受各方肯定。旗下3个环保项目于年内获人民币5,481万元国家中央预算内资金支持，2个环保项目于年内获人民币4,330万元可再生能源电价资金补助，1个合作项目获得PPP项目以奖代补资金500万元。同时，公司持续获得行业充分认可，摘得各项殊荣：2018年继续蝉联“中国固废行业十大影响力企业”称号，获评“2018年度中国战略性新兴环保产业领军企业”；旗下项目被作为优秀案例编入《浙江省2017年度环保技术白皮书》；公司运营管控平台——绿能（杭州）企业管理有限公司被评为2018年浙江省省级制造业与互联网融合发展试点示范企业、2018年度临安区专利示范企业；湖北省武昌垃圾发电厂被武汉市人民政府授予“武汉市和谐企业”荣誉称号；河北省石家庄生物质焚烧发电项目被无极县人民政府授予“2018年度项目建设先进单位”荣誉称号。

COOPERATE WITH OVERSEAS TECHNOLOGIES TO STEADILY PROMOTE THE PROCESS OF INTERNATIONALIZATION

In 2018, the WTE industry was presented with significant opportunities in China and overseas. Under the impetus of the national "One Belt, One Road" initiative and the "13th Five-Year" plan, the Company integrates and absorbs advanced technologies from overseas markets, and promotes the internationalisation process with a high level of operational standards and technical experience, so as to realise its long-term goal of becoming an internationally recognized, world-renowned solid waste management company.

In the first quarter of 2018, Gevin Limited, a wholly-owned subsidiary of the Company, established Waste Tec GmbH in Solms, Germany, which helps to better integrate the advanced garbage drying and sorting technology in Europe with the circulating fluidised bed technology, and to gain a foothold in the European environmental protection market by introducing advanced foreign technology, adopting proven waste dehydration and sorting technology, and cooperating with its partners to further improve the Company's own set of WTE technologies.

协同海外技术， 稳健推进国际化进程

2018年，垃圾焚烧发电行业在中国和海外迎来重大的机遇，公司在国家“一带一路”及“十三五”规划的推动下，融合吸收海外市场的先进技术，以更高水平的运营标准与技术经验，稳健推进国际化进程，以实现成为国际公认的全球著名固体废弃物管理公司这一长期目标。

一季度，公司的全资附属公司Gevin Limited在德国索尔姆斯设立了一家全资子公司Waste Tec GmbH，有助于将欧洲先进的垃圾干化分选技术与循环流化床技术更好地结合，并为公司在欧洲环保市场占据立足点，引进国外先进技术，采用已证实的垃圾脱水和分拣技术，协同提升公司自有的成套垃圾焚烧发电技术。

OPERATIONS AND FINANCIAL REVIEW
经营和财务回顾

Overseas development of Jinjiang Environment is based on mutual win-win and joint development. While actively absorbing overseas advanced technological experience, the Company solves environmental problems caused by waste in the regions it operates in and builds demonstration projects for countries it invests in. In the second quarter of 2018, the Company entered the South American market and continued to lay the groundwork for its presence in Southeast Asia: signing Brazil's first WTE project, the Barueri WTE project in São Paulo, was a milestone for the development of Brazil's energy infrastructure and the Company's market presence; the acquisition of the concession rights to operate a WTE facility in Palembang City, which is the largest port and trade center in southern Sumatra, Indonesia, further consolidated the Company's presence in Southeast Asia's WTE market. Among the Company's five overseas projects, the waste collection and transportation projects in Gurgaon, Lucknow and Gwalior in India have commenced operations, a groundbreaking ceremony was held in the first half of 2018 for the Gurgaon WTE project in India, and preparatory work has been commenced in the pre-construction phase for the WTE projects in Lucknow, Gwalior, Indonesia, and Brazil. After the completion and commissioning of the overseas projects, this will add an additional waste treatment capacity of 5,096 tons per day and electricity generation capacity of 100 MW.

锦江环境的海外发展立足于双方互赢，联动发展。公司在积极吸收海外先进技术经验的同时，致力为公司运营的地区解决垃圾带来的环境问题，打造投资国的示范工程。公司于第二季度进军南美洲并继续布局东南亚：签约巴西首个垃圾焚烧发电项目——圣保罗巴卢韦利市垃圾发电项目，对巴西能源建设方面的发展以及公司的市场布局具有里程碑式的意义；通过收购取得印度尼西亚苏门答腊岛南部最大港口与贸易中心——巨港市垃圾发电项目的特许经营权，巩固公司在东南亚垃圾发电市场的布局。在公司的5个海外项目中，印度古尔冈、勒克瑙和瓜廖尔的垃圾收运项目已投入正常运营，印度古尔冈垃圾发电项目已于上半年举行奠基仪式，勒克瑙、瓜廖尔、印尼、巴西等垃圾发电项目也正在积极进行开工前期的各项准备工作，各海外项目建成投产后将新增垃圾处理能力5,096吨/日及装机容量100MW。

As a WTE operator listed on the Singapore Exchange, the listing of the Company has brought many new overseas development opportunities for the Company. In the fourth quarter of 2018, with advanced technology and sophisticated management, the Company obtained its shareholders' approval to carry out the engineering, procurement, construction and operation of the first mechanical-biological waste treatment (MBT) project in Singapore (500 tons per day), which is only the fifth MBT project in Asia.

作为在新加坡交易所上市的一家WTE运营商，公司的上市为公司带来了许多海外新的发展机遇。四季度，公司凭借先进的技术与精细的管理，获得股东批准进行亚洲第五个MBT项目—新加坡首个机械-生物垃圾处理项目（500吨/天）的工程、采购、建设和运营工作。

During FY2018, the Company was invited to and co-sponsored the 4th Singapore Environmental Summit, which attracted many visitors from home and abroad and received high-level recognition from Mr. Masagos Zulkifli, the Minister of the Environment and Water Resources of Singapore, Dr. Amy Khor, the Senior Minister of State for Health and the Environment and Water Resources of Singapore, Mr. Ronnie Tay, the Chief Executive Officer of Singapore's National Environment Agency, and Mr. Chuang Guotai, Vice Minister of China's Ministry of Ecology and Environment, in the process of advancing technological development.

于回顾期内，公司受邀协办参加第4届新加坡环保峰会，吸引了海内外众多来访者驻足参观，获得新加坡环境与水资源部部长Masagos Zulkifli先生、新加坡卫生部和环境与水资源部高级政务部长Amy Khor博士、新加坡国家环境局首席执行官Ronnie Tay先生、中国生态环境部副部长庄国泰先生等领导的高度认可，共促进技术发展。

OPERATIONS AND FINANCIAL REVIEW
经营和财务回顾

OPTIMISING CAPITAL STRUCTURE AND DEVELOPING NEW OVERSEAS FINANCING CHANNELS

In 2018, the Company attracted strategic long-term investors, placing out 214 million new shares to a fund which has an affiliate of Harvest Global as its fund manager, and receiving net proceeds of about S$106.9 million, which were used for the upgrading of eight WTE facilities in China. The placement of shares attracted investment by high quality, long-term investors with a strong and good reputation, which proves the strength, status and long-term investment value of the Company in the environmental protection industry, and shows the long-term confidence of the capital markets in the future development of the Company.

In the second quarter of 2018, the Company entered into an agreement with a syndicate of banks led by Standard Chartered Bank and received US$216 million in US dollar/RMB syndicate term loan financing. This loan was the Company's first syndicated loan and was oversubscribed, which shows the confidence of the international financial markets in the Company's sustainable development as a very large-scale international WTE enterprise. In the process of syndicate formation, the Company built on its debut in the overseas capital markets, demonstrating its business model and growth potential. The success of this loan will become a benchmark and case for the future overseas financing of Jinjiang Environment, and even for China's environmental protection industry.

In order to speed up the growth of its network of WTE projects in China, the Company partnered Hangzhou Financial Investment Group Co., Ltd., which is affiliated to the Hangzhou municipal government, to jointly develop the WTE market. In 2018, the Company disposed of 70% of the equity interest of the Zibo New Energy and Hohhot New Energy WTE Facilities to an environmental protection enterprise held by Hangzhou Financial Investment Group Co., Ltd., and continued to hold 30% of the equity interest of the Zibo New Energy and Hohhot New Energy WTE Facilities, and manage their operations. According to Article 71 of the PRC Company Law, as a shareholder, the Company has the right of preemption. In order to optimise resource allocation and concentrate on developing advantageous projects, in the third quarter, the Company disposed of 34% of the equity interest in the Yueyang WTE project in Hunan Province and 70% of the equity interest in the Yucheng WTE project in Shandong Province.

优化资本结构，开拓海外新融资渠道

2018年，公司引入战略长期投资者，向一家以嘉实全球附属公司作为基金管理人的基金定向配售2.14亿股新股，认购得到资金净额约1.069亿新加坡元，用于中国8个垃圾焚烧发电项目的增容改造工作。这次认购计划吸引了优质、强大且信誉良好的长期投资者的投资，力证了公司在环保行业的实力、地位和长期投资价值，显示出资本市场对公司未来发展的长远信心。

二季度，公司与由渣打银行牵头的银团订立协议，获2.16亿等额美元/人民币银团定期贷款融资。本次贷款是公司的首次银团贷款，且获得超额认购，足见国际金融市场对公司可持续发展为极具规模的国际垃圾发电企业的信心。在银团筹组过程中，公司进一步亮相境外资本市场，展示业务模式及增长潜力。本次贷款的成功也成为锦江环境乃至中国环保行业同业未来海外融资的标杆和案例。

为了加快垃圾发电项目在中国的布局，公司引进杭州市政府所属的杭州市金融投资集团有限公司共同开发垃圾发电市场。2018年公司转让山东临淄项目和内蒙古呼和浩特电厂70%股权给杭州市金融投资集团有限公司旗下环保产业；仍持有山东临淄项目和内蒙古呼和浩特电厂30%股权，并受托管理运营。根据中国公司法第71条的规定，作为股东享有优先购买权。为了优化资源配置并集中精力发展优势项目，公司于第三季度转让了持有湖南省岳阳垃圾发电项目34%的股权、转让了山东省禹城垃圾发电项目70%股权。

BUILDING BEAUTIFUL CHINA, PROMOTING ENVIRONMENTAL EDUCATION WITH OPEN FACILITIES

The Company has marked the 20th anniversary of its successful transformation of China's first density circulating fluidised bed waste incineration power plant and its entry into the WTE industry. In the past 20 years, as a leader in the WTE industry, 20 WTE plants have been opened. Through reliable technology and management, we can render waste harmless and odorless, so that the public can enhance their understanding and trust in the WTE industry, and at the same time enhance their environmental awareness.

In 2018, two WTE facilities in Wenling, Zhejiang Province and Songyuan, Jilin Province participated in the large-scale public welfare and environmental protection science public outreach activities under "China's garbage power generation long journey". Through interviews and photographs of the actual situation and operations of the enterprises, interviews with the local government and residents, the WTE facilities demonstrated to all sectors of society the process of waste incineration and power generation, advanced technology, fine management and environmental protection significance of facilities. Through popular science outreach, the public can understand, trust and support environmental protection facilities, help to complete the 13th Five-Year Plan for the Construction of National Urban Domestic Waste Harmless Treatment Facilities, and make China more beautiful.

During 2018, the Company's WTE facilities received more than 10,000 people, including government leaders, primary and secondary school students, neighboring residents, news media, enterprises and institutions. "The facility is quiet, the equipment is neat and the air is odorless", is the most common assessment of the Company's WTE facilities by the visiting public. "Luzhong Morning Post" in Shandong Province once carried a full-page report on Jinjiang Environment's Zibo New Energy WTE Facility in Zibo City, Shandong Province, and described the whole process of how municipal solid waste in Zibo City was collected from each household to be transformed into green energy by the Group's WTE facility. During 2018, the Straits Times and Business Times in Singapore reported on the professional technology, social responsibility and excellent corporate culture of Jinjiang' Environment under the headings of "China Jinjiang Environment sees social gains in tackling waste" and "China Jinjiang Environment tackles the garbage challenge". It is the Company's duty-bound responsibility to accept the scrutiny of the public and the media and to help spread environmental awareness.

建设美丽中国，设施公开推进环保教育

公司从改造中国第一家异重循环流化床垃圾焚烧发电厂成功进入垃圾发电产业至2018年，已走过20年。20年来，公司作为垃圾发电产业引领者，旗下20家已投入运营的垃圾焚烧发电厂均对外开放。我们通过可靠的技术与管理让垃圾无害化、无气味处理，让公众在增进对垃圾焚烧发电行业了解与信任的同时，提升环保意识。

于回顾年内，公司旗下位于浙江温岭、吉林松原的2家垃圾发电厂参与"中国垃圾发电万里行"大型公益环保科普活动。通过采访拍摄企业实景与运营情况、采访当地政府与居民，电厂全方位向社会各界展示垃圾焚烧发电的过程、先进技术、精细化管理以及设施的环保意义。通过科普宣传让社会群众理解、信任、支持环保设施，助力《"十三五"全国城镇生活垃圾无害化处理设施建设规划》的完成，让美丽中国更加美丽。

公司旗下垃圾发电厂于回顾期内完成1万余人次的参观、访问接待，其中包括了政府领导、中小学生、周边居民、新闻媒体、各企事业单位群众等。"厂区安静，设备整洁，空气无异味"，这是到访的社会公众对电厂最多的评价。山东省《鲁中晨报》曾对锦江环境山东省淄博市临淄垃圾发电厂进行整版报道，讲述了淄博市垃圾从每个家庭如何被收集到电厂转化成绿色能源的全过程。新加坡《海峡时报》、《商业时报》于年内以《中国锦江环境在垃圾处理方面取得社会效益》、《中国锦江环境解决垃圾问题》为题报道了锦江环境的专业技术、履行的社会责任与优良企业文化。接受社会公众及媒体的监督，普及环保意识，是公司义不容辞的责任。

Governor of Jilin, Jing Junhai inspecting Jinjiang Environment Songyuan WTE plant
吉林省长景俊海视察锦江环境松原发电厂

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In the third quarter of 2018, to commemorate the 20th anniversary of Jinjiang Environment's entry in the WTE industry, to preserve memorable moments in the Company's developmental journey and to highlight the changes in its corporate culture and environment, the Company had organised a series of corporate activities under the theme of "Beautiful Jinjiang, Green Memories" to celebrate its 20th anniversary. The event showcased excellent photographic works, touching stories, and creative short films by employees and partners, sharing with external parties our unique impressions in the process of building a beautiful China and spreading green positive energy. In the past 20 years, with innovation as its starting point, Jinjiang Environment has shouldered the mission to constantly move forward and lead the Chinese WTE industry.

为了纪念锦江环境进入垃圾发电产业20周年，留住企业发展中的感人瞬间，展示企业文化与环境的变迁，公司于2018年第三季度举办"美丽锦江 绿色回忆"20周年纪念活动。活动向企业员工、合作伙伴征集相关的优秀摄影作品、动人故事、创意短视频，并对外分享企业建设美丽中国过程中的特殊印记，传播绿色正能量。20年，锦江环境以创新为起点，肩负使命不断向前，引领中国垃圾发电产业。

MAJOR ECONOMIC INDICATORS AND FINANCIAL SUMMARY

In 2018, the Company's business in various sectors developed steadily, and it maintained its dominant position in the industry. The Company's expansion and upgrading plans for eight WTE facilities were steadily advanced. By the end of 2018, the upgrading of the Zibo Green Energy WTE Facility in Shandong Province and the Wuhan Jinjiang WTE Facility in Hubei Province had been substantially completed, and the upgrading of the remaining WTE facilities had been partially completed and was progressing according to schedule, with all upgrading works expected to be completed by the end of 2019. After the completion of the upgrading, the Company's waste treatment capacity will be further enhanced. The total annual amount of waste treated by the Company was affected by the ongoing capacity expansion and upgrading, and decreased by 1.7% to 8.25 million tons, while annual electricity generated decreased by 8.4% to 2.23 billion kWh. Meanwhile, the Company's heating business continued to grow, and the total amount of steam supplied increased by 21.3% to 2.92 million tons.

主要经济指标及财务摘要

公司2018年各板块业务稳定发展，在行业中继续保持优势地位，公司8家电厂增容改造按计划稳步推进，截止2018年底，山东省淄川、湖北省武昌电厂改造基本完成，其余电厂部分完成，按照改造计划推进中，预计全部改造在2019年末完成，改造完成后公司产能将会进一步得到提升。受增容改造影响，公司全年垃圾处理量减少1.7％至825万吨，发电量减少8.4%至22.3亿KWH，与此同时，公司供热业务持续增长，供汽量增长21.3%达到292万吨。

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In FY2018, the Company's revenue reached RMB3.031 billion, which represented an increase of 11.6% over FY2017. Revenue from the WTE business (excluding revenue from construction services provided under BOT concession agreements) in FY2018 was RMB1.81 billion, which represented an increase of 2.3% from FY2017. Benefitting from the upgrading of the cogeneration and heating network of the Zhuji Bafang WTE Facility in Zhejiang Province, the revenue from steam supply has increased greatly; at the same time, the Group's waste collection and transportation business in India has steadily improved; and the waste treatment fees of the Zibo Green Energy WTE Facility in Shandong Province, the Xiaoshan Jinjiang WTE Facility in Zhejiang Province in Zhejiang Province and other WTE facilities have increased, thereby ensuring the steady increase of revenue from the WTE business (excluding revenue from construction services provided under BOT concession agreements). As the BOT project construction business increased compared with the same period of last year, the BOT component of the business achieved revenue of RMB645 million, which represented an increase of 15.9% over the same period last year. Revenue from project technical and management services and the EMC business reached RMB578 million in FY2018, which represented an increase of 48% over FY2017. This increase was mainly due to the acquisition of Hangzhou Zhenghui, which resulted in a significant increase in the provision of project technical and management services, including equipment selection and sales. The revenue contribution of each segment is as follows: the WTE business (excluding revenue from construction services provided under BOT concession agreements) accounts for 60% of total revenue, construction services provided under BOT concession agreements accounts for 21% of total revenue, and project technical and management services and the EMC business accounts for 19% of total revenue.

公司2018年营业收入达到30.31亿元，同比增长11.6%。其中垃圾焚烧发电业务实现收入18.08亿元，较去年同期上升2.3%。受益于浙江省八方电厂热电联产及供热管网改造完成，供汽收入有较大增加；同时印度收运业务稳步提升；以及山东省淄川、浙江省萧山等电厂垃圾处置费价格提高，保证了WTE业务收入稳步提升。由于BOT项目建设业务较上年同期有所增加，BOT业务实现收入6.45亿元，较去年同期增加15.9%。项目技术与管理服务和EMC业务实现收入5.78亿元，较去年同期上升48%，集团通过收购正晖带来了大量技术与管理业务相关合同，项目技术服务与管理服务业务包括设备选型与销售业务有较大增加。各板块营业收入的比重为：WTE业务收入占营业收入60%，BOT业务收入占营业收入21%，EMC业务收入占营业收入19%。

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In terms of profit, the net profit attributable to shareholders in FY2018 was RMB565 million, which represents a 6% decrease as compared to FY2017. The Company's business in each sector has developed steadily in 2018. If the impact from exchange gains and losses is excluded, the net profit would have increased by about 5% year-on-year. In 2019, the Company is expected to increase its profitability through increases in capacity and cost control.

利润方面，归属于股东的净利润5.65亿元，同比减少6%，公司2018年度各板块业务稳步发展，如剔除汇兑损益等影响，净利润同比增加5%左右。2019年公司通过产能增加以及费用控制，预计盈利水平将会有所增加。

The Company is upgrading its WTE facilities in China and expanding its overseas business to achieve sustainable and long-term growth. These projects require considerable financial resources, and the Group's priority is to manage cash flows prudently and responsibly to ensure the fulfilment of its financial commitments. Accordingly, no dividends have been recommended in respect of FY2018.

本公司正在升级改造在中国的垃圾处理设施，扩大海外业务，以实现业务的可持续和长期增长。这些项目需要可观的财务资源，集团的首要任务是谨慎和负责任地管理现金流，以确保履行其财务承诺，因此本报告期不建议分红。

As at 31 December 2018, the total assets of the Company were RMB14.5942 billion, its net assets were RMB5.6032 billion and its net assets per share were RMB3.801, which was 1.9% lower than the net assets per share of RMB3.876 as at 31 December 2017, which was mainly due to the dilution arising from the issuance of an additional 214 million shares in FY2018. The Company's asset-liability ratio is 61.6%, in which remained relatively unchanged from 2017. The Company strictly controls the amount of liabilities to ensure that its asset-liability ratio and related liabilities indicators are within reasonable limits.

截至2018年12月31日，公司总资产为人民币145.942亿元，净资产为人民币56.032亿元，每股净资产为3.801元，较2017年底的每股净资产3.876元减少1.9%，主要是由于2018年增发2.14亿股份摊薄了每股资产。公司资产负债比率为61.6%，与2017年持平，公司严格控制负债水平， 确保资产负债率以及相关负债指标在合理范围内。

The net cash from operating activities (excluding the BOT business expenditures classified as intangible assets amounting to RMB489 million) in FY2018 was RMB695 million, mainly due to the increase of cash flow caused by the increases in operating income; the net cash used in investment activities was RMB2.083 billion, which was mainly used for capital expenditure for the capacity expansion and upgrading of eight WTE facilities, expenditure on new projects such as Shijiazhuang Jiasheng WTE Facility in Hebei Province, Tangshan Jiasheng WTE Facility in Hebei Province and Kunming Jinjiang WTE Facility relocation project in Yunnan Province, as well as investment and development of overseas projects; and the net cash from financing activities was RMB1.4235 billion, which was mainly attributable to the receipt of US$216 million in US dollars/RMB syndicate term loan financing and issuance of new shares.

公司2018年经营活动所得净现金流收入（不含BOT业务的无形资产支出4.89亿元）为人民币6.95亿元，主要来自于运营收益增加引起的现金流增加；投资活动净现金流支出为人民币20.83亿元，主要用于8家电厂增容改造的资本支出，河北省石家庄、河北省唐山、云南省五华等新项目的支出以及海外项目的投资和开发；融资活动所得净现金收入为人民币14.235亿元，主要来自于2.16亿美元/人民币和股份增发的增加。

The Company adopts prudent principles in cash and financial management, properly manages risks and reduces capital costs. Operating capital basically comes from its own cash, operating cash flow and loans from financial institutions. At the same time, the Company will effectively control capital expenditure and ensure the stable development of its environmental protection business. As of 31 December 2018, the Company's cash position remained stable, with a cash balance of RMB857.5 million.

公司对现金及财务管理采取审慎原则，妥善管理风险及降低资金成本，运营资金基本来自自有现金、运营现金流及金融机构贷款，同时公司将对资本开支进行有效控制，并确保环保业务的稳定发展。截至2018年12月31日，公司现金状况维持稳健，持有现金结余8.575亿元。

GOALS AND STRATEGIES

目标策略

The Company will continue to adhere to a market-oriented strategy to optimise its strategic position and maintain its leading position in the industry. It adheres to the enterprise spirit of "being environmentally-friendly and persevering" and the talent strategy of "unity, harmony, common development and common growth", to further enhance its operational efficiency and reduce costs. This efficiency perfects and enhances operational management systems, improves the technical level of production, education and research, accelerates the transformation and application of technological achievements, and gathers momentum to succeed and build up the competitive advantage of the Company. The Company aims to steadily expand its market share in foreign markets, especially developing countries in Southeast Asia, by building on its core footprint in China. The Company is committed to becoming a domestic first-class and internationally renowned solid waste management company.

公司将继续坚持以市场为导向优化战略格局并保持行业领先地位，秉承"心系环保，持之以恒"的企业精神，坚持"团结和谐、共发展共成长"的人才战略，进一步提升运营效率，着力降本增效，完善优化运营管理体系，提升产学研技术水平，加快技术成果转化应用，聚势而胜，构筑公司差异化竞争优势，以中国区域布局为核心，稳步开拓国外市场尤其是东南亚发展中国家的市场份额。致力于成为国内一流、国际知名的固体废弃物管理公司。

ENVIRONMENTAL AND NATIONAL POLICIES

环境及国家政策

The Environmental Protection Tax Law of the People's Republic of China, which came into force on 1 January 2018, is of great significance for protecting and improving the environment, reducing pollutant emissions and promoting the construction of ecological civilisation. In order to further clarify the boundaries and enhance operability, the Regulations on the Implementation of the Environmental Protection Tax Law of the People's Republic of China shall be implemented simultaneously with the Environmental Protection Tax Law. A domestic WTE facilities established in accordance with law shall be exempted from environmental protection tax if its discharge of taxable pollutants is not in excess of the discharge standards stipulated by the state and local governments.

2018年1月1日起施行《中华人民共和国环境保护税法》，对于保护和改善环境、减少污染物排放、推进生态文明建设，具有十分重要的意义。为进一步明确界限，增强可操作性，《中华人民共和国环境保护税法实施条例》与环境保护税法同步施行。明确了依法设立的生活垃圾焚烧发电厂，其排放应税污染物不超过国家和地方规定的排放标准的，依法予以免征环境保护税。

OPERATIONS AND FINANCIAL REVIEW
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On 4 March 2018, the Ministry of Environmental Protection promulgated the "Environmental Access Conditions for Domestic Waste Incineration Power Generation Construction Project (Trial)", which further regulates the environmental management of domestic WTE construction projects and guides the healthy and orderly development of the municipal solid WTE industry. This proposes utilising enterprises' corporate websites and other means to publish their environmental data from automatic monitoring and connect such enterprises with the environmental protection department. It is necessary to establish a mechanism and platform for good interaction and regular communication with the public, and to open up daily communication channels.

2018年3月4日，环保部《生活垃圾焚烧发电建设项目环境准入条件（试行）》，进一步规范生活垃圾焚烧发电建设项目环境管理，引导生活垃圾焚烧发电行业健康有序发展。提出要通过企业网站等途径公开企业自行监测环境信息并与环境保护部门联网。要建立与周边公众良好互动和定期沟通的机制与平台，畅通日常交流渠道。

On 11 March 2018, the First Session of China's 13th National People's Congress voted to pass the "Amendment to the Constitution of the People's Republic of China", which entailed revising the phrase "Promoting the coordinated development of material civilisation, policy civilisation and spiritual civilisation" to "Promoting the coordinated development of material civilisation, political civilisation, spiritual civilisation, social civilisation and ecological civilisation". This has the benefits of leading the people of China to grasp the legal and scientific arrangements, and to consistently create a new situation for the party's and the country's development in the new era.

2018年3月11日，第十三届全国人民代表大会第一次会议表决通过了《中华人民共和国宪法修正案》。将"推动物质文明、政策文明和精神文明协调发展"修改为"推动物质文明、政治文明、精神文明、社会文明、生态文明协调发展"。这有利于引领中国人民把握规律、科学布局，在新时代不断开创党和国家事业发展新局面。

The National Conference on Eco-environmental Protection was held in Beijing from 18 to 19 May 2018. The conference established a deployment and arrangement system for strengthening the protection of the ecological environment in an all-round way, and for fighting resolutely for the prevention and control of pollution. The highlight of the conference is to establish President Xi Jinping's ecological civilisation thought, which provides ideological guidance and action guide for promoting the construction of ecological civilisation.

2018年5月18日至19日于北京召开全国生态环境保护大会。会议对全面加强生态环境保护，坚决打好污染防治攻坚战，作出系统部署和安排。大会最大的亮点就是确立了习近平生态文明思想，为推动生态文明建设提供了思想指导和行动指南。

On 16 June 2018, the State Council issued "Opinions on Enhancing Ecological Environment Protection in an All-round Way and Fighting Strong Battles for Pollution Prevention and Control", which instructed that by 2020, the overall quality of the ecological environment must be improved, the total amount of major pollutants discharged must be greatly reduced, environmental risks must be effectively controlled, and the level of ecological environment protection must be in line with the goal of building a well-off society, and requires the robust protection of clean land. By 2020, the full coverage of all cities and counties in terms of domestic waste disposal capabilities must be achieved. This promotes the waste resources utilisation and vigorously develops WTE.

2018年6月16日，国务院印发《关于全面加强生态环境保护 坚决打好污染防治攻坚战的意见》，指出到2020年生态环境质量总体改善，主要污染物排放总量大幅减少，环境风险得到有效管控，生态环境保护水平同全面建成小康社会目标相适应。要求扎实推进净土保卫战。到2020年，实现所有城市和县城生活垃圾处理能力全覆盖。推进垃圾资源化利用，大力发展垃圾焚烧发电。

On 3 August 2018, the Ministry of Ecology and Environment formulated the "Three-year Plan of Action for Supervision and Inspection of Eco-environmental Monitoring Quality (2018-2020)", which clarifies the guiding ideology, basic principles, working objectives, key tasks, inspection content, organisation and time arrangement, application of results, and safeguards. The inspection contents include inspection of monitoring institutions, inspection of sewage discharge units and quality inspection of operation and maintenance.

2018年8月3日，生态环境部制定了《生态环境监测质量监督检查三年行动计划（2018-2020年）》，计划明确了指导思想、基本原则、工作目标、重点任务、检查内容、组织方式及时间安排、结果应用、保障措施等内容。检查内容包括监测机构检查、排污单位检查、运维质量检查。

Waste incineration in China has experienced 30 years of development, and has gradually entered a mature period. The relevant policies issued by the state are intended to continue to implement and deepen the reform in the field of environmental protection, strengthen the supervision of environmental law enforcement, and more importantly, strengthen the construction of environmental law, improve relevant laws and regulations and environmental governance system.

垃圾焚烧在中国经历三十年发展，已渐渐进入成熟期，国家发布相关政策意在继续实施和深化环保领域改革，强化了环境执法督察，更重要的是加强了环境法治建设，完善相关法律法规和环境治理体系。

Under the circumstance that the WTE industry is facing more and more stringent environmental responsibility and tremendous pressure of development under the new policy, Jinjiang Environment continues to adopt strict standards and actively competes with the industry. It is believed that there will be tremendous development opportunities in the future market.

在垃圾焚烧发电产业面临新政愈发严苛的环保追责及巨大发展压力的情况下，锦江环境继续严苛束己，积极与行业对标，相信未来市场将存在巨大的发展机遇。

MAJOR RISKS AND UNCERTAINTIES

主要风险及不确定性

In 2018, under the twin supports of higher requirements and demands for sustainability in environmental supervision, the huge market space for environmental governance is opening up at an increasing pace. Influenced by deleveraging and a trend of standardisation in the PPP business, coupled with tightening monetary policy, the capital markets have once again adopted a conservative attitude, and the industry will continue to restructure and shuffle. For Jinjiang Environment, while it faces some obstacles in market development, the Company has played to its core regional advantages in the areas where it has secured concessions, utilising capacity expansion and upgrading, cultivating monopolistic advantages, and creating a more advantageous footprint of new projects.

2018年在环保督查的持续加码和需求升级的双重加持下，巨大的环境治理市场空间正在加速释放。受到去杠杆和规范PPP业务的影响，加之金融政策收紧，资本市场再度进入保守态度，产业将不断重构和洗牌。对于锦江环境而言，在开拓市场中遇到了些许的阻碍，但公司在已获取特许经营权的区域发挥了核心区域优势，利用增容改造，培养垄断优势，新建项目布局更具优势。

OPERATIONS AND FINANCIAL REVIEW
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As previously disclosed, due to the adjustment of urban planning and land use planning by local governments, the Zhejiang Hangzhou Yuhang WTE Facility has completed the shutdown work at the request of the government and has received a total compensation amount of RMB290 million, which exceeds the net asset value of the Hangzhou Yuhang WTE Facility. In addition, the closure or cessation of operations of the Zibo Jinjiang WTE Facility and the Kunming Jinjiang WTE Facility are actively progressing. The Zibo Jinjiang WTE Facility had ceased incineration in July 2018. The waste originally treated by the Zibo Jinjiang WTE Facility is now treated by the Zibo New Energy WTE Facility which commenced trial operations in July 2018. After the third-party asset evaluation audit report for the Zibo Jinjiang WTE Facility is issued, the Group will actively negotiate with the government about compensation for shutdown. The timeline for any closure or cessation of operations of the Kunming Jinjiang WTE Facility will be determined based on the progress of completion of the Kunming Wuhua relocation project, which had started construction in the third quarter of 2018.

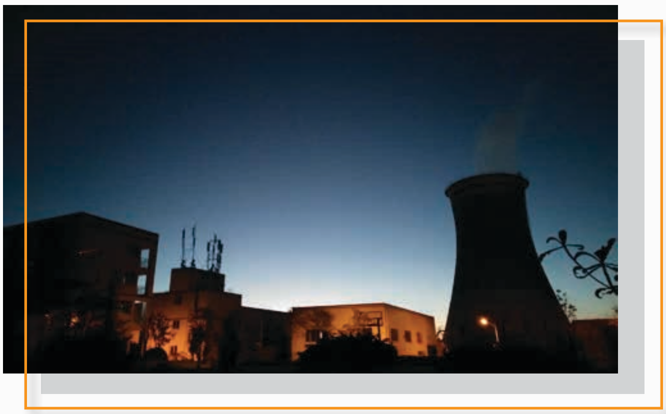
如之前所披露，由于地方政府调整城市规划，土地利用规划，浙江杭州余杭电厂应政府要求已完成关停工作并已收到总补偿金额人民币2.9亿元，超过杭州余杭电厂的净资产价值。另山东淄博电厂、云南五华电厂关停工作也在持续推进，山东淄博电厂已于2018年7月全面停止垃圾进厂焚烧，原所处理垃圾由7月投产试运营的山东临淄电厂进行处理，待第三方资产评估审计报告出具后将积极与政府洽谈关停补偿等事宜。云南五华电厂的关停时间需根据2018年第三季度开工建设的五华异地迁建项目建设完成进度确定。

The Company is actively responding to the national "One Belt, One Road" policy to carry out the internationalisation process, and seeks to achieve its long-term goals through competitive bidding and mergers and acquisitions in overseas markets, especially in Southeast Asia and developing countries. Although the Company will inevitably encounter some challenges and teething problems in developing overseas markets, we will still strive to become an internationally-recognised solid waste management company.

公司在积极响应国家"一带一路"政策开展国际化进程，通过海外市场尤其是东南亚及发展中国家投标、兼并和收购实现长期目标，虽然公司在开拓海外市场时会遇到一些挑战和初期常见问题，但我们仍然将致力成为全球公认的固体废弃物管理公司。

The Company will further strengthen legal risk awareness and promote the implementation of a lean management strategy. The independent risk management department of the Company also played an important role in 2018. Through the introduction of management systems, self-evaluation of internal control deficiencies, risk management system training, revision of standard form contracts, review of day-to-day contracts, legal risk assessment, auditing of operation enterprises and construction projects, special audit investigation, special affairs supervision and other ways, the risk management work was carried out in order to establish a risk management system based on pre-occurrence control, in-occurrence review, and post-occurrence evaluation. The risk control system of investigation and post-evaluation improves the risk awareness of employees and the Company's risk prevention abilities as a whole.

公司将进一步强化法律风险意识，助推精益管理战略实施。公司独立部门风控部在2018年也发挥了其重要作用，通过出台管理制度、内控缺陷自评、风控体系培训、合同范本修订、日常合同审核、法律风险评估、运营企业和工程建设审计、专项审计调查、专项事务督办等多种方式开展风控管理工作，以搭建事前控制、事中检查、事后评价的风险控制体系，提高了公司员工的风险意识，有效改善了公司整体风险防范的能力。



FUTURE DEVELOPMENT

2018 is the twentieth year of Jinjiang Environment's participation in the environmental protection business, and it is a year for the Company to continuously optimise the operation mode of various business sectors and make steady progress. Jinjiang Environment will fully leverage on its unique management and operational competitive strengths, and will seize industry opportunities at an early stage by increasing its footprint. Jinjiang Environment has independently and innovatively formulated a set of integrated fluidised bed treatment system technologies, and is committed to the integration and upgrading of fluidised bed technology and moving grate technology application.

Jinjiang Environment will complete the second incineration line of the Zibo New Energy WTE Facility in Zibo City, Shandong Province as part of its second phase expansion, the Tangshan Jiasheng WTE Facility in Fengrun District, Tangshan City, Hebei Province, the Shijiazhuang Jiasheng WTE Facility in Hebei Province, the Kunming Wuhua relocation project in Yunnan Province, the second phase expansion project of the Wenling Green Energy WTE Facility in Zhejiang Province, and the Wenling comprehensive organic waste treatment project, which upon completion, 8,670 tons per day of waste treatment capacity (including 220 tons per day of organic waste) and 219MW of electricity generation capacity are expected to be added. The expansion and upgrading of the eight operating WTE facilities is expected to be completed in 2019.

In accordance with the project approval and funding situation, in 2019, the Company is expected to commence the construction of projects for which there are conditions relating to commencement of construction. At present, the preliminary preparatory work has been completed, and the relevant approvals have been obtained for, the Linzhou Municipal Solid Waste Incineration Power Generation Project in Henan Province, Yan'an Municipal Solid Waste Incineration Power Generation Project in Shaanxi Province and Yulin Municipal Solid Waste Incineration Power Generation Project in Shaanxi Province. The Group is actively undertaking preliminary preparatory work and obtaining the relevant approvals for the Baishan Municipal Solid Waste Incineration Project in Jilin Province, Leting County Solid Waste Comprehensive Treatment Plant Domestic Waste Incineration and Power Generation Project in Hebei Province, Jinghong Municipal Solid Waste Incineration and Power Generation Project in Yunnan Province, Gaocheng Municipal Solid Waste Resource Treatment Project in Hubei Province, Wuhan Municipal Solid Waste Classification and Resource Pretreatment Project in Hebei Province and Qianxi Municipal Solid Waste Comprehensive Treatment Project in Tangshan City, Hebei Province. Upon completion of all domestic projects in the preparatory stage, 16,250 tons per day of waste treatment capacity and 334.5 MW of electricity generation capacity are expected to be added.

未来发展

2018年是锦江环境从事环保事业的第20年，是公司持续优化各业务板块运营模式，稳中求进的一年。锦江环境充分发挥自身管理运营优势，提前布局抢占行业先机。锦江环境已形成了自主创新的一整套系统化的流化床处理系统集成技术，并仍将致力于流化床技术和炉排炉技术应用方面的整合提升。

锦江环境将按既定计划目标完成山东省淄博市临淄电厂第二条线项目、河北省唐山市丰润生活垃圾焚烧发电项目、河北省石家庄生物质焚烧发电项目、云南省昆明五华异地重建项目、浙江省温岭垃圾发电二期扩建项目、温岭有机废弃物综合处置项目的建设，预计建成后将新增垃圾处理能力8，670吨/日（含有机废弃物220吨/日）及装机量219MW。另8家运营电厂的增容改造也于2019年全部完成。

根据项目审批及资金筹措情况，2019年公司将陆续建设具备开工条件的项目。目前，河南省林州市生活垃圾焚烧发电项目、陕西省延安市垃圾焚烧发电项目、陕西省榆林市生活垃圾焚烧发电项目已完成前期筹备及审批工作。吉林省白山市生活垃圾焚烧处理项目、河北省乐亭县固废综合处理厂生活垃圾焚烧发电项目、云南省景洪市城市生活垃圾焚烧发电项目、河北省藁城区生活垃圾资源化处理项目、湖北省武汉城市生活垃圾分类资源化预处理项目、河北省唐山市迁西县生活垃圾综合处理项目正在积极推进前期筹备及审批工作。待所有国内筹建项目建成后，预计将新增16,250吨/日及装机容量334.5MW。在海外市场，公司将稳步推进古尔冈垃圾发电项目的建设及勒克瑙、瓜廖尔发电项目开工前期的各项准备工作，以及2018新取得的巴西圣保罗巴鲁埃里发电项目、印度尼西亚巨港项目的各项前期工作。待所有境内外在建、筹建项目全部建成后，垃圾总处理能力将达67,256吨/天。公司还将对现有筹建项目不断整合现有资源，合理分配运营管理成本。

OPERATIONS AND FINANCIAL REVIEW
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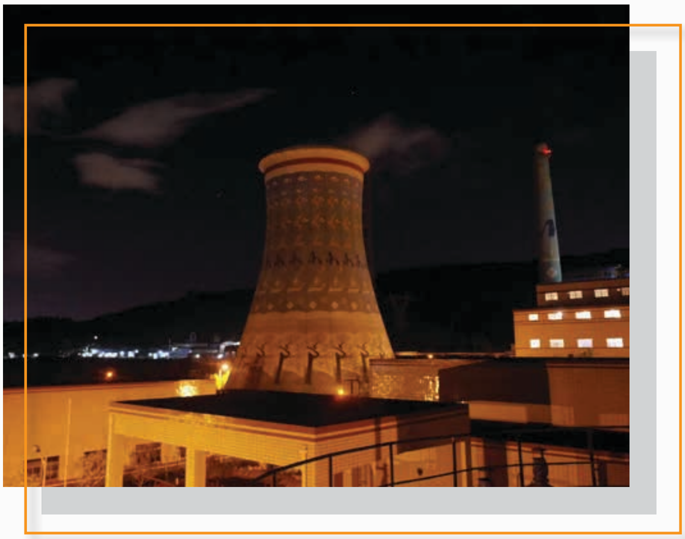
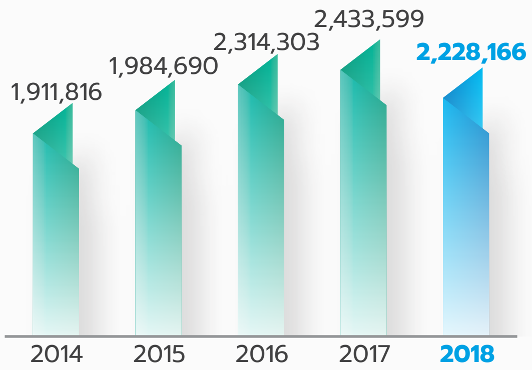
The Gurgaon project is currently under construction and preparatory work is underway for the construction of the Lucknow and Gwalior facilities in India. In addition, the Group is also undertaking preparation work for the new pipeline WTE projects in Barueri, São Paulo, Brazil and Palembang, Indonesia which it secured in 2018. Taking into consideration all its projects in operation, under construction and in the planning phase, both in the PRC and overseas, the Group's total installed waste treatment capacity is expected to reach 67,256 t/d upon the completion of these projects. The Company will continue to integrate existing resources and rationally allocate operating and management costs for existing projects in the preparatory stage.

Jinjiang Environment will focus on the future and take advantage of market trends. The Company will continuously seek to improve the foundation of its technological innovation system involving the integration of industry, universities and research, strengthening independent innovation as the core, making full use of technology transfers and achievements transformation, actively cultivating new momentum for development, providing strong support for promoting the Company's high-quality development, and continuing to maintain its leading position in the industry. By actively expanding its geographical reach by riding on, assisting with and aligning its developmental plans with the national grand vision of the "One Belt, One Road" initiative, the Company will regard development through internationalisation and globalisation as an important path for the Company's steady development. The Company will continuously enhance its image, open environmental protection facilities to the public, guide public participation and accept real-time supervision, lead the public to experience environmental protection, and develop in a more standardised and long-term direction, and strive to create a higher quality and more diversified form of environmental protection. The Company will continuously improve its reputation and influence in the market so as to expand overseas and achieve its long-term goal of establishing an internationally-renowned environmental protection company. The Company will also continuously promote the refinement of its management, actively introduce more social resources and capital and innovative business models, and look forward to the new era of vitality in the environmental industry after a short period of consolidation. Jinjiang Environment will take positive action to shoulder social responsibility and lead the development of enterprises based on the concept of green environmental protection, so as to add bricks and tiles to the construction of beautiful China!

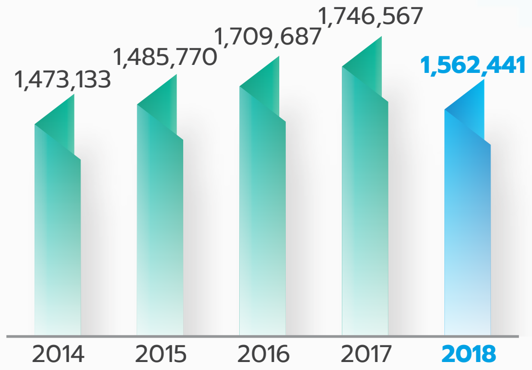
锦江环境将着眼未来，乘势而上。在不断提升产学研融合技术创新体系的基础上，坚持以增强自主创新能力为核心，将技术转移和成果转化充分运用，积极培育发展新动能，为推进公司高质量发展提供有力支撑，继续保持行业领先地位。通过积极深化布局“一带一路”沿线地区市场，紧跟倡议实施步伐，将公司自身发展与国家宏伟构想紧密结合，在为“一带一路”建设贡献力量的同时，将国际化、全球化发展作为公司自身稳步发展的重要途径之一。公司将不断提升形象，面向公众开放环境保护设施，引导公众参与并接受实时监督，带领公众亲历环保，并向更规范、长效的方向发展，努力打造更高质量、更多样化的环保公众开放形式。不断提高公司在市场上的知名度和影响力以扩展至海外，建立国际化环保公司。持续推动管理水平精细化，积极引入更多社会资源及资本，创新商业模式，期待新时期的环境产业在短暂危机后焕发出新的生机。锦江环境将以积极行动担起社会责任以绿色环保理念引领企业发展，为建设美丽中国添砖加瓦！



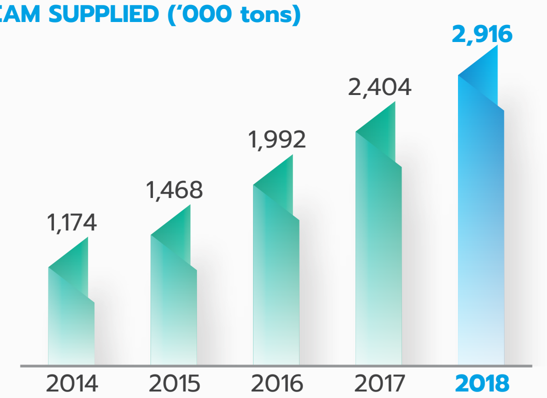
ELECTRICITY GENERATED (MWh)



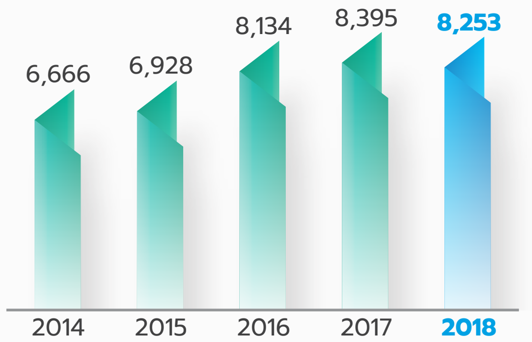
ON-GRID ELECTRICITY SUPPLIED (MWh)



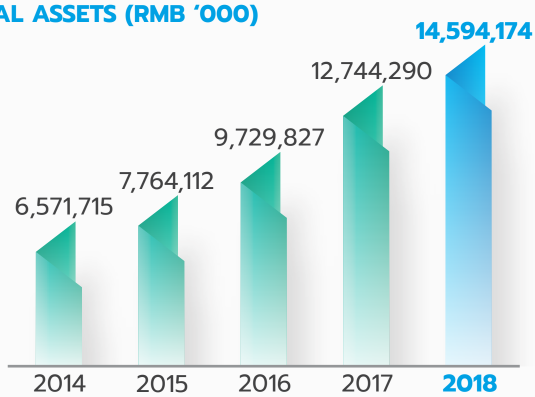
STEAM SUPPLIED ('000 tons)



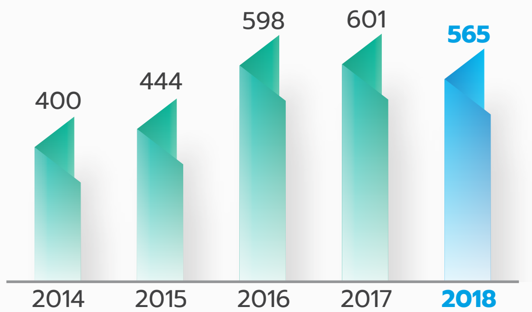
WASTE TREATED ('000 tons)



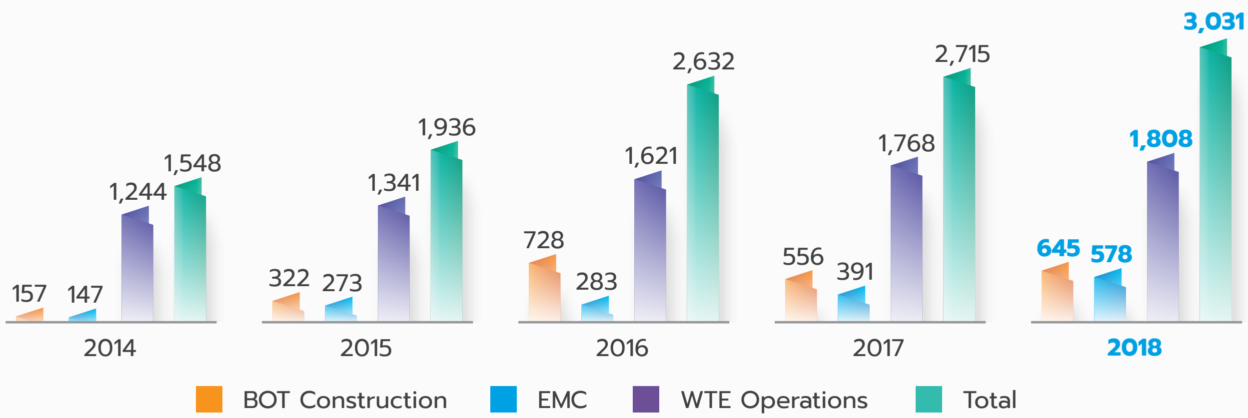
TOTAL ASSETS (RMB '000)



NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (RMB million)



REVENUE (RMB million)



OUR WTE NETWORK IN THE PRC
中国垃圾焚烧发电网络

As at 31 December 2018

GROWING CAPABILITIES AND STRENGHTS

With 20 WTE facilities already in operation and more in the pipeline, we are steadily expanding our capacity to deliver cleaner energy. We are working to grow both breadth and depth of our business via diversifying in the WTE value chain.

FACILITIES IN OPERATION

1 ZHENGZHOU XINGJIN 河南郑州荥阳

2 WUHU JINJIANG 安徽芜湖

3 JILIN XINXIANG 吉林长春

4 XIAOSHAN JINJIANG 浙江杭州萧山

5 ZHUJI BAFANG 浙江诸暨

6 KUNMING JINJIANG 云南昆明五华

7 TIANJIN SUNRISE 天津

8 LIANYUNGANG SUNRISE 江苏连云港

9 WUHAN JINJIANG 湖北武汉武昌

10 HANKOU JINJIANG 湖北武汉汉口

11 YUNNAN ENERGY 云南昆明西山

12 YINCHUAN ZHONGKE 宁夏银川

13 ZIBO GREEN ENERGY 山东淄博淄川

14 SUIHUA GREEN ENERGY 黑龙江绥化

15 WENLING GREEN ENERGY 浙江温岭

16 SONGYUAN XINXIANG 吉林松原

17 GAOMI LILANGMINGDE 山东高密

18 QITAIHE GREEN ENERGY 黑龙江七台河

19 HOHHOT NEW ENERGY 内蒙古呼和浩特

20 ZIBO NEW ENERGY 山东淄博临淄

OUR WTE NETWORK IN THE PRC
中国垃圾焚烧发电网络

As at 31 December 2018

FACILITIES UNDER CONSTRUCTION

1. SHIJIAZHUANG JIASHENG WTE FACILITY
石家庄嘉盛新能源有限公司
2. WENLING GREEN ENERGY WTE FACILITY EXPANSION
温岭绿能新能源有限公司
3. TANGSHAN JIASHENG WTE FACILITY
唐山嘉盛新能源有限公司
4. WENLING ORGANIC WASTE PROJECT
温岭锦环环保科技有限公司
5. ZIBO NEW ENERGY WTE FACILITY 2ND PHASE
淄博绿能新能源有限公司
6. KUNMING JINJIANG RELOCATION PROJECT
昆明鑫兴泽环境资源产业有限公司

FACILITIES IN THE PREPARATORY STAGE

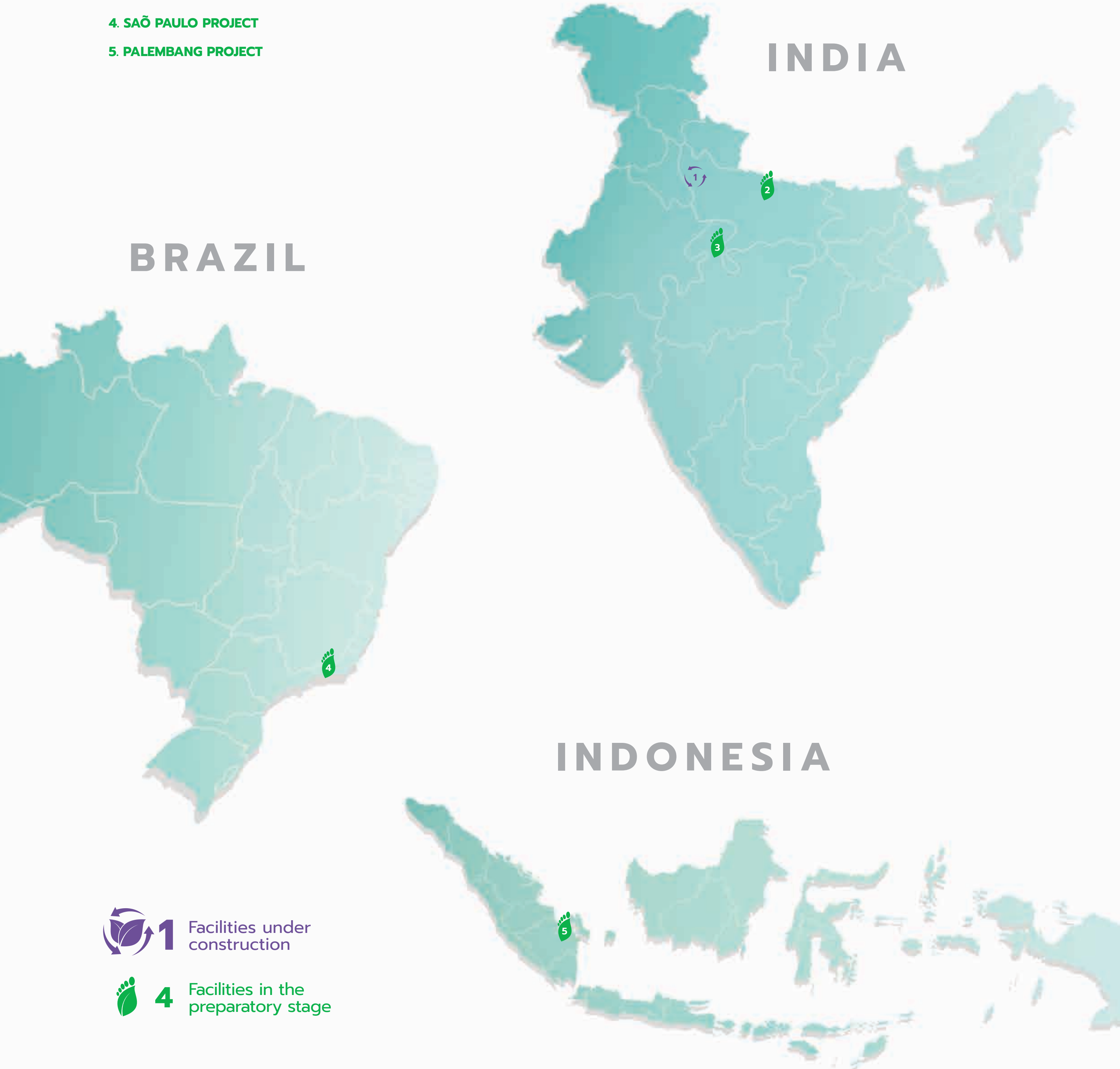
1. LÜLIANG GREEN ENERGY WTE FACILITY
吕梁绿能新能源有限公司
2. YULIN GREEN ENERGY WTE FACILITY
榆林绿能新能源有限公司
3. TAIGU ZHANNENG WTE FACILITY
太谷湛能环保有限公司
4. ZHONGWEI GREEN ENERGY WTE FACILITY
中卫市绿能新能源有限公司
5. YAN'AN GUOJIN WTE FACILITY
延安国锦环保能源有限责任公司
6. LINZHOU JIASHENG WTE FACILITY
林州市嘉盛新能源有限公司
7. GAOZHOU GREEN ENERGY WTE FACILITY
高州市绿能新能源有限公司
8. YUNNAN JINDE WTE FACILITY
云南锦德绿色能源有限公司
9. MANZHOULI GREEN ENERGY WTE FACILITY[(1)]
满洲里绿能新能源有限公司
10. WUDI JINHUAN WTE FACILITY
无棣县锦环新能源有限公司
11. TANGSHAN JINHUAN WTE FACILITY
唐山市锦环新能源有限公司
12. BAISHAN GREEN ENERGY WTE FACILITY
白山绿能新能源有限公司
13. HUNCHUN GREEN ENERGY WTE FACILITY
珲春绿能新能源有限公司
14. SHANGZHI WTE FACILITY
尚志市绿能新能源有限公司
15. TONGHEXIAN WTE FACILITY
通河县绿能新能源有限公司
16. BAYANNAO'ER WTE FACILITY
巴彦淖尔市锦鹏云环保有限公司
17. JINGHONG WTE FACILITY
景洪嘉盛新能源有限公司
18. LETING WTE FACILITY
乐亭县锦环新能源有限公司

Note:
(1) As Manzhouli Green Energy had not secured any concessions and had been dormant since its incorporation, it was voluntarily wound up in March 2019.

OUR OVERSEAS WTE NETWORK
海外垃圾焚烧发电网络

AS at 31 December 2018

1. GURGAON INTEGRATED WASTE MANAGEMENT PROJECT
2. LUCKNOW INTEGRATED WASTE MANAGEMENT PROJECT
3. GWALIOR INTEGRATED WASTE MANAGEMENT PROJECT
4. SAÕ PAULO PROJECT
5. PALEMBANG PROJECT



1 Facilities under construction

4 Facilities in the preparatory stage

WANG Yuanluo (王元珞)
Non-Executive, Non-Independent Chairman

WANG Yuanluo (王元珞) is the Non-Executive, Non-Independent Chairman of our Company. Having driven the growth of our Group as the CEO for 13 years and achieved several milestones, Ms. Wang continues to provide leadership and guidance in the overall strategic planning of our Group. Ms. Wang was involved in the management of the green energy business of Hangzhou Jinjiang Group Co., Ltd (杭州锦江集团有限公司) ("Jinjiang Group") since 1995. She joined our Group in June 2004 as a director of China Green Energy Limited and Green Energy (Hangzhou) Corporate Management Co., Ltd (绿能(杭州)企业管理有限公司) ("Green Energy Hangzhou") and was appointed as a director of our Company in September 2010 following its incorporation.

Ms. Wang has more than 20 years of industry experience. Prior to joining our Group, Ms. Wang took up various positions at Zhejiang Institute of Silk Textile (浙江丝绸工学院) (currently known as Zhejiang Sci-Tech University (浙江理工大学)), including deputy secretary of the League Committee (团委) from January 1982 to April 1986, deputy secretary and secretary of the party committee (党支部) of the silk engineering department (丝绸工程系) from April 1986 to May 1992 and director of the finance department (财务处) from May 1992 to May 1993. From May 1993 to July 1994, she served as deputy general manager of Zhejiang Jinling Co. Ltd. (浙江金凌股份有限公司). From July 1994 to October 1994, she worked at Sunrising HK Investments Limited (香港旭日投资集团有限公司), an investment company whose business scope covers various areas including real estate, infrastructure construction and the construction of Build-Operate-Transfer projects as an assistant finance manager. From October 1994 to August 1995, she served as general manager of Zhejiang Jinling Co. Ltd. (浙江金凌股份有限公司). Ms. Wang assumed the positions of deputy general manager of Jinjiang Group from August 1995 to January 2007 and general manager from February 2007 to September 2015, where she was responsible for overall strategic planning and general management.

Ms. Wang received a bachelor's degree in engineering in silk weaving from the Zhejiang Institute of Silk Textile (浙江丝绸工学院) (currently known as Zhejiang Sci-Tech University (浙江理工大学)) in April 1982. She completed the courses of Modern Human Resources Management Advanced Research Class under the MBA Core Courses programme (MBA核心课程人力资源管理进修) at Zhejiang University (浙江大学) in May 2000. She also received a higher diploma in enterprise management (企业管理学高级文凭) from the Hong Kong Polytechnic University (香港理工大学) in November 2002. In August 2007, Ms. Wang completed a leadership training course at Stanford University in sustainable development and global competitiveness. She is also a Senior Economist (高级经济师) certified by the Zhejiang Province Department of Personnel (浙江省人事厅).

Ms. Wang is well regarded in her field and has received several awards and recognitions, including being the standing vice-president of the China Environment Service Industry Association (全国工商联环境服务业商会常务副会长), the vice-president of the China Association of Circular Economy (中国循环经济协会副会长), the president of the Zhejiang Green Industry Promotion Association (浙江省绿色产业发展促进会会长), the vice-president of the Zhejiang Environmental Protection Industry Association (浙江省环保产业协会副会长) and the vice-president of the Zhejiang Province Association of Senior Economists (浙江省高级经济师协会副会长). Ms. Wang has also been awarded the titles of Zhejiang Province's Top Ten Career Manager (浙江省十大事业经理人) by a provincial magazine and association in 2011 and the China Master of Operation Management (中国经营大师) by the State Council's Development Research Centre (国务院发展研究中心) and the China Development and Research Magazine (中国发展观察杂志社) in 2012. Ms. Wang is also the Deputy Chairman of the Zhejiang Province Bridge Association (浙江省桥牌协会).

BOARD OF DIRECTORS
董事會

ZHANG Chao (张超)
Executive Director
and Chief Executive Officer

ZHANG Chao (张超) is an Executive Director and the Chief Executive Officer of our Company and is responsible for overseeing the day-to-day operations of the Group. Mr. Zhang joined Jinjiang Environment in November 2017.

Mr. Zhang has rich industry experience and good management skills. He has solid research capabilities in industry development and large enterprise management. He is the standing director of China Energy Research Society(中国能源研究会). He is the committee member of the 10th and 11th Youth Federation of Beijing(北京市青年联合会）, the committee member of the Central Enterprise Youth Federation（中央企业青年联合会）, the vice-chairman of China Industrial Energy Conservation And Clean Production Association(中国工业节能与清洁生产协会), and the part-time researcher of China University of Political Science and Law(中国政法大学). Prior to joining our Group, Mr. Zhang worked as a deputy director clerk at the Beijing Municipal Bureau of Justice from July 1994 to May 1999. From May 1999 to July 2001, he was a lawyer at King & Wood Mallesons and Guolian Law Firm. From July 2001 to May 2010, Mr. Zhang served as director of legal affairs and general counsel of China Energy Conservation Investment Corporation. From May 2010 to December 2016, Mr. Zhang had served as general counsel and deputy general manager of China Energy Conservation and Environmental Protection Group. From January 2017 to November 2017, he was assistant to the Chairman of Jinjiang Group as well as general manager of its eco-environment division. Mr. Zhang graduated from the China University of Political Science and Law (中国政法大学) majoring in political science in June 1994, obtained a master's degree in law from the Renmin University of China (中国人民大学) in June 2002 and obtained an executive master's degree in business administration from Tsinghua University (清华大学) in September 2015.

WANG Ruihong (王瑞红)
Executive Director and
Deputy General Manager

WANG Ruihong (王瑞红) is an Executive Director and Deputy General Manager of our Company and is responsible for general administrative management, market branding and legal compliance of our Group. Mr. Wang joined our Group in June 2004 and was deputy general manager of Green Energy Hangzhou. He was appointed as a director of our Company in December 2010.

Mr. Wang has more than 20 years of experience in accounting and corporate finance. Prior to joining our Group, Mr. Wang took up various positions at Zhejiang Institute of Silk Textile (浙江丝绸工学院) (currently known as Zhejiang Sci-Tech University (浙江理工大学)) from July 1985 to March 1999, including deputy director of infrastructure construction department (基建处), deputy director of finance department (财务处) and the director of state owned asset management office (国有资产管理办公室). From March 1999, Mr. Wang took up several positions at Jinjiang Group, including the director of finance department and accounting department, the assistant to general manager, deputy general manager and chief officer of inspection and evaluation department (稽查评估中心) and general management center (综合管理中心) and has been the chief director of office (办公室) since 2013. Mr. Wang was also the chairman of the board of directors of Zhejiang Huadong Aluminium Co., Ltd. (浙江华东铝业有限公司), a non-ferrous metal smelting and processing company and a subsidiary of Jinjiang Group, from December 2013 to June 2016.

Mr. Wang received a bachelor's degree in economics (infrastructure construction finance and credit) (基建财务信用专业经济学学士学位) from the Shanghai Institution of Finance and Economics (上海财经学院) (currently known as Shanghai University of Finance and Economics (上海财经大学)) in July 1985 and is registered as an accountant by the Zhejiang Province Department of Ministry (浙江省财政厅). From September 2009 to March 2010, Mr. Wang also attended the Environmental Protection Seminar for Senior Management organised by the Department of Environmental Science and Engineering of Tsinghua University. Mr. Wang also completed the Senior Management Research Class in Environmental Protection (环保高级职业经理人) held by All-China Environment Federation (中华环保联合会) in March 2010.

BOARD OF DIRECTORS
董事会

ANG Swee Tian
Lead Independent Director

ANG Swee Tian is the Lead Independent Director of our Company. Mr. Ang is an Independent, Non-Executive Director of two other public listed companies, Cosco Shipping International (Singapore) Co., Ltd and China Aviation Oil (Singapore) Corporation Limited. He also serves as a Non-Executive Director of a non-listed company, ICE Futures Singapore Pte. Ltd.

Mr. Ang was the President of the Singapore Exchange Ltd ("SGX") from 1999 to 2005 during which he played an active role in successfully promoting SGX as a preferred listing and capital raising venue for Chinese enterprises. Mr. Ang also played a pivotal role in establishing Asia's first financial futures exchange, the Singapore International Monetary Exchange ("SIMEX") in Singapore in 1984 and was instrumental to establishing SGX AsiaClear which started offering an over-the-counter clearing facility in 2006. Following his retirement in January 2006, Mr. Ang served as a Senior Advisor to SGX until December 2007.

In March 2007, Mr. Ang became the first person from an Asian stock and futures exchange to be inducted into the international Futures Industry Association's Futures Hall of Fame, which was established to honour and recognise outstanding individuals for their contributions to the futures and options industry. In December 2014, he was also inducted into the SIMEX Hall of Fame which was introduced by SGX to honour the pioneers who laid the foundation for the success of the Singapore futures industry.

Mr. Ang graduated from Nanyang University, Singapore with a First-Class Honours Degree in Accountancy in 1970. He was conferred a Masters in Business Administration with distinction by the Northwestern University in 1973.

HEE Theng Fong
Independent Director

HEE Theng Fong is an Independent Director of our Company. Mr. Hee is a senior lawyer in Singapore with over 30 years of experience. He has handled more than one hundred cases in civil litigation and international arbitration as lead counsel, presiding arbitrator, co-arbitrator and sole arbitrator. Many of the cases have been reported and referred to in the Singapore Law Reports, textbooks and various legal journals.

Mr. Hee is effectively bilingual and has written many awards in both English and Chinese international arbitration cases in SIAC, CIETAC and the International Chamber of Commerce (ICC). Mr. Hee is also a regular speaker in seminars on Directors' Duties and Corporate Governance organised by the Singapore Institute of Directors and the Singapore Exchange Ltd.

Mr. Hee is an Independent Non-Executive Director of several public listed companies, including Tye Soon Limited, Straco Corporation Limited, APAC Realty Limited, Yanlord Land Group Limited and Haidilao International Holding Ltd. He was also an Independent Non-Executive Director of Datapulse Technology Limited, Delong Holdings Limited, First Resources Limited and YHI International Limited.

Mr. Hee also serves as a director of Singapore Chinese Cultural Centre. He is also the Deputy Chairman of Singapore Medishield Life Council, Chairman of Citizenship Committee of Inquiry (ICA) and a member of the Complaints and Disciplinary Panel under ACRA.

He was awarded the Public Service Medal (BBM) in 2015 and appointed as a Justice of the Peace (JP) in 2018.

Mr. Hee graduated in 1979 from the Law Faulty of the University of Singapore. He is also a holder of a Diploma in PRC law.

BOARD OF DIRECTORS
董事会

TAN Huay Lim
Independent Director

TAN Huay Lim is an Independent Director and the Chairman of the Audit and Risk Management Committee of our Company. Mr. Tan joined KPMG Singapore in April 1981 and was admitted as a partner in October 1991. He has over 30 years of experience in the audit of privately-owned enterprises, multi-national corporations and public listed companies, and covered diverse businesses including banking, insurance, manufacturing, trading, fast moving consumer goods, real estate, infrastructure, construction, healthcare, transport, shipping, mining and food and beverage.

Mr. Tan has been involved in a number of initial public offerings, debt financing and merger and acquisition transactions during his employment at KPMG. He was the Singapore Head of KPMG Global China Practice from September 2010 until his retirement from KPMG on 30 September 2015.

Mr. Tan is an Independent Non-Executive Director and Chairman of the Audit and Risk Committee of Dasin Retail Trust Management Pte Ltd, the trustee manager of Dasin Retail Trust, a listed business trust, and Koufu Group Limited.

Mr. Tan is an Honorary Council Member of the Singapore Chinese Chamber of Commerce and Industry and the Singapore Hokkien Huay Kuan. He also serves as an Independent, Non-Executive Director and Chairman of the Audit Committee of Ren Ci Hospital, a charitable organisation.

Mr. Tan graduated with a Bachelor of Commerce (Accountancy) from Nanyang University, Singapore in 1978. He is a Fellow Member of the Institute of Singapore Chartered Accountants, the Association of Chartered Certified Accountants, UK and the Certified Practising Accountants (Australia).

NI Mingjiang (倪明江)
Independent Director

NI Mingjiang (倪明江) is an Independent Director of our Company. Mr. Ni is currently the Director of the Sustainable Energy Research Institute of Zhejiang University (浙江大学可持续能源研究院).

Mr. Ni has 30 years of experience and technical expertise in the WTE and renewable energy field. Prior to joining Zhejiang University, he was a lecturer at the Northeast China Institute of Electric Power Engineering (东北电力学院) from December 1975 to September 1979. In January 1986, he joined Zhejiang University as the deputy department director of the Energy Department, and served as department director from February 1988 to April 1993. Before assuming his current position, Mr. Ni served as a department head and the executive deputy president of Zhejiang University from April 1993 to December 2009.

Mr. Ni is a fellow of the Chinese Society of Electrical Engineering (中国电机工程学会会士) and a vice-president of the Chinese Society of Power Engineering (中国电机工程学会). He has been conferred the National Technical Invention Award (国家技术发明奖) on two occasions, the National Prize for Progress in Science and Technology (国家科技进步奖) on two occasions and the National Prize for Natural Sciences (国家自然科学奖) on one occasion. Mr. Ni graduated from Northeast Dianli University (东北电力大学) with a bachelor's degree in thermal power in December 1975. He then successively received a master's degree and doctorate in engineering thermal physics in December 1981 and July 1987 from Zhejiang University.

WANG Wuzhong (王武忠)

Deputy General Manager

WANG Wuzhong (王武忠) is the Deputy General Manager of our Company and is responsible for environmental protection, safety, daily operation and research and development of our Group and assisting in overall strategic planning. Mr. Wang joined Jinjiang Group in 1992 and has since been engaged in the green energy business, including as a director of various entities within our Group.

Mr. Wang has more than 20 years of industry experience. Prior to joining our Group, Mr. Wang worked as director of product department in the Lin'an thermal power plant of Jinjiang Group from July 1992 to June 1995. From June 1995 to December 1995, he served as deputy general manager responsible for production in the Yuhang thermal power plant of Jinjiang Group. From January 1996 to February 1997, he served as deputy plant manager responsible for production and operation in the Lin'an thermal power plant of Jinjiang Group. From February 1997 to September 1998, he took up various positions including plant manager, deputy general manager responsible for production and assistant to the general manager in the Jiaxing power plant of Jinjiang Group. From September 1998 to March 2001, he took up various positions including director of technical team, plant manager and general manager in the Yuhang thermal power plant of Jinjiang Group. From March 2001 to August 2001, he served as a manager in the operations department of Jinjiang Group. He then served as general manager of the Yuhang thermal power plant of Jinjiang Group from September 2001 to May 2002 and general manager of the Qiaosi power plant of Jinjiang Group from June 2002 to June 2005. He was appointed as the General Manager of Green Energy (Hangzhou) Corporate Management Co., Ltd since June 2005 and has been serving as the Vice General Manager of Jinjiang Environment since August 2016.

Mr. Wang is professor level senior engineer. He completed his Executive Master of Business Administration at the Zhejiang University (浙江大学) in April 2006. He now is the committee member of Technical Committee on Urban Appearance and Sanitation of Standardization Administration of the Ministry of Housing and Urban-Rural Development(住房和城乡建设部市容环境卫生标准化技术委员会委员), the committee member of Expert Committee of China Electric Power Federation (中国电力联合会专家委员会委员), the Deputy Director of Environmental Protection Equipment and Technology Promotion Center of China Equipment Management Association(中国设备管理协会环保设备与技术推广中心副主任), the Expert of the Technical Committee of the Advisory Committee on the Comprehensive Utilization of Power Generation Resources of China (中国资源综合利用发电技术咨询委员会技术委员会专家) , the Director of Zhejiang Environmental Monitoring Association (浙江省环境监测协会理事) and the Executive director of Zhejiang Energy Conservation Association (浙江省节能协会常务理事).

XU Yongqiang (徐永强)

Chief Financial Officer

XU Yongqiang (徐永强) is the Chief Financial Officer of our Company and is responsible for matters relating to corporate finance and financial management of our Group. Mr. Xu joined our Group in September 2004 as a director of Zibo Jinjiang.

Mr. Xu has over 45 years of experience in accounting and financial management. Prior to joining our Group, Mr. Xu worked as an accountant at Jiande Sandu Commune (建德三都公社) from January 1969 to January 1975. He then served as deputy director of the finance department in Hangzhou Xiongwei Silk Factory (杭州雄伟丝绸厂) from January 1975 to January 1995. From January 1995 to February 1999, Mr. Xu was finance manager and assistant to the general manager in Kaidi Silk Company (凯迪丝绸公司). He then served as senior counsel of the finance department in Daewoo International Corp. Hangzhou Datong Branch (韩国大宇杭州大通公司) from February 1999 to July 1999. Mr. Xu was appointed as finance manager of Jinjiang Group from July 1999.

Mr. Xu is an accountant accredited by the Hangzhou Intermediate Accountants Professional Committee (杭州市会计专业中级职务评委会) in November 2002. He graduated from the Zhejiang Workers Institute of Higher Education where he was awarded a college diploma in business administration in 1988.

KEY MANAGEMENT
管理层

E Hongbiao (鄂宏彪)
Deputy General Manager

E Hongbiao (鄂宏彪) is a Deputy General Manager of our Company and is responsible for overseeing the construction and development of projects and also assists in managing sewage and waste treatment operations. He joined our Group as deputy general manager of Hangzhou Yuhang Jinjiang Environmental Energy Co., Ltd. in November 1992 and then served as its general manager from July 2002 to November 2004. He served as general manager of Kunming Xinxingze Environment Resources Industry Co., Ltd. from June 2006 to August 2008 and Yunnan Green Energy Co., Ltd from March 2010 to March 2013. He has also been the deputy general manager of Green Energy Hangzhou since March 2013.

Mr. E has over 20 years of industry experience. Prior to joining our Group, Mr. E served as plant manager and deputy operations manager at Jinjiang Lin'an Oujin Thermal Power Co., Ltd. (锦江临安欧锦热电有限公司) from July 1992 to November 1992. From November 1992 to May 2000, Mr. E served as the deputy general manager and then general manager at Jinjiang Yuhang Thermal Power Co., Ltd. (锦江余杭热电有限公司). He was then general manager at Jiande Jinjiang Comprehensive Coal Utilisation Co., Ltd. (建德锦江石煤综合利用有限公司) from May 2000 to July 2002. He later served as general manager of Jinjiang Lin'an Hengjin Thermal Power Co., Ltd. (锦江临安恒锦热电有限公司) and Jinjiang Lin'an Hengkang Thermal Power Co., Ltd. (锦江临安恒康热电有限公司) from November 2004 to May 2006. From September 2008 to March 2010, Mr. E served as project manager at the Jinjiang Investment and Development Center (杭州锦江投资发展中心).

Mr. E holds the accreditation of Intermediate Economist (Business Administration) issued by the Hangzhou Human Resources and Social Security Bureau (杭州市人力资源和社会保障局). He received a college diploma in business administration from the Zhejiang Gongshang University (浙江工商大学) in June 2009 and a Bachelor's degree in Business Administration from the Beijing Normal University (北京师范大学) in July 2014.

CHOO Beng Lor
Financial Controller

CHOO Beng Lor is the Financial Controller of our Company and is responsible for assisting the CFO in matters relating to financial management and reporting, establishing internal control systems and risk control systems and overseeing compliance with post-listing obligations and investor relations.

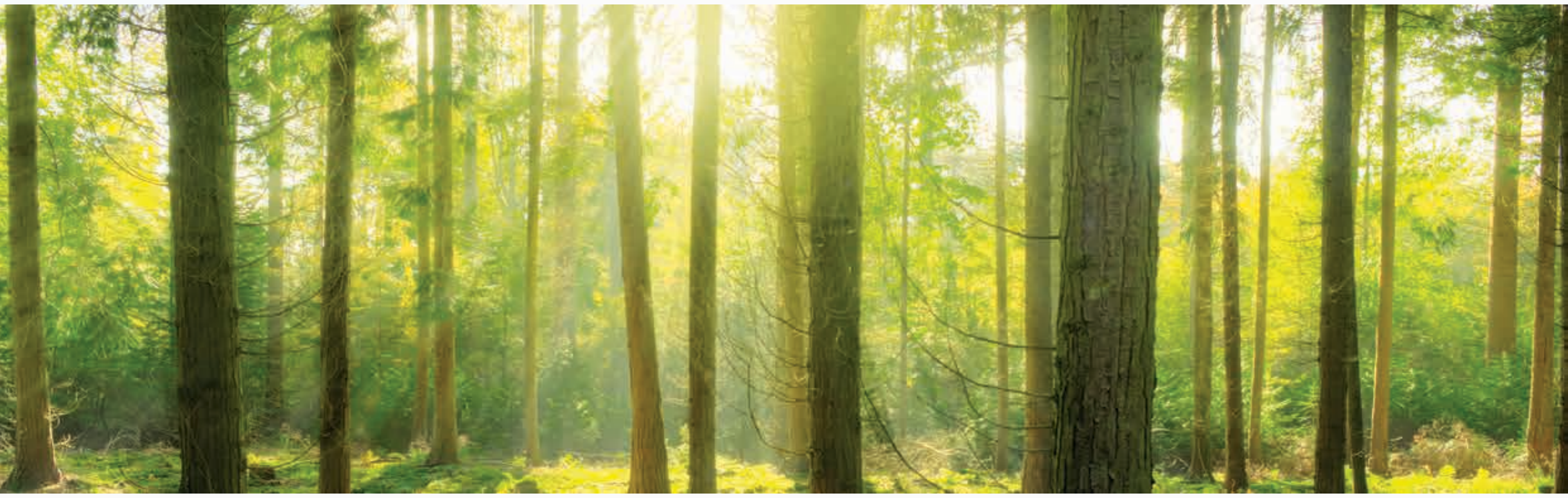
From August 1996 to November 2002, Mr. Choo worked as an audit supervisor at Deloitte & Touche LLP in the field of assurance services. From December 2002 to April 2005, he was the Financial Controller of Sinomem Technology Limited and was responsible for matters relating to finance, tax, compliance, internal controls and investor relations. From April 2005 to January 2006, Mr. Choo took up the position of CFO of Sino Chemical Holdings Pte Ltd, where he was in charge of investor relations and financial matters. From February 2006 to January 2011, he served as the CFO of Sound Global Ltd, which is an integrated water and wastewater treatment solutions provider in the PRC, where he was responsible for matters relating to finance, tax, compliance, internal controls and investor relations. From March 2011 to May 2016, Mr. Choo served as the CFO of Cima NanoTech Pte Ltd, where he was in charge of finance, tax and supply chain-related matters.

Mr. Choo graduated with a Bachelor of Accountancy from Nanyang Technological University, Singapore in 1996. He is a Chartered Accountant of the Institute of Singapore Chartered Accountants.

SUSTAINABILITY REPORT

可持续性报告

BOARD STATEMENT
董事会声明



This second Sustainability Report of China Jinjiang Environment Holding Company Limited ("Jinjiang Environment" or the "Company") demonstrates the Company's continued commitment to sustainability. This report complies with the requirements of Rules 711A and 711B of the Listing Manual of the Singapore Exchange Securities Trading Limited ("Listing Manual") and is also prepared with reference to the Global Reporting Initiative ("GRI") Standards.

中国锦江环境控股有限公司（“锦江环境”或“公司”）第二份可持续发展报告展示了公司对可持续发展的持续承诺。本报告符合新交所上市手册（“上市手册”）第711A和711B条规定，并参照全球报告倡议(“GRI”)标准编制。

Since the 1990s when it became the first private waste-to-energy ("WTE") operator in the People's Republic of China ("PRC"), Jinjiang Environment has recognised the importance of proper waste treatment. Jinjiang Environment uses state-of-the-art technology to deliver environmentally sustainable waste treatment and energy solutions. The Company specialises in the planning, development, construction, operation and management of Waste-to-Energy ("WTE") facilities and energy management contracting ("EMC") projects. Supported by favourable national and regional policies for environmental protection, Jinjiang Environment has grown its operational capacity and ventured into new domestic and overseas markets. The Board recognises that sustainable business practices are essential in creating positive environmental and social impacts for the wider community. The Board strives to align environmental, social and governance ("ESG") considerations with Jinjiang Environment's long-term strategy and business goals.

早在20世纪90年代，锦江环境就意识了到解决垃圾处理问题的迫切性，并成为中国最早进入垃圾焚烧发电行业的民营企业。锦江环境致力于垃圾焚烧发电（“WTE”）设施的设计、开发、建设、运营和管理，以及合同能源管理（“EMC”）项目，采用先进的技术，提供废弃物处理和能源解决方案，为环境的可持续发展贡献力量。在良好的国家及地区环保政策的支持下，锦江环境增强了经营能力，开拓了新的国内外市场。董事会认识到可持续性发展对社会和环境的重要性，并致力于将环境、社会和治理（“ESG”）等因素与锦江环境的长期战略和业务目标结合起来。

In 2018, Jinjiang Environment conducted a materiality assessment, during which the Sustainability Steering Committee identified six material ESG factors as the Company's sustainability priorities. The Board oversees the management of these material ESG factors and approves the disclosure of sustainability performance and targets in this report.

2018年，锦江环境可持续发展指导委员会通过评估确定了6个重要ESG因素作为公司的可持续发展重点。董事会对这些重要ESG因素的管理进行监督，并批准在本报告中披露的可持续发展绩效和目标。

SUSTAINABILITY AT JINJIANG ENVIRONMENT
锦江环境的可持续发展性

We believe sustainability is essential in achieving our vision of providing sustainable solutions to our customers and creating a brighter future for the community. Underpinned by the six material ESG factors[1], we focus on four priority areas in sustainability to bring about positive value for our key stakeholders such investors, employees, the local community and regulators.

我们相信可持续发展对于实现为客户提供可持续解决方案和为社会创造更美好未来的愿景至关重要。在六个重要的ESG因素[1]支持下，我们专注于可持续发展的四个优先领域，为投资者、员工、当地社会和监管机构等主要利益相关者带来积极的价值。

We exercise strong corporate governance to prevent corruption and ensure regulatory compliance. We actively identify our regulatory risks and keep abreast of new laws and regulations.

我们实施完善有效的管理制度，防止腐败并确保经营的合法合规。在积极识别管理风险的同时继续关注新的法律法规。

We aspire to create healthy and sustainable economic returns to our investors and shareholders. We are actively expanding our operating capacity and exploring new markets to capitalise on opportunities for growth.

我们希望为投资者和股东创造健康和可持续的经济回报。我们正积极扩大运营产能并开拓新市场，以把握增长机遇。

We are committed to providing green energy and hazard-free waste treatment services to the wider community. Both our WTE and EMC businesses contribute to the reduction in resource consumption and enhance environmental sustainability. We increase our WTE capacity and efficiency through technological innovation and adopting best industry practices. At the same time, we closely monitor our emissions, effluents and waste to prevent pollution and achieve integrated resource utilisation. We also actively promote public awareness of the WTE industry and environmental protection through education.

我们致力于为更多国内外城市提供绿色能源和无害化垃圾处理服务。通过WTE和EMC业务减少资源消耗并提高环境的可持续性；通过技术创新和丰富的实践经验提升WTE能力和效率；通过密切关注排放物、废水与废弃物，防止污染，实现资源的综合利用；通过环境教育，提升公众对WTE行业以及环保的认识。

Building a committed and competent workforce fuels technological innovation and is key to Jinjiang Environment's development. We implement fair and flexible labour practices, providing a rewarding career platform to attract talents with different backgrounds. At the same time, we seek to create an inclusive and safe working environment, free from discrimination and safety hazards. To retain and groom the right talent, we encourage active learning through a diverse range of training and career development programmes. Our "Young Eagle Project" helps us to build up a pool of talents essential for our long-term growth.

建设一支有担当和能力的人才队伍是技术创新的动力，是公司发展的关键。锦江环境坚持为员工打造包容、安全的职业发展平台，实施灵活、公平的用人机制，为各类人才敞开大门。通过多样化的培训和职业发展计划，鼓励积极学习，留住和培养合适的人才。其中，公司的"雏鹰计划"建立起了一个对公司长期发展至关重要的人才库。

We have established a formal sustainability governance structure to manage these sustainability priority areas. At the top of the leadership, the Board oversees and approves the direction of sustainability management. In support of the Board, the Sustainability Steering Committee ("SSC"), formed by senior management, develops sustainability strategy, manages overall sustainability performance and reports to the Board. At the operational level, a Sustainability Task Force implements sustainability practices and monitors sustainability performance across the Company.

为了更好地管理这些可持续发展优先领域，公司建立了正式的可持续发展管理体系，并由董事会负责监督和批准可持续发展管理的方向。为支持董事会，由高级管理层组成的可持续发展指导委员会（"SSC"）制定可持续发展战略，管理整体绩效并向董事会报告。在运营层面，可持续发展工作组践行可持续发展战略并对公司的可持续发展绩效进行监控。

[1] For more information on material ESG factors, please refer to the section titled "Materiality Assessment".
欲了解更多关于重要ESG因素的信息，请参阅"重要因素评估"章节。

SUSTAINABILITY HIGHLIGHTS 2018
2018年可持续发展亮点

Economic Performance 经济表现

REVENUE

RMB **3.03B**

收入达人民币30.3亿元

NET PROFIT

RMB **565M**

净利润为人民币5.65亿元

Environmental Services and Impacts 环境服务和影响

8.25

million tonnes of waste treated

垃圾处理量达825万吨

10,000

Over visitors participated in Jinjiang Environment's public education programme

1万余参观者参与到锦江环境的公共教育项目

20

operating WTE plants across China

20个在中国运营的电厂

32,756

MWh of energy saved in EMC electricity-saving projects

EMC节电类项目节省32,756兆瓦时电量

2,916

thousand tons of steam supplied

供汽量2,916千吨

2,228,166

MWh of green electricity supplied to the grid

上网电量2,228,166 兆瓦时

Workforce 劳动力

63

average hours of training per employee per year

每年每名员工平均培训63小时

100%

employees received performance review

100%的员工接受了绩效考核

0 employee workplace fatalities and **0** workplace injuries

员工因工伤亡事件为零

Corporate Governance 公司治理

0

confirmed cases of corruption

腐败事件零发生

ABOUT THIS REPORT
关于本报告

This Sustainability Report describes Jinjiang Environment's sustainability practices and performance from 1 January to 31 December 2018 ("FY2018"). This report covers the listed entity, China Jinjiang Environment Holding Company Limited, and all its subsidiaries globally. Among which, there are 20 WTE plants and 4 waste resource recycling projects currently in operation, across 12 provinces, autonomous regions and municipalities in China. There are also 24 WTE plants, 6 waste resource recycling projects, and 1 construction waste treatment facility under construction or in the preparatory stage in China. Moreover, there are 5 overseas WTE plants under construction or in the preparatory stage across countries including India, Indonesia and Brazil. The sections titled "Environmental Services and Education" and "Innovation and Environmental Impact Management" focus solely on our WTE plants currently in operation.

本可持续发展报告概述了2018年1月1日至12月31日（“2018财年”）锦江环境的主要可持续发展数据和成效。报告涵盖了上市实体——中国锦江环境控股有限公司，以及包括锦江环境在中国12个省、自治区和直辖市拥有的20个已投入运营的垃圾焚烧发电项目，4个已运营的垃圾资源化项目；24个在建/筹建垃圾焚烧发电项目，6个在建/筹建垃圾资源化项目， 1个筹建建筑垃圾项目；在海外印度、印尼、巴西等国家的5个在建/筹建垃圾发电项目。其中，“环境服务和教育”以及“环境影响管理与创新”部分的数据来自运营中的垃圾焚烧发电厂。

This report has been prepared in accordance with the requirements of Rules 711A and 711B and Practice Note 7.6: "Sustainability Reporting Guide" of the Listing Manual. This report also makes reference to the GRI Standards[2], a globally recognised framework for reporting on sustainability issues. No external assurance has been sought for this report. Please forward any enquiries or feedback to jinjiang-env@hzjj.cn.

本报告是根据上市手册第711A和711B条规的要求和实施细则7.6“可持续性报告指南”编制的，并参阅了全球报告倡议组织（GRI）标准[2]。本报告未寻求第三方审核，如有任何问询或反馈，请发至电子邮箱jinjiang-env@hzjj.cn。

MATERIALITY ASSESSMENT
重要因素评估

In 2018, with the facilitation of an external consultant, the SSC undertook a materiality assessment to identify the most important ESG factors for the business, strategy, business model and key stakeholders. The materiality assessment process was guided by the GRI Principles of Materiality and Stakeholder Engagement, and considered the following aspects:

在外部顾问的协助下，可持续发展指导委员会在2018年评估、确定了与业务、战略、业务模式和主要利益相关者关联的重要ESG因素。重要ESG因素评估过程以GRI原则和利益相关者参与原则为指导，并考虑了以下几个方面：

- Global and local emerging sustainability trends;
  全球和地方新兴的可持续发展趋势；
- Hot topics and future challenges in the WTE and green energy sectors, as identified by peers; and
  固废和绿色能源行业的热门话题和未来挑战； 及
- Insights gained from interactions with stakeholders.
  从与利益相关者的来往中获得的见解。

[2] The report references the following topic-specific disclosures:
报告参阅了以下议题专项披露

Disclosure 205-3 from GRI 205: Anti-corruption 2016 GRI 205披露项205-3：反腐败（2016）	Disclosure 401-1 from GRI 401: Employment 2016 GRI 401披露项401-1:雇佣（2016）
Disclosure 301-1 from GRI 301: Materials 2016 GRI 301 披露项301-1：物料（2016）	Disclosure 403-9 (a) from GRI 403: Occupational Health and Safety 2018 GRI 403披露项403-9（a）：职业健康与安全（2018）
Disclosure 302-1 (a) to (d) and 302-3 from GRI 302: Energy 2016 GRI 302 披露项302-1（a）至（d）和302-3：能源（2016）	Disclosure 404-1 and 404-3 from GRI 404: Training and Education 2016 GRI 404 披露项404-1和404-3:培训与教育（2016）
Disclosure 306-2 (a) and (b) from GRI 306: Effluents and Waste 2016 GRI 306 披露项306-2（a）和（b）：污水和废弃物（2016）	Disclosure 405-1 from GRI 405: Diversity and Equal Opportunity 2016 GRI 405披露项405-1：多元化与平等机会（2016）
Disclosure 307-1 from GRI 307: Environmental Compliance 2016 GRI 307披露项307-1：环境合规（2016）	Disclosure 419-1 from GRI 419: Socioeconomic Compliance 2016 GRI 419披露项419-1：社会经济合规（2016）

ABOUT THIS REPORT
关于本报告

Six material factors were identified from the assessment and are shown in the table below. We continue to focus on environmental services and impacts, as well as workforce and local community, which were also disclosed in 2017's Sustainability Report. Meanwhile, we identified two new priority areas in sustainability, namely, economic performance[3] and corporate governance, as we recognise that good sustainability practices and performance need to be supported by robust economic performance and strong corporate governance.

公司在评估的过程中确定了六个重要因素，详见下表。对于在2017年可持续发展报告中有所披露的环境服务和影响、劳动力、地方社区这个几个因素，本报告继续关注。同时，我们新增了两个可持续性的优先领域——经济表现[3]和公司管理，因为企业良好的可持续发展离不开这两个领域的支持。

Table 1 Material factors for FY2018 表1 2018财年重要因素

Priority Areas 优先领域	Material Factor 重要因素
Economic Performance 经济表现	Economic Performance 经济表现
Environmental Services and Impacts 环境服务和影响	Environmental Services and Education 环境服务和教育
	Green Operations 绿色经营
Workforce 人才团队	Talent Training and Advancement 人才培养与提升
	Occupational Health and Safety 职业健康和安全
Corporate Governance 公司管理	Regulatory Compliance 监管合规
Additional Disclosure 其他披露	
Social 社会	Local Community 地方社区

[3] Details of Jinjiang Environment's financial performance in 2018 can be found in the Financial Statement section of this Annual Report.
2018年锦江环境的财务表现可在本年报财务报表章节查阅。

Jinjiang Environment provides sustainable waste and energy solutions through its WTE and EMC businesses. At the same time, the Company collaborates with government, industrial peers, technical experts and academics to build up industrial capacity of waste treatment and promote positive public understanding about WTE through environmental education.

锦江环境通过WTE和EMC业务提供废弃物处理和能源解决方案。同时，公司与政府、业内同行、技术专家、学者合作，编制相关国家、行业标准，并通过环境教育促进公众对垃圾焚烧发电的积极理解。

WASTE-TO-ENERGY BUSINESS

垃圾焚烧发电业务

The economic growth of China has fuelled rapid urbanisation and improvement in standards of living, thus contributing to an increasing volume of municipal waste. In 2018, it is estimated that the total volume of municipal waste collected in China amounted to 229 million tonnes[4]. To solve the potential public health and environmental problems often associated with improper waste treatment, the Chinese government implemented the "13th Five-Year Plan for the Construction of Harmless Treatment Facilities for Municipal Solid Waste", targeting to grow China's waste incineration capacity to 1,104,900 tonnes per day by the end of 2020.

中国的经济增长推动了城市化的快速发展和生活水平的提高，但也导致了城市垃圾量的增加。据估计，2018年中国收集城市固体废弃物约2.29亿吨[4]。为解决因废物处理不当而发生的潜在公共卫生环境问题，中国政府实施了《"十三五"全国城镇生活垃圾无害化处理设施建设规划》，指出在2020年将中国城镇生活垃圾的处理能力提高到1,104,900吨/天。

WTE is considered as one of the cleanest and sustainable ways to treat municipal solid waste. The incineration process substantially reduces the volume of waste, saving space in landfills. WTE process prevents the uncontrolled emission of methane, a potent greenhouse gas often associated with decomposing waste in landfills. Meanwhile, the burning of municipal waste makes use of the energy content of the waste, producing green energy in this process. WTE reduces the demand for finite fossil fuel resources in energy production and cuts down greenhouse gas emissions.

垃圾焚烧发电被认为是处理城市生活垃圾最清洁、可持续的方法之一。焚烧的过程大幅度减少了垃圾体积，节省了垃圾填埋场的空间，并可以防止强效温室气体——甲烷不受控制的排放；利用垃圾的能量燃烧产生绿色能源，从而减少能源生产中有限化石燃料资源的消耗以及温室气体的排放。

Positioned as one of the best methods for waste treatment in the market and encouraged by the supportive public policy environment, the WTE industry is undergoing a "golden age" for growth. To tap on the burgeoning opportunities, Jinjiang Environment continues to increase its presence within China to serve the wider community, with 6 projects under construction and 18 new WTE plants in the preparatory stage. For existing plants faced with challenges in meeting the increasing demand for waste treatment, the Company has invested in technological upgrading to increase waste treatment capacity.

作为市场上废物处理的最佳方法之一，WTE产业受到环境政策的支持与鼓舞，正在经历增长的"黄金时代"。为了抓住新兴机遇，锦江环境继续扩大在中国的业务，服务于更广泛的社区，已具有6个在建项目和18个新筹建垃圾焚烧发电厂。针对在满足不断增长的处理需求方面存在挑战的已运行的WTE电厂，公司在产能扩张和技术升级上不断投资，进行增容改造工作。

4 Reference: Report of Market Prospective and Investment Strategy Planning on China Solid Waste Treatment Industry by Forward Industry Research Institute.
参考文献：前瞻产业研究院《中国固体废物处理行业市场前景及投资战略规划报告》。

ENVIRONMENTAL SERVICES AND EDUCATION
环境服务和教育

As at 31 December 2018, Jinjiang Environment operates 20 WTE plants and 4 waste resource recycling projects[5], across 12 provinces, autonomous regions and municipalities in China. Collectively, they are capable of treating 29,240 tonnes of municipal waste a day and have an installed electrical power generation capacity of 574 MW. Taking into consideration all the projects under construction and in the planning phase, the Group's total installed waste treatment capacity is expected to reach 67,256 tons per day upon the completion of these projects. To date, Jinjiang Environment is one of China's largest private WTE operators in terms of waste treatment capacity. In 2018, the Company treated a total of 8.25 million tonnes of municipal solid waste, serving approximately 56 million people[6], while supplying 2,228,166 MWh of green electricity and 2,916 thousand tonnes of steam. (Refer to Table 2 for details).

截至2018年12月31日，锦江环境在中国12个省、自治区和直辖市拥有20个已投入运营的垃圾焚烧发电项目和4个垃圾资源化项目[5]，垃圾处理能力累计29,240吨/日，装机容量达574兆瓦，待所有在建、筹建项目全部建成后，垃圾处理总能力将达67,256吨/日。截至目前，按垃圾处理能力，锦江环境是目前中国最大的民营垃圾焚烧发电运营商之一。在2018年，公司共处理了825万吨的城市生活垃圾，提供了2,228,166MWh电力和2,916千吨蒸汽，相当于为大约5,600万人[6]提供了垃圾处理服务。（详情参阅表2）。

While consolidating its industry leading position in the domestic market, Jinjiang Environment proactively leverages on the national "One Belt One Road" initiative to venture into the international market. The Company has successfully secured WTE projects in India, Indonesia, and Brazil. These projects enable us to expand into new markets, while we strive to create high-quality flagship projects that will set benchmarks for the host countries. Our international development strengthens Jinjiang Environment's financial position and extends sustainable solutions globally.

在夯实国内行业引领者地位的同时，锦江环境致力于响应国家"一带一路"倡议加速全球化布局。公司已在印度、印尼、巴西成功拿下了WTE项目，开辟了新的市场，重点打造高标准的海外标杆项目，力争做成投资国的示范工程。公司的国际发展巩固了财务业绩，并在全球范围内推广了可持续发展的方案。

ENERGY MANAGEMENT CONTRACTING PROJECTS

EMC projects are the other core business segment for Jinjiang Environment. An innovative market-oriented energy saving mechanism, EMC is forward-looking and cost-effective, allowing companies to use future energy-saving benefits to fund current energy efficiency upgrades. Through EMC, Jinjiang Environment advises clients on ways of achieving greater environmental efficiency and cost savings. During 2018, the company worked on 8 new EMC projects and 18 technical consulting projects. Other than the 6 EMC projects currently under construction and the 4 newly contracted technical consulting projects, the rest of the projects have realised energy and cost savings, helping clients to save more than 32,765 MWh of electricity. Going forward, Jinjiang Environment will continue to grow its EMC and technical consulting services, with a strong emphasis on waste heat recovery technology.

合同能源管理项目

合同能源管理（"EMC"）项目是锦江环境的另一项核心业务。EMC是一种以市场为导向的创新节能机制，使企业能够利用未来的节能收益为工厂和设备升级，具有良好的前瞻性和成本效益。通过EMC，锦江环境为客户提供更高的环境效率和成本节约方面的建议。在2018年期间，公司新开展了8个EMC项目和18个技术咨询项目。除正在建设的6个EMC项目与4个新签的技术咨询服务合同外，其他项目均已享受节能收益或咨询服务带来的收益，帮助客户节省超过32,756 MWh的电能。展望未来，锦江环境将继续发展其EMC和技术咨询服务，并将重点放在余热利用技术上。

5 The waste resource recycling project converts municipal waste into refuse derived fuel by drying and sorting, which helps to improve the heat conversion efficiency of waste and significantly reduce pollutant emissions.
垃圾资源化项目是通过干化、分选，将生活垃圾制备为垃圾衍生燃料，有助于提高垃圾热转换效率，大幅降低污染物的排放。

6 Estimated based on the assumption that on average, each urban resident in China produces 0.4 kg of municipal waste per day.
根据中国城市居民每天平均产生0.4千克生活垃圾来估算。

MORE ABOUT ENERGY MANAGEMENT CONTRACTING ("EMC")

Among the various models of EMC, "shared savings" is often the preferred choice. Under this arrangement, the initial investment in an energy-saving project is borne by the energy-saving service company. After the completion of the project, the client will share the cost reductions from energy-saving with the service company over a period of time. Below are some examples of EMC projects undertaken by Jinjiang Environment.

关于合同能源管理

在各种EMC模式中，通常首选"节能效益分享型"。在这种模式下，节能工程的前期投入由节能服务公司担负。在项目完成后，客户在合同期内按比例与公司分享节能项目产生的效益。以下是一些锦江环境进行的EMC项目示例。

WASTE HEAT RECOVERY PROJECT
余热回收项目

Jinjiang Environment helped Zhejiang Zhuji Bafang Thermal Power Co., Ltd. to use absorption heat pump technology to recover waste heat from water used in the steam turbine cooling system. The recovered waste heat was supplied to the heating system, reducing energy demand equivalent to 3,600 tonnes of coal equivalent per year.

锦江环境帮助浙江诸暨八方热电有限责任公司采用吸收式热泵技术回收汽轮机循环冷却水中的余热。回收的热量供应给加热热力系统，每年减少相当于3,600吨标准煤的能源需求。

ELECTRICITY SAVING PROJECT
节电项目

Jinjiang Environment helped Cayman (Shanxian) Energy Comprehensive Utilisation Co., Ltd. to make full use of excess steam to turn the turbine, replacing the alternator. The used steam is channelled into the heating system for reuse. This project saved approximately 11,333 MWh of electricity per year 3,263 tonnes of coal equivalent.

锦江环境帮助开曼能源综合利用有限公司充分利用富余的蒸汽来拖动汽轮机，取代电动机，做功后的排汽又进入供热系统进行二次利用。该项目每年节省约11,333兆瓦时电力，相当于3,263吨标准煤。

ENERGY EFFICIENCY PROJECT
节能项目

Jinjiang Environment worked with Jilin Shuangjia Environmental Protection Energy Utilisation Co., Ltd. to upgrade components used in the steam turbine, achieving a 10% improvement in energy efficiency. This projected saved annually 3,200 tonnes of coal equivalent.

锦江环境与吉林市双嘉环保能源利用有限公司合作，对原蒸汽发电主要设备进行升级改造，节能率达10%，年节标煤量达3,200吨。

Note: Coal equivalent (also known as "standard coal") computed based on the energy saving calculations promulgated by the National Economic and Information Committee and the China Energy Conservation Association, pursuant to which every 10,000 KWh of energy savings is equivalent to 2.88 tonnes of coal equivalent.

注：煤当量（也成为"标准煤"）计算是根据国家经信委及节能协会颁布的节能量测算要求，按每节电1万KWh折标准煤为2.88吨。

ENVIRONMENTAL SERVICES AND EDUCATION
环境服务和教育

ENVIRONMENTAL EDUCATION

Jinjiang Environment is committed to raising environmental awareness and promoting understanding about the WTE industry among the public. Conventionally, waste treatment facilities are considered a public nuisance and are usually avoided by the adjacent community. Jinjiang Environment strives to improve this situation by demonstrating that WTE can be hazard-free and odourless through reliable operational performance coupled with campaigns to raise public awareness. All our WTE plants are open for public visits. In 2018, our facilities were visited by more than 10,000 individuals, including governmental officials, investors, students and the general public. Our Zhengzhou WTE Plant in Henan Province and our Tianjin Sunrise WTE Facility are among the first to be designated as educational bases for the public by the Ministry of Environmental Protection and the Ministry of Housing and Urban-Rural Development.

环境教育

通常，废弃物处理设施具有邻避效应，锦江环境在提高公众环保意识的同时，通过可靠的运营表现，让垃圾无害化、无气味处理，增进公众对垃圾焚烧发电行业的了解。我们的垃圾焚烧发电厂均对外开放，在2018年，已有包括政府官员、投资者、学生和其他群众在内的逾1万余人参观我们的设施。锦江环境河南省郑州垃圾发电厂、天津晨兴垃圾发电厂被环保部和住房和城乡建设部指定为首批全国环保设施公众开放单位。

Figure 1 Students from Jiyang School visiting Zhuji Bafang Power Plant in Zhejiang Province.
图1来自暨阳学院的学生参观了诸暨八方电厂的展厅

ENVIRONMENTAL SERVICES AND EDUCATION
环境服务和教育

Furthermore, Jinjiang Environment plays an active part in formulating national and industry standards to facilitate the sustainable development of the WTE industry. Jinjiang Environment works together with government agencies, research institutions and universities to develop various industrial standards and conduct technical research. In 2018, the Company published 4 industrial standards (including 3 industry standards and 1 industry association standard) and 3 journal papers in well-recognised industry publications. Meanwhile, Jinjiang Environment also developed 2 standards as the lead author (in progress of applying for project approval), co-authored 7 standards, as well as submitted 3 standards for government approval during the year, which are still work in progress and shall be published in the near future.

此外，锦江环境一直以来积极参与国家及行业的标准的编制，与政府机构、研究机构和大学一起参与制定各种行业标准和技术论文，推动垃圾焚烧发电行业的可持续发展。2018年，公司完成并出版4项标准（其中3项行业标准，1项团体标准）、发行3篇核心期刊论文。同时，锦江环境还主编标准2项（目前已申请立项）、参编标准7项、报批标准3项，这些标准将在未来出版。

Industrial standards and research papers published in 2018 2018年出版/完成的论文和标准
Standards on the Evaluation of Operational Indicators of Waste-to-Energy Plants 《垃圾发电厂运行指标评价规范》
Technical Standards on the Treatment of Landfill Leachate 《垃圾发电厂渗滤液处理技术规范》
Technical Standards on the Treatment of Waste-to-Energy Plant Bottom Ash 《垃圾发电厂炉渣处理技术规范》
Standard Operation Procedures on the Sorting and Disposal of Municipal Waste 《生活垃圾分类投放操作规程》
An Analysis on the Carbon Monoxide Emission Reduction of Circulating Fluidised Bed for Municipal Waste 《生活垃圾循环流化床锅炉一氧化碳减排浅析》
Establishment of Reactive-Area-Based Char-N Conversion Model under O_2 and CO_2 《O_2/CO_2气氛下基于反应面积的Char-N转化模型的建立》
Numerical Simulation of Sulfation Characteristics in Porous CaO Particle Desulfurisation Process 《多孔CaO颗粒脱硫过程中硫酸盐化特性的数值模拟》

In the coming year, we will continue to expand the scale of our environmental services and enhance our environmental education programmes. In 2019, we anticipate five more WTE plants to be launched for operation, both domestically and overseas. We aim to undertake at least ten new EMC projects (including technical consulting projects) and to initiate at least one environmental education programme.

明年，我们会继续扩大环保服务的规模，并加强环保教育计划。 2019年，我们预计国内外将有五个WTE项目投入运营。我们的目标是进行至少十个新的EMC项目（包括技术咨询项目），并至少主动举办一个环境教育计划。

GREEN OPERATIONS
绿色经营

Jinjiang Environment values environmental protection and is committed to greening its operations. We invest in research and development ("R&D") and adopt best industry practices to minimise our environmental footprint and discharge waste products in compliance with local environmental laws. With the best interests of the local community and the natural environment at heart, the Company has established standard operation procedures ("SOPs") and environmental contingency plans to strengthen our pollution controls and contain any potential negative impacts.

锦江环境重视环境保护与绿色经营，通过运用丰富的行业经验及投资研发（“R&D”），最大限度地减少对环境的影响，实现达标排放。公司已制定标准操作程序（“SOP”）和环境应急计划加强生产控制，从而保证当地社区居民及自然环境的最大利益。

Technological innovation lays the foundation for our environmentally sustainable operations. The National Engineering Laboratory for Waste Incineration Technology and Equipment, which was established by Jinjiang Environment in collaboration with Zhejiang University, has become an important base that consolidates R&D resources, translates research findings into industrial applications, and grooms talent in research and innovation. This lab is the only national-level engineering laboratory approved by the National Development and Reform Commission in the field of waste incineration in China. In 2018, Jinjiang Environment obtained 24 patents, including 4 invention patents and 20 utility model patents. In 2019, we will continue to enhance our R&D capacity and actively collaborate with external technical experts and research institutions to further our study on circulating fluidised bed ("CFB") technology and solid recovered fuel ("SRF").

技术创新为锦江环境的可持续运营奠定了基础。与浙江大学等单位联合建设的垃圾焚烧技术与设备国家工程实验室，是国家发展和改革委员会批准的在垃圾焚烧领域唯一的国家级工程实验室，已成为整合产业创新资源、强化产业技术供给的重要保障，是衔接基础研究和产业研发的桥梁，是凝聚、培养工程技术创新人才的重要基地。2018年，锦江环境新获得专利24项，其中发明专利4项，实用新型专利20项。2019年，我们将继续加强研发能力，积极与外部技术专家和研究机构合作，进一步研究循环流化床（“CFB”）技术和固体回收燃料（“SRF”）。

Jinjiang environment uses state-of-the-art technologies and adopts best industry practices for WTE. The company strives to reduce the input resources required, while closely monitoring the environmental outputs such as air-borne emissions, effluents and solid waste in compliance with regulatory requirements. The WTE process has three main stages, as illustrated in the diagram below.

锦江环境采用最先进的技术和丰富的经验，减少生产中需要投入的资源；同时严格监控空气、污水和固体废物的排放，以达到国家监管要求。锦江环境垃圾焚烧发电过程有三个主要阶段，如下图所示。

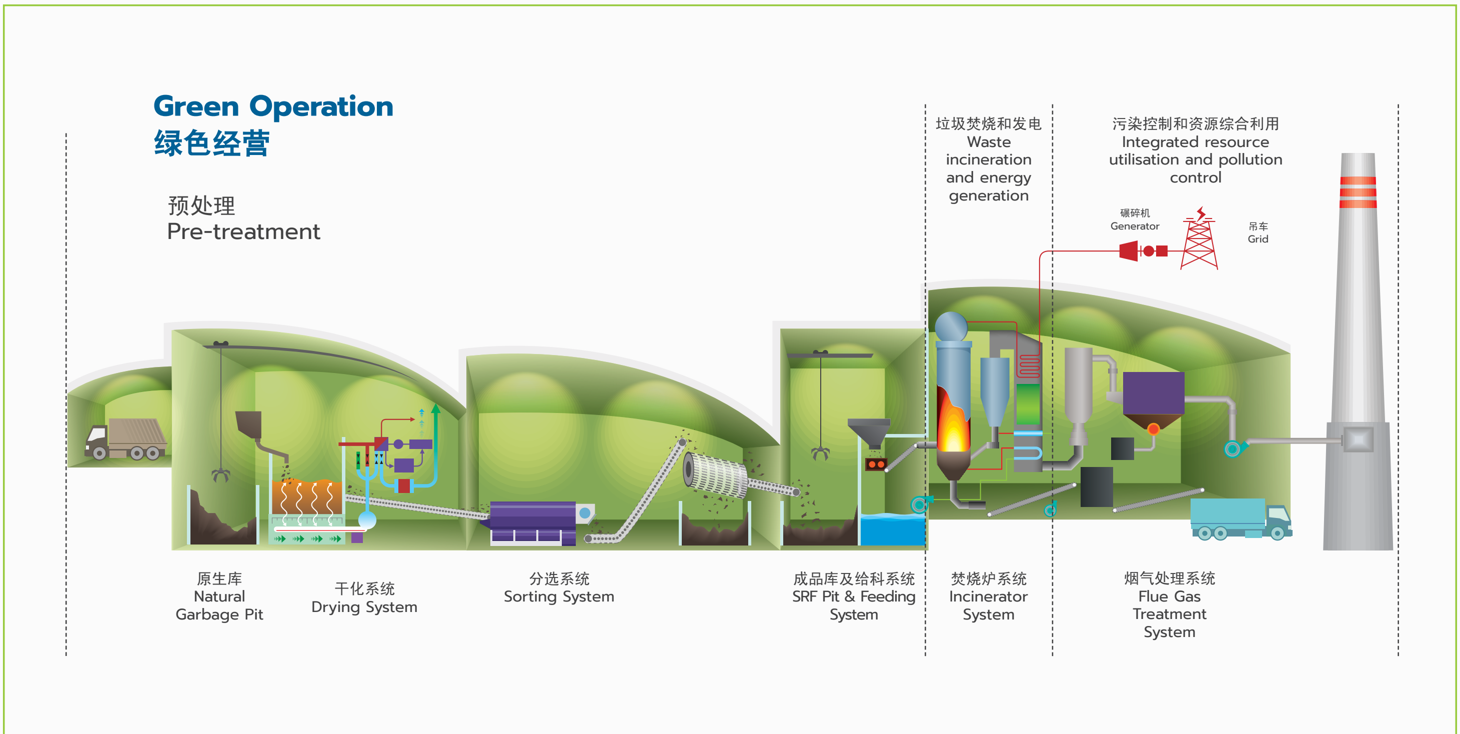


Figure 2 Overview of the WTE process
图2垃圾焚烧发电流程概览

Pre-treatment

Jinjiang Environment has adopted advanced waste "pre-treatment" technology, with modifications based on independent research. This technology significantly improves energy efficiency of the WTE process. Municipal waste will first be crushed to smaller pieces and undergo magnetic and manual sorting to separate out incombustible and recyclable materials. The remaining waste is conveyed to the waste storage pit and undergoes fermentation, producing methane and leachate during the process. Pre-treatment not only helps to convert waste into more combustible fuel materials, but also produces methane, which can be used as auxiliary fuel in the combustion process. Therefore, pre-treatment reduces and replaces the need for other auxiliary fuels, resulting in lower carbon emissions.

预处理

锦江环境引进欧洲先进垃圾“预处理”技术并结合自主研发，提高了垃圾发电设施营运效率，减少排放。首先将城市生活垃圾破碎成较小的碎片，并进行磁选和手动分选，以分离出不可燃物和可回收的材料，剩余的废物被输送到干化仓进行发酵。预处理不仅有利于将废弃物转化为更易燃的燃料，而且还产生可用作燃烧过程中的辅助燃料——甲烷，从而减少并取代对其他辅助燃料的需求，降低碳排放。

Waste incineration and energy generation

Most of our WTE plants utilise the differential-density circulating fluidised bed technology. Developed in conjunction with Zhejiang University, the CFB technology offers high energy efficiency and operational flexibility. It enables complete combustion of waste and is suitable for a diverse range of waste profiles, particularly municipal waste from Chinese cities, which is high in water content and low in calorific value. In this way, CFB technology helps to efficiently convert the energy content in waste to green energy. Jinjiang Environment is the first private WTE operator in China to use this advanced technology in industrial application.

The incineration process starts with pre-treated waste being added into the furnace, together with auxiliary fuels, such as diesel, coals or methane. Upon contact with the heated hearth of the furnace, the waste mixture will be heated into a fluid state and begin its combustion. Waste mixture will be circulated within the system multiple times to ensure complete combustion. The heat produced during the process will produce steam to turn the turbine, generating electricity in turn.

Besides the CFB, Jinjiang Environment also adopts and utilises moving grate furnaces, the other commonly used incineration technology in the WTE industry. The Company collaborates with peers, such as SUS Environment, Kejian Group, China Everbright Greentech Limited, and Sanfeng Environment, on moving grate furnace technology. The collaboration project studies and analyses the incineration of municipal and industrial waste, helping to advise the appropriate furnace type accordingly to the waste profile of different projects. Jinjiang Environment strives to become a national propagator and leader in the WTE industry, while aiming at propelling the overall advancement of CFB and moving grate furnace technologies.

垃圾焚烧和发电

我们的垃圾焚烧发电厂大多采用与浙江大学合作开发的异重循环流化床技术，具有较高的能源效率，且操作灵活，它能使垃圾完全燃烧，适用于各种类型的垃圾，尤其是含水量高且热值低的中国城市垃圾。循环流化床技术可以有效地将废弃物中的能量转化为绿色能源，锦江环境是中国第一家使用这项先进技术的民营垃圾焚烧发电运营商。

将预处理后的垃圾和通过垃圾发酵产生的柴油、煤、甲烷等辅助燃料一起加入锅炉中，焚烧过程就开始了。在接触到炉膛底部灼热的炉床后，垃圾混合物将被加热到流化状态并开始燃烧，在系统内循环多次后达到完全燃烧。在该过程中产生的热量将产生蒸汽转动涡轮机，从而产生发电。

炉排炉技术是目前垃圾焚烧行业两大技术流派之一，锦江环境除了发展流化床工艺外，还对炉排炉工艺进行了引进和应用，同包括上海康恒、中国天楹、光大环保、重庆三峰等企业展开炉排炉项目合作，对生活垃圾、工业垃圾的焚烧情况进行分析评判，根据不同的项目选择合适的炉型。公司力争在国产化垃圾焚烧发电技术方面做推广者和引领者，在流化床技术和炉排炉技术应用方面做整合提升者。

Jinjiang Environment keeps detailed records on the input materials and energy sources as shown in the table below. This allows the Company to identify areas for improvement in the longer term. In 2018, an equivalent of 3,999,680 MWh[7] of total purchased energy was consumed, while in turn, 2,228,166 MWh of green electricity and 2.916 million tonnes of steam were generated[8].

锦江环境对入炉的物料和能源都有详细记录，如下表所示。从长远看，这使公司能够确定需改进的领域。在2018年，消耗了相当于3,999,680 MWh[7]的总购买能量，但反过来，产生的绿色电力为2,228,166MWh，产生的蒸汽为2,916千吨[8]。

Table 2 Material consumption, energy consumption, and green energy generation in FY2018
表2 2018年物料消耗、能源消耗和产生的绿色能源

FY2018 2018财年	Unit 单位	Amount 数量
Renewable materials 可再生物质		
Municipal Solid Waste 城市固体废物	Tonnes 吨	8,253,000
Non-renewable materials 非可再生物质		
Lime 石灰	Tonnes 吨	33,182
Ammonia 氨水	Tonnes 吨	9,808
Activated Carbon 活性炭	Tonnes 吨	2,246
Hydrochloric Acid 盐酸	Tonnes 吨	2,195
Purchased energy 购买的能源	**MWh** 兆瓦时	**3,999,680**
Electricity 电	MWh 兆瓦时	32,353
Coal 煤	Tonnes 吨	550,310
Diesel 柴油	Tonnes 吨	1,947
Green energy generated 产生的绿色能源		
Electricity 电	MWh 兆瓦时	2,228,166
Steam 蒸汽	Thousand Tonnes 千吨	2,916

7 Conversion factor obtained from "Net calorific value of fuels" by Intergovernmental Panel on Climate Change (IPCC,2006)
政府间气候变化专门委员会（IPCC，2006）提出的"燃料净卡路里值"转换因子：
• 7.167 MWh per tonne of other bituminous coal其他烟煤：7.167MWh每吨
• 11.944 MWh per tonnes of diesel 柴油：11.944MWh每吨

8 Material consumption, energy consumption and green energy generated include the Zibo Jinjiang WTE Facility in Shandong Province, which ceased operations during 2018.
物料消耗、能源消耗和产生的绿色能源数据包括2018年间关停的山东淄博电厂。

GREEN OPERATIONS
绿色经营

Integrated resource utilisation and pollution control

Following the principles of integrated resource utilisation, Jinjiang Environment recycles waste products generated during the WTE process whenever possible. For non-hazardous waste, Jinjiang Environment works with downstream business partners to convert waste into useful resources. For example, bottom ash is processed into sustainable building materials used in construction, roadbeds and soil restoration. For hazardous waste which cannot be safely recycled, Jinjiang Environment strictly follows environmental regulations on waste treatment and discharge to prevent any pollution. For example, fly ash, which is high in heavy metal, is properly treated to safe standards, before being sent to landfills. In 2018, 805,602 tonnes of fly ash (hazardous waste) was sent to landfill, while 848,581 tonnes of bottom ash (non-hazardous waste) was sent for recycling. In 2019, our WTE plants aim to continue monitoring the quality of the waste and effluents discharged in compliance with environmental legislation.

All our WTE plants comply with the requirements of the Ministry of Ecology and Environment ("MEE") on the "Install, Display and Connect" principle. Each of our WTE plants has installed an automated pollution monitoring system to measure real-time emission data. This system is connected to the MEE database for constant governance surveillance. At the same time, real-time emission data and the operational status of the main furnaces are displayed at prominent locations for public supervision. Moving forward, we aim to improve our information transparency and openness to enable public supervision, build trust and encourage improvement in our environmental performance.

污染控制和资源综合利用

锦江环境本着资源综合利用的原则，尽可能回收利用在垃圾焚烧发电过程中产生的废弃物。对于非危险废物，锦江环境与下游业务伙伴合作，将废物转化为有用资源，如炉渣被加工成可持续建筑材料，用于建筑、路基和土壤修复。对于不能安全回收利用的危险废物，锦江环境严格执行《废物处理和排放环境管理规定》，杜绝污染，如在重金属含量高的飞灰被送往垃圾填埋场之前进行适当处理。2018年，805,602吨飞灰（危险废物）被送往垃圾填埋场，848,581吨的炉渣（非危险废物）被送去回收。2019年，我们将继续监测废弃物与污水排放质量以符合环境法规。

我们所有的WTE厂都符合生态环境部关于"装、树、联"原则的要求。每个垃圾发电厂都安装了自动监测的设备，并在电厂明显的位置显示实时排放和运行状态。我们的污染监测系统与生态环境部数据库相连，以实现持续治理监督。展望未来，我们将加强我们的信息透明度和开放性以促进公众监督、建立信任并改善我们的环境表现。

Figure 3 Real-time emission display of Wenling Green New Energy Co. Ltd, Zhejiang Province
图3浙江省温岭绿能新能源有限公司展示的实时排放

The new generation WTE plant: Linzi Power Plant
新一代垃圾发电厂：临淄电厂

In July 2018, Jinjiang Environment's Linzi Power Plant Phase One in Zibo City, Shandong Province, successfully started its operational trial for on-the-grid power generation. Linzi Power Plant Phase One has a daily waste treatment capacity of 2,000 tonnes and an installed electricity generation capacity of 40 MW. Adopting a state-of-the-art bio-drying and sorting system adopted from overseas, Linzi Power Plant is one of the first in China to be equipped with such advanced technology. Achieving full automation, the entire plant is operated through a sophisticated system of remote controls. The plant uses the heat generated in biological fermentation to remove moisture content in waste, improving the calorific value of waste from the typical 1000 ("kcal") per kilogram ("kg") to about 2,500 kcal/kg. Bio-drying also improves the consistency of waste, thus facilitating storage and sorting. Subsequently, dried waste is sorted to recover high-qualify solid recovered fuel and recyclables such as metal and glass. This process greatly improves the combustibility of waste and completely eliminates the need for auxiliary fuels, thus improving resource efficiency. Meanwhile, the plant also adopts various advanced technologies and equipment from Europe to holistically manage its discharge, preventing environmental pollution. Linzi Power Plant is one of our flagship projects in demonstrating how we can achieve our goal of "reducing waste volume, converting waste into resources and hazard-free waste treatment".

2018年7月，山东省淄博市临淄电厂一期成功并网发电试运营。临淄电厂一期日处理原生生活垃圾2,000吨，装机容量40兆瓦。临淄电厂首次引进全套国外先进的垃圾干化、机械分选技术，成为国内首家采用国外先进技术处理垃圾工艺的公司，全厂采用远程控制，实现全厂自动化运行。这种技术利用生物发酵产生的热量去除生活垃圾中的水分，干化后的垃圾可以从一般1000kcal/kg的热值提高到约2,500kcal/kg的热值，干化后的垃圾可以使机械分选更为方便，分拣后产生高质量的固体回收燃料（SRF），还能回收金属、玻璃等资源；干化后的垃圾成分相对单一，便于储存和燃烧。该过程完全消除了对辅助燃料的需求，从而提高了资源效率。同时，该厂还采用欧洲各种先进技术和设备，全面管理其排放，防止环境污染，真正实现垃圾减量化、资源化、无害化。

TALENT TRAINING AND ADVANCEMENT
人才培养与提升

Maintaining a positive and harmonious working environment is an important cultural aspiration of Jinjiang Environment. In a dynamic business environment, we recognise that retaining and investing in our human capital is key to our continued growth. As such, we have developed a comprehensive set of strategies and policies, governing our talent attraction, retention and development.

Jinjiang Environment's human resource policies are grounded in equal opportunities and fair employment practices. All qualified candidates are considered for employment without discrimination of gender, age, ethnicity, religion and national origin. We are committed to creating a diversified and inclusive working environment where each individual's unique talents, experiences and perspectives are respected. As of 31 December 2018, Jinjiang Environment has a total of 7 board members and 2,196 permanent employees. The charts below provide a quantitative measure of board and employee diversity.

保持积极和谐的工作环境是锦江环境的重要企业文化。在充满活力的商业环境中，我们认识到保留和投资人力资本是我们实践愿景及持续增长的关键。因此，我们制定了一套全面规范的战略和政策，以吸纳、保留和发展优秀人才。

锦江环境的人力资源政策以平等机会和公平就业为基础。所有合格的候选人都被考虑就业，不受性别、年龄、种族、宗教和国籍的歧视。我们努力创造一个多元化和包容性的工作环境，尊重每个人的独特才能、经验和观点。截至2018年12月31日，锦江环境共有7名董事会成员和2,196名长期雇员。下面的图表提供了董事会和员工多样性的量化指标。

TALENT TRAINING AND ADVANCEMENT
人才培养与提升

FY2018 Board of Directors 2018财年董事会成员

By Country of Residence
按居住国家
China 中国: 4
Singapore 新加坡 : 3

By Gender
按性别
Female 女性: 1
Male 男性 : 6

By Age Group
按年龄
<30 years old 30岁以下 : 0
30 – 50 years old 30-50岁: 1
> 50 years old 50岁以上: 6

FY2018 Workforce 2018财年人才团队

By Location
按地区
China 中国: 1,643
Singapore 新加坡: 2
India 印度:521
Indonesia 印度尼西亚: 6
Brazil 巴西: 2
Germany德国： 22

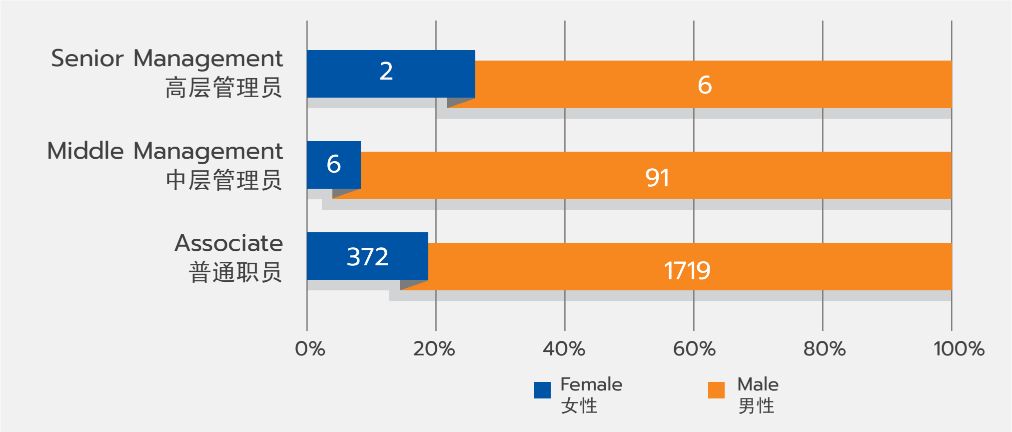
By Gender
按性别
Female 女性: 380
Male 男性 : 1,816

By Employee Category
按员工类别类别
Senior Management
高层管理员: 8
Middle Management
中层管理员:97
Associate 普通职员: 2,091

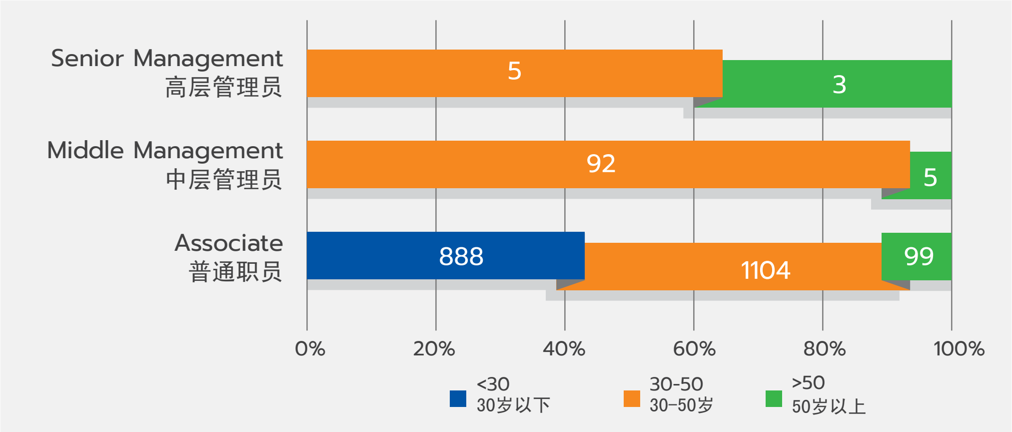
By Age Group
按年龄
<30 years old 30 岁以下: 888
30 – 50 years old 30-50 岁: 1,201
> 50 years old 50 岁以上: 107

Percentage of Employee per Employee Category
员工类别的员工百分比

By Gender 按性别



By Age Group 按年龄



Jinjiang Environment seeks to create a harmonious, collaborative and inclusive working environment. The company organises frequent employee bonding activities, such as basketball games, outreach programmes, singing competitions and so on, to enhance team cohesion. The case study below demonstrates the exceptional levels of team camaraderie and bonding.

锦江环境致力于营造和谐、协作、包容的工作环境。公司经常组织员工开展篮球比赛、拓展活动、歌唱比赛等团建活动，增强团队凝聚力。以下的案例展示了锦江环境团队优秀的凝聚力。

TALENT TRAINING AND ADVANCEMENT
人才培养与提升

Case Study: Caring for a colleague 案例研究：关心同事

In 2018, one of Jinjiang Environment's employee from Linzi Power Plant unfortunately suffered a medical emergency. The patient lost a large amount of blood and the situation was very critical. Due to the complexity of the syndromes, the patient had to be sent to a distant hospital to seek immediate medical attention. Despite being late at night, half a dozen caring colleagues accompanied the patient to the next city for treatment and donated blood on the spot out of their own goodwill. Meanwhile, many other colleagues stationed in Linzi Power Plant heard about the situation and proactively prepared their blood donation certificates, in view that they expedite the blood donation process if such needs arise. After 10 hours of operation, the patient's condition was stabilised and has since steadily recovered. This incident is a powerful testimony of the strong bonds within our team and how forthcoming our people are to offer help to those in need.

2018年，锦江环境临淄电厂的一名员工不幸突发疾病，失血过多，情况非常危急。由于症状的极为复杂，患者必须马上被送往较远的大医院实施抢救。尽管当时已是深夜时分，但是仍有许多满怀爱心的同事自发组织起来，陪同病人到其他城市的大医院接受治疗。到医院后，在场的同事更是自发进行紧急献血，每个人都尽自己最大努力来挽救同事的生命。与此同时，临淄电厂的各层员工们自发准备献血证，随时准备奉献爱心。通过各方的努力，患者在接受了长达10小时的手术后，脱离了生命危险，现已恢复稳定。这一案例有力地证明了我们团队的凝聚力，以及我们的员工乐于助人的优秀品质。

The Human Resource (HR) Department closely monitors the new hires and turnover rate for strategic planning of our workforce. In 2018, in line with our business expansion, we have grown our workforce. In China and Singapore, we had 280 new employees and 91 turnovers in 2018. The overall annual new hires rate was 17 % and the annual turnover rate was 6% for China and Singapore.

人力资源部（HR）密切关注员工的入职率和离职率，以此进行人员的战略性规划。2018年，随着业务的扩展，我们的员工队伍不断壮大。在中国和新加坡，2018年入职新员工为280人，离职人员为91人。中国和新加坡的整体年度员工入职率为17%，年流动率为6%。

Table 3 Employee new hires and turnover by age group, gender and region in FY2018[9]

表3按年龄层、性别和地区的2018财年雇员新进员工和离职员工[9]

FY2018 2018财年	New hires 新员工		Turnovers 流动	
	Number of individuals 个人数	Annual rate 年率	Number of individuals 个人数	Annual rate 年率
By age group 按年龄层				
< 30 years old 30岁以下	148	24%	50	8%
30 - 50 years old 30-50岁	128	13%	40	4%
> 50 years old 50岁以上	4	5%	1	1%
By gender 按性别				
Male 男性	215	17%	71	5%
Female 女性	65	19%	20	6%
By region 按地区				
China 中国	280	17%	91	6%
Singapore 新加坡	0	0%	0	0%
Overall 总计				
Overall 总计	280	17%	91	6%

9 Statistics on new hires, turnover, average hours of training per employee and percentage employee receiving regular performance review pertain only to employees in China and Singapore. Since WTE projects in other regions are still in the preparatory stage and not yet in operation, workforce and training data for those regions are not available at the moment and will be considered for inclusion in future periods.
新员工、营业额、每个员工平均培训时数和定期绩效考核百分比的统计数据仅只在中国和新加坡的员工。由于其他地区的WTE项目尚未投运，目前无法获得这些地区的人员和培训数据，将考虑在未来涵盖这些地区数据。

TALENT TRAINING AND ADVANCEMENT
人才培养与提升

Grooming competent and motivated employees is one of our priorities. We aim to provide our employees with opportunities for systematic, relevant and continued training. During the year, we achieved a minimum of one hour of e-learning on our online learning portal for each employee every month. Our training and development programmes are tailored to the learning needs of our employees across a variety of topics, including job-specific skills, leadership skills, as well as language and communication skills. We also support employees to take part in external trainings, building up their managerial and technological capacities. For example, potential future leaders are sponsored to be enrolled in the MBA programme and seminars offered by Zhejiang University. To encourage global perspectives, we send our best talents to overseas study trips to learn from global leading technologies. The HR Department tracks training attendance and gathers feedback to encourage participation and identify areas for improvement. In China and Singapore, Jinjiang Environment has achieved an average of 63 hours of training per employee during 2018.

培养有能力和积极进取的员工是锦江环境的首要任务之一。我们的目标是为员工提供系统、合适和持续培训的机会。让每位员工每个月至少接受1小时的网络学院培训，此外我们会根据员工的学习需求，为其量身定制培训和发展计划，其中包括职业技能、领导技能以及语言沟通技巧。另外，我们还鼓励员工参加外部培训，以此来提高管理和技术能力。例如，公司将赞助潜在的未来领导者参加由浙江大学提供的MBA课程和研讨会；为了培养全球视野，我们将最优秀的人才派往海外进行学习深造，以学习全球先进的技术和经验。与此同时，人力资源部会记录培训出勤情况并收集反馈意见，以鼓励参与培训并明确其需要改进的领域。2018年，锦江环境在中国和新加坡员工平均培训时间为63小时。

Table 4 Average hours of training by gender and employee category in FY2018[9]

表4 2018年按性别和雇员类别的培训时长[9]

FY2018 2018财年	Average hours of training per permanent employee per year (hours) 每位员工每年的平均培训时长（小时）
By gender 按性别	
Female 女性	64
Male 男性	63
By employee category 按雇员类别	
Associate 普通职员	64
Middle management 中层管理员	55
Senior management 高级管理员	47
Overall 总计	
Overall 总计	63

Building up a talent pool: "Young Eagle Project" 建立人才库："雏鹰计划"

Grooming a talent pool with the right skills provides a solid foundation for Jinjiang Environment to realize our vision and strategic goals. We enroll new employees of high caliber and outstanding management potential in the "Young Eagle Project". The project has four main phases, including orientation training, job rotation, in-depth on-the-job training and performance evaluation. Guided by mentors and HR professionals, this project allows candidates to explore their interest and strength, thus identifying the most suitable job positions. At the same time, being exposed to different departments and fellow colleagues, the "Young Eagle Project" also provides candidates an overview of Jinjiang Environment's various business lines and encourages interdepartmental cooperation. The "Young Eagle Project" helps us to groom a pipeline of future leaders and enhance employees' sense of belonging.

培养合适的技能人才团队为锦江环境实现愿景和战略目标奠定了坚实的基础。我们通过"雏鹰计划"招募高素质、具有管理潜力的优秀员工。该项目有定向培训、工作轮换、深入在职培训和绩效评估四个主要阶段，在导师和人力资源专业人士的指导下，该项目通过让备选人才探索他们的兴趣和长处，从而确定最合适的工作岗位。与此同时，"雏鹰计划"中备选人才也会涉及与不同部门和同事的接触，加深对各项业务线的概述，并鼓励跨部门合作。"雏鹰计划"是帮助公司培养未来领导者、增强员工的归属感的重要渠道。

TALENT TRAINING AND ADVANCEMENT
人才培养与提升

To support long-term career development, Jinjiang Environment conducts regular performance reviews to communicate employees' performance and career goals. The review provides feedback on areas of improvement and is used as a basis for decisions such as bonus, promotion and internal transfers. In 2018, 100 % of employees in China and Singapore have received a performance review at least once from their supervisors. In the coming year, we will continue to offer training and career development programmes. In 2019, we target to achieve at least on average 68 hours of training per employee per year and provide performance review to all employees across our operations in China and Singapore.

为了帮助员工实现长期的职业发展，锦江环境定期进行绩效评估，以评估员工的绩效和制定职业目标。审核提供有关改进领域的反馈，并为奖励、升职和内部转岗等决策提供参考。在2018年，全体员工至少从其主管那里接受过一次的绩效评估。在来年，我们将继续提供培训和职业发展计划，目标是每位员工每年平均接受至少68小时的培训，并为中国和新加坡所有员工提供绩效评估。

OCCUPATIONAL HEALTH AND SAFETY
职业健康和安全

Jinjiang Environment recognises its responsibility to provide a safe and healthy environment for its employees. The company continuously identifies potential safety hazards and implements precautions to minimise the risks. We adhere to relevant occupational health and safety ("OHS") laws and regulations and uphold the "Three Concurrent" principle, ensuring safety features are designed, built and implemented concurrently with any new projects.

锦江环境认为有责任为员工提供安全健康的工作环境，公司不断识别潜在的安全隐患，并采取预防措施以尽可能降低风险。我们坚持相关的职业健康安全（“OHS”）法律法规，坚持“三同时”原则，确保安全功能的设计、建立与实施和每个新项目同时进行。

In line with the Group's commitment to promote employee wellness, Jinjiang Environment offers all employees complimentary health check-ups. The practising technical employees will also receive regular complimentary screenings for occupational diseases, enabling early identification of potential health-related hazards.

根据集团对促进员工健康的承诺，锦江环境为所有员工提供的免费健康检查。企业实际操作的技术人员还将获得长久免费的职业病健康体检，以便及早识别潜在的疾病危害。

Jinjiang Environment has set up or is the process of setting up OHS systems in each WTE plant following the internationally recognised OHSAS 18001 Standards. This establishes a robust system to identify, manage and monitor OHS-related risks. The management system sets out responsibilities and contingency plans in preparation of potential crisis. The operation teams on the ground conduct regular maintenance of equipment and enhance safety precautionary features. The HR Department closely tracks and analyses our safety record for continued improvement.

锦江环境已按照国际公认的OHSAS 18001标准在每个垃圾发电厂建立或拟建立OHS系统，来识别、管理和监控OHS相关风险，管理系统制定责任和应急计划，以应对潜在的危机；当地的运营团队定期维护设备并增强安全预防功能。人力资源部门密切跟踪和分析员工的安全记录，以便持续改进。

Jinjiang Environment is committed to building a strong safety culture through training and education. All new employees are required to undergo compulsory safety training prior to their commencement of work. OHS policies and management systems are clearly communicated to employees. Meanwhile, the training programmes also highlight areas of high risks, such as fire hazards, operation of machinery and handling of hazardous chemicals, and the respective safety precautions. Moreover, we also include safety trainings as part of our engagement procedure with contractors, thus extending the safety culture into our value chain.

锦江环境致力于通过培训和教育建立强大的安全文化。所有新员工在开始工作前都必须接受安全培训，学习OHS政策、管理系统以及高风险领域的安全防护措施。此外，公司还将安全培训作为我们与承包商的互动程序的一部分，从而将安全文化扩展到公司的价值链中。

In 2018, throughout Jinjiang Environment's operations, there were zero employee workplace fatalities and zero workplace injuries. In the coming year, Jinjiang Environment aims to maintain the same good safety record with zero workplace injuries and fatalities for employees.

2018年，在锦江环境的运营过程中，员工因工伤亡事件为零。下一年，锦江环境旨在保持同样良好的安全记录，零员工工伤与死亡。

REGULATORY COMPLIANCE
监管合规

Committed to sustainable development, Jinjiang Environment exercises strong corporate governance to manage the company's ESG performance. We continue to strengthen our internal control and risk management protocols, to adhere to relevant laws and regulations and uphold a high level of business ethics.

锦江环境重视并有力地管理可持续发展业绩，继续加强内部控制和风险管理，坚持出台实施相关法律法规，保持高水平的商业道德。

Jinjiang Environment takes a strong stance against all forms of corruption. Employees are required to abide by the Employee Code of Conduct, which gives guidance on issues including the prohibition of bribery, management of conflicts of interest and anti-corruption. The company has established a whistle-blowing channel for employees to report any suspected violations. In 2018, there were no confirmed incidents of corruption. In the coming year, Jinjiang Environment aims to maintain zero incidents of confirmed corruption.

锦江环境在反腐倡廉的问题上立场坚定、态度鲜明，员工必须遵守“员工行为准则”，尤其需要在禁止贿赂、利益冲突管理、反腐等问题上符合公司要求。公司已设立举报渠道，以便员工举报任何涉嫌违规行为。2018年，公司没有发生腐败事件。在接下来的一年，锦江环境的目标是保持零确认腐败事件。

The company also adheres to relevant environmental and social laws concerning issues like emissions and waste, air emissions, environmental disclosure requirements, labour practices and OHS practices. The Company's compliance records are closely monitored and audited by the Enterprise Risk Management ("ERM") Department. Any major disruptions to operation or compliance-related breaches will be reported promptly and an internal investigation will be conducted.

公司遵守废物排放、环境披露、劳工实践和职业健康安全实践等相关方面的法律法规。公司的合规记录由公司风控（“ERM”）部门密切监控和审核，任何重大的运营中断或违规行为都将立即报告并进行彻底的内部调查。

Jinjiang Environment acknowledges the changing regulatory environment and actively manages its compliance risks. The Management, technical teams and the ERM Department communicate regularly with regulators and industrial associations, and actively participate in the consultation of new laws and regulations. Our internal risk management policies and employee communications are updated on a timely basis. In 2018, the Company engaged law firm Rajah & Tann Singapore to conduct training on the listing rules for the Management and relevant personnel across different functions. The training aimed to strengthen corporate governance and raise awareness on regulatory compliance, which help to build the foundation of sustainable development of the Company. Moreover, the ERM Department initiated several compliance training sessions across different WTE plants, to emphasis on the importance of compliance and update new areas of law. Examples of topics include risk management in contracting procedures and human resources. Moving forward, we will continue to enhance our compliance training and keep abreast of new regulatory updates. In 2019, we target to offer compliance-focused training on topics such as anti-corruption, internal control, corporate governance, as well as relevant laws and regulations.

锦江环境主动适应不断变化的监管环境，并积极管理合规风险，公司管理团队、技术团队、风控部门定期与监管机构、行业协会沟通，积极参与行业新法律法规的协商讨论。公司及时更新内部风险管理政策和员工沟通机制。2018年，公司特邀新加坡立杰律师事务所，为公司领导、各部门同事进行上市守则培训，提升上市公司的规范治理水平、合法合规工作意识，让企业更好地可持续发展。此外，公司风控部门在不同的垃圾发电厂开展了包括合同程序和人力资源的风险管理在内的多项合规培训，强调合规的重要性，并将新施行的法律进行宣贯。接下来，我们将继续加强监管合规培训，关注新的法律法规。2019年，我们计划开展廉洁从业、内部控制、三会治理、法律法规等专题培训项目。

ADDITIONAL DISCLOSURE: LOCAL COMMUNITY
附加披露：当地社区

In 2018, we participated in various community service projects to create positive social impacts, as described below.

2018年，我们参与了各种社会公益项目，产生了积极的社会影响，如下所述。

1. Waste treatment for earthquake impacted area
地震灾区的废弃物处理

On 28 May 2018, a 5.1-magnitude earthquake struck Songyuan Area in Jilin Province. Throughout the month of June 2018, there were frequent aftershocks in the epicentre, Maoduzhan Town. Without any proper waste treatment, municipal waste started to pile up under the summer heat, posing potential threats to human health and the environment. To protect the local community and environment, Jinjiang Environment's WTE plant located in Songyuan Area proactively offered pro-bono waste treatment services and organised donation drives. This provided much-needed help to the local government and benefitted the local community.

2018年5月28日，吉林省松原地区发生5.1级地震。整个2018年6月，震中毛都站镇频繁发生余震，因缺乏恰当的废弃物处理，导致垃圾在炎热的夏季堆积摆放，对人类健康和环境构成潜在威胁。为了保护当地社区和环境，位于松原地区的锦江环境垃圾发电厂为毛都站镇提供无偿垃圾处理服务并组织捐款，不仅为当地政府提供了急需的帮助，还让当地社区、群众受益。

Figure 4 Jinjiang Environment Jilin Songyuan plant helping to treat municipal waste for Maoduzhan Town in the aftermath of the earthquake.
图4锦江环境吉林松原电厂帮助毛都站镇在震后处理城市垃圾

2. Green Love with Books
绿意伴书香

In 2018, we organised the "Green Love with Books" donation drive for underprivileged children in our Corporate Headquarters. Employees were encouraged to donate storybooks, inspirational books and reference books that are suitable for children. Within a single day, Jinjiang employees donated more than 500 books. The books were subsequently sanitised, sorted and sent to schools under the Hope Project, children with financial difficulties, as well as the left-behind children[10] in the rural regions of China. In return, employees were given potted plants as tokens of appreciation. This activity helped to promote "green" lifestyle and raise awareness on the concept of reuse among employees.

2018年，我们为贫困儿童组织"绿意伴书香"绿色捐赠活动。鼓励公司总部员工捐赠故事书、励志书籍和参考书等儿童书籍。在2018年，一天内共有500余本书籍被送到希望工程下的学校，这些书籍在消毒、分类后被捐赠给经济困难的孩子以及中国农村地区的留守儿童[10]；作为回报，员工可获得盆栽植物作为活动的纪念品。这项活动有助于促进"绿色"的生活方式，并加深员工对资源再利用的概念。

Figure 5 Employees participating in "Green Love with Book" donation drive
图5员工参与"绿意伴书香"捐赠活动

[10] The "left-behind children" refer to children who remain in rural regions of China, while their parents leave to work in urban areas. In many cases, these children are taken care of by relatives who live in the rural regions.
留守儿童指在中国偏远地区，当其父母前往城市工作时被留在家的儿童。在多数情况下，这些孩子由在乡村地区的亲戚照顾。

3. Visiting elderly persons in the local community
慰问当地老人

On 2018 Double Ninth Festival, one of our WTE plant organised a charitable visit to elderly persons from the nearby community. Employees donated necessities and brought educational pamphlets on WTE. This initiative celebrated the traditional virtue of respecting and caring for the old, while at the same time, promoted environmental education.

2018年重阳节，锦江环境下属电厂组织慰问企业周边老人，为老人们送去生活必备物资、发放垃圾发电科普宣传手册，传承敬老、爱老精神的同时，宣传环保知识。

Figure 6 Jinjiang Kunming Xishan plant employees giving our necessities to elderly persons.
图6 锦江昆明西山电厂员工为老人们送去物资

4. Performances and Corporate Social Responsibility ("CSR")activities for the Local Community
当地社区的演出和企业社会责任（CSR）活动

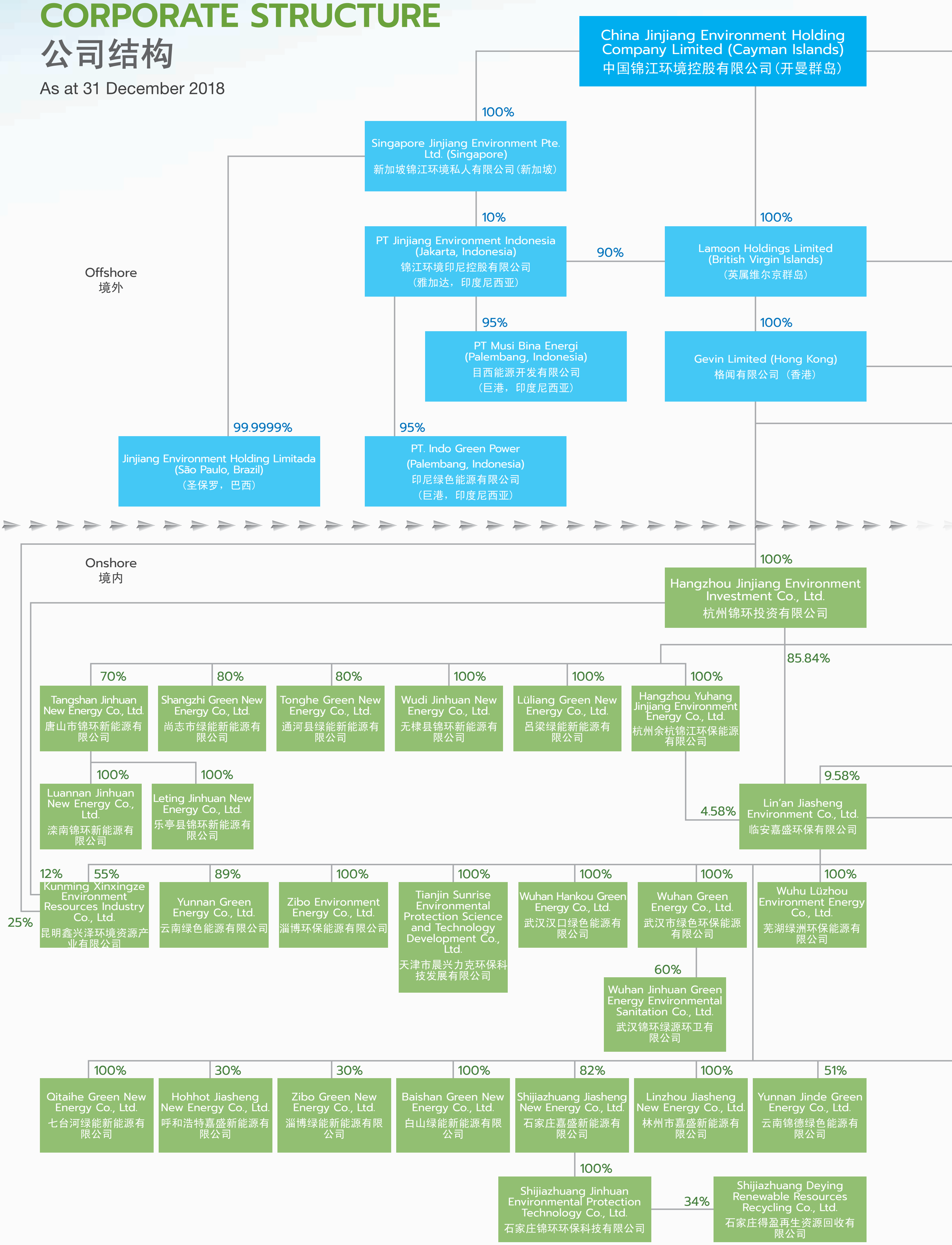
As a means of giving back to the society, Jinjiang Environment collaborated with the local community on various CSR activities. The Company actively contributed to the local "Spring Breeze" programme, taking targeted measures to help the financially challenged, sponsoring local cultural events, and organising performances. These activities helped to build trust and maintain a positive relationship with the local community

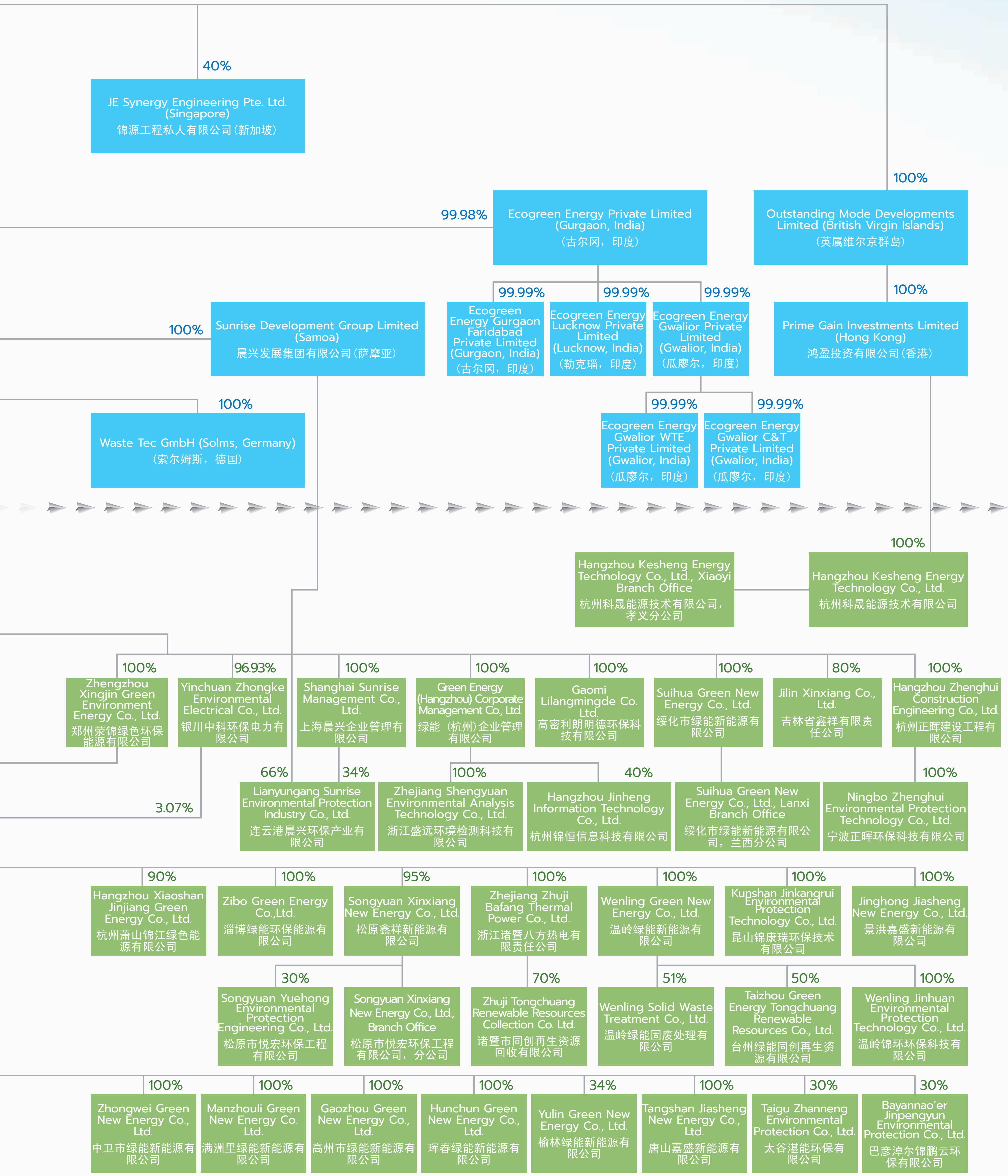
为了回馈社会，锦江环境与当地社区合作，积极参与当地“春风行动”、精准扶贫、赞助当地文体活动，并组织相关演出和企业社会责任活动，建立企业与群众之间的信任并与当地社区保持积极的关系。

Figure 7 Jinjiang Wuhan Wuchang plant employees helping to organise performances for the local community.
图7 锦江武汉武昌电厂员工协助组织当地社区演出

CORPORATE STRUCTURE
公司结构

As at 31 December 2018




40%
JE Synergy Engineering Pte. Ltd. (Singapore)
锦源工程私人有限公司（新加坡）
100%
99.98%
Ecogreen Energy Private Limited (Gurgaon, India)
（古尔冈，印度）
Outstanding Mode Developments Limited (British Virgin Islands)
（英属维尔京群岛）
99.99%
99.99%
99.99%
100%
100%
Sunrise Development Group Limited (Samoa)
晨兴发展集团有限公司（萨摩亚）
Ecogreen Energy Gurgaon Faridabad Private Limited (Gurgaon, India)
（古尔冈，印度）
Ecogreen Energy Lucknow Private Limited (Lucknow, India)
（勒克瑙，印度）
Ecogreen Energy Gwalior Private Limited (Gwalior, India)
（瓜廖尔，印度）
Prime Gain Investments Limited (Hong Kong)
鸿盈投资有限公司（香港）
100%
99.99%
99.99%
Waste Tec GmbH (Solms, Germany)
（索尔姆斯，德国）
Ecogreen Energy Gwalior WTE Private Limited (Gwalior, India)
（瓜廖尔，印度）
Ecogreen Energy Gwalior C&T Private Limited (Gwalior, India)
（瓜廖尔，印度）
100%
Hangzhou Kesheng Energy Technology Co., Ltd., Xiaoyi Branch Office
杭州科晟能源技术有限公司，孝义分公司
Hangzhou Kesheng Energy Technology Co., Ltd.
杭州科晟能源技术有限公司
100%
96.93%
100%
100%
100%
100%
80%
100%
Zhengzhou Xingjin Green Environment Energy Co., Ltd.
郑州荥锦绿色环保能源有限公司
Yinchuan Zhongke Environmental Electrical Co., Ltd.
银川中科环保电力有限公司
Shanghai Sunrise Management Co., Ltd.
上海晨兴企业管理有限公司
Green Energy (Hangzhou) Corporate Management Co., Ltd.
绿能（杭州）企业管理有限公司
Gaomi Lilangmingde Co. Ltd.
高密利朗明德环保科技有限公司
Suihua Green New Energy Co., Ltd.
绥化市绿能新能源有限公司
Jilin Xinxiang Co., Ltd.
吉林省鑫祥有限责任公司
Hangzhou Zhenghui Construction Engineering Co., Ltd.
杭州正晖建设工程有限公司
66%
34%
100%
40%
100%
3.07%
Lianyungang Sunrise Environmental Protection Industry Co., Ltd.
连云港晨兴环保产业有限公司
Zhejiang Shengyuan Environmental Analysis Technology Co., Ltd.
浙江盛远环境检测科技有限公司
Hangzhou Jinheng Information Technology Co., Ltd.
杭州锦恒信息科技有限公司
Suihua Green New Energy Co., Ltd., Lanxi Branch Office
绥化市绿能新能源有限公司，兰西分公司
Ningbo Zhenghui Environmental Protection Technology Co., Ltd.
宁波正晖环保科技有限公司
90%
100%
95%
100%
100%
100%
100%
Hangzhou Xiaoshan Jinjiang Green Energy Co., Ltd.
杭州萧山锦江绿色能源有限公司
Zibo Green Energy Co.,Ltd.
淄博绿能环保能源有限公司
Songyuan Xinxiang New Energy Co., Ltd.
松原鑫祥新能源有限公司
Zhejiang Zhuji Bafang Thermal Power Co., Ltd.
浙江诸暨八方热电有限责任公司
Wenling Green New Energy Co., Ltd.
温岭绿能新能源有限公司
Kunshan Jinkangrui Environmental Protection Technology Co., Ltd.
昆山锦康瑞环保技术有限公司
Jinghong Jiasheng New Energy Co., Ltd.
景洪嘉盛新能源有限公司
30%
70%
51%
50%
100%
Songyuan Yuehong Environmental Protection Engineering Co., Ltd.
松原市悦宏环保工程有限公司
Songyuan Xinxiang New Energy Co., Ltd., Branch Office
松原市悦宏环保工程有限公司，分公司
Zhuji Tongchuang Renewable Resources Collection Co. Ltd.
诸暨市同创再生资源回收有限公司
Wenling Solid Waste Treatment Co., Ltd.
温岭绿能固废处理有限公司
Taizhou Green Energy Tongchuang Renewable Resources Co., Ltd.
台州绿能同创再生资源有限公司
Wenling Jinhuan Environmental Protection Technology Co., Ltd.
温岭锦环环保科技有限公司
100%
100%
100%
100%
34%
100%
30%
30%
Zhongwei Green New Energy Co., Ltd.
中卫市绿能新能源有限公司
Manzhouli Green New Energy Co. Ltd.
满洲里绿能新能源有限公司
Gaozhou Green New Energy Co., Ltd.
高州市绿能新能源有限公司
Hunchun Green New Energy Co., Ltd.
珲春绿能新能源有限公司
Yulin Green New Energy Co., Ltd.
榆林绿能新能源有限公司
Tangshan Jiasheng New Energy Co., Ltd.
唐山嘉盛新能源有限公司
Taigu Zhanneng Environmental Protection Co., Ltd.
太谷湛能环保有限公司
Bayannao'er Jinpengyun Environmental Protection Co., Ltd.
巴彦淖尔锦鹏云环保有限公司

CORPORATE INFORMATION
公司信息

BOARD OF DIRECTORS
Wang Yuanluo
(Non-Executive, Non-Independent Chairman)
Zhang Chao
(Executive Director and Chief Executive Officer)
Wang Ruihong
(Executive Director and Deputy General Manager)
Ang Swee Tian (Lead Independent Director)
Hee Theng Fong (Independent Director)
Tan Huay Lim (Independent Director)
Ni Mingjiang (Independent Director)

AUDIT AND RISK MANAGEMENT COMMITTEE
Tan Huay Lim (Chairman)
Ang Swee Tian (Member)
Hee Theng Fong (Member)

NOMINATING COMMITTEE
Ang Swee Tian (Chairman)
Wang Yuanluo (Member)
Tan Huay Lim (Member)
Ni Mingjiang (Member)

REMUNERATION COMMITTEE
Hee Theng Fong (Chairman)
Ang Swee Tian (Member)
Ni Mingjiang (Member)

JOINT COMPANY SECRETARIES
Choo Beng Lor (Chartered Accountant of Singapore)
Hoon Chi Tern (LLB (Hons))
Loh Lee Eng (ACIS)

REGISTERED OFFICE
Grand Pavilion
Hibiscus Way, 802 West Bay Road
P.O. Box 31119, KY1-1205
Cayman Islands

PRINCIPAL PLACE OF BUSINESS
111 Hushu South Road
Level 19, Jinjiang Building
Hangzhou City
Zhejiang Province, PRC

2 Venture Drive
#15-19 Vision Exchange
Singapore 608526

LEGAL ADVISER TO THE COMPANY AS TO SINGAPORE LAW
Rajah & Tann Singapore LLP
9 Battery Road
#25-01 MYP Centre
Singapore 049910

LEGAL ADVISER TO THE COMPANY AS TO PRC LAW
Jingtian & Gongcheng
34th Floor, Tower 3, China Central Place
77 Jianguo Road, Chaoyang District
Beijing 100025
People's Republic of China

LEGAL ADVISER TO THE COMPANY AS TO CAYMAN ISLANDS LAW AND BRITISH VIRGIN ISLANDS LAW
Walkers (Singapore) Limited Liability Partnership
3 Church Street
#16-02 Samsung Hub
Singapore 049483

INDEPENDENT AUDITORS
Deloitte & Touche LLP
6 Shenton Way
OUE Downtown 2
#33-00
Singapore 068809

Partner-in-charge: Mr Cheung Pui Yuen
(Member of the Institute of Singapore Chartered Accountants)
Date of appointment: 25 April 2017

SHARE REGISTRAR AND SHARE TRANSFER AGENT
Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

董事

王元珞（非执行、非独立董事长）
张超（执行董事和首席执行官）
王瑞红（执行董事和副总经理）
汪瑞典（首席独立董事）
许廷芳（独立董事）
陈怀林（独立董事）
倪明江（独立董事）

审计及风险管理委员会

陈怀林（主席）
汪瑞典（会员）
许廷芳（会员）

提名委员会

汪瑞典（主席）
王元珞（会员）
陈怀林（会员）
倪明江（会员）

薪酬委员会

许廷芳（主席）
汪瑞典（会员）
倪明江（会员）

联席公司秘书

朱明炉（新加坡注册会计师）
洪啟腾（法学学士（荣誉））
刘丽英（新加坡注册秘书）

注册办公室

Grand Pavilion
Hibiscus Way, 802 West Bay Road
P.O. Box 31119, KY1-1205
Cayman Islands

主要业务地点

浙江省杭州市湖墅南路111号锦江大厦19 层

探险大道2号 #15-19 愿景楼 新加坡邮区608526

公司的新加坡法律事务法律顾问

立杰律师事务所新加坡有限责任合伙
百得利路9号
#25-01, MYP 中心
新加坡邮区049910

公司的中国法律事务法律顾问

北京市竞天公诚律师事务所
中国北京朝阳区建国路77号
华贸中心3号写字楼34层
邮编：100025

公司的开曼群岛法律事务和英属维尔京群岛法律事务法律顾问

汇嘉开曼群岛律师事务所
新加坡三教堂街
#16-02 三星中心
新加坡邮区049483

独立审计师

德勤有限责任合伙人制
珊顿大道6号
OUE DOWNTOWN 2, 33楼
新加坡邮区068809

合作伙伴负责人：钟培源先生
（新加坡特许会计师协会会员）
委任日期：2017年4月25日

股票过户登记处和股票过户代理人

宝德隆集团有限公司
50 莱佛士坊
#32-01 新置地大厦
新加坡邮区048623

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

China Jinjiang Environment Holding Company Limited (the "**Company**" or "**Jinjiang Environment**") and its subsidiaries (collectively referred to as the "**Group**") is committed to maintaining good corporate governance in all its business activities.

This report sets out Jinjiang Environment's corporate governance practices with reference to the principles and guidelines of the Code of Corporate Governance 2018 (the "**CG Code**"). Where the Company's practices differ from the recommendations under the CG Code, the Company's position in respect of such differences is explained in this report.

Board Matters

Principle 1: The Board's Conduct of Affairs

Role of the Board
The Board oversees the Group's business and its performance. It has the responsibility for the overall management and governance of the Group. The Board's principal roles include guiding and establishing strategic and business objectives. The Board considers sustainability issues, including environmental and social factors, as part of its strategic formulation. Executives of the Board are tasked to execute these by setting direction and goals for management and staff and ensuring that the business of the Group is effectively managed and properly conducted day to day towards these ends. The Board ensures that the necessary financial and human resources are in place for the Group to meet its objectives, reviews the Group's performance and satisfies itself on the adequacy and effectiveness of the framework and processes for internal controls. Internal controls include financial, operational, compliance and information technology controls, as well as risk management for the safeguarding of shareholders' interests and Group's assets. The Board assumes the overall responsibility for good corporate governance.

The Group's key stakeholders include its shareholders, customers, suppliers, business partners, employees and the community. The Group has put in place a code of business and ethical conduct for its employees to ensure that obligations to these key stakeholders are understood and met.

Independent Judgement
All Directors are required to objectively discharge their duties and responsibilities in the interests of the Group. Directors who are directly or indirectly interested in a transaction or proposed transaction will declare the nature of their interests to the Board and voluntarily abstain from deliberation on the matter. The Board has established a Nominating Committee (the "**NC**") which makes recommendations to the Board on the appointments and re-appointments of the Directors and assesses their independence. The NC takes into account the Director's objectivity, independent thinking and judgement when assessing their independence.

Delegation by the Board
To assist in the execution of its responsibilities as a listed company, the Board has established an Audit Committee, which was renamed to the Audit and Risk Management Committee (the "**ARMC**") on 25 February 2019, a Remuneration Committee (the "**RC**") and an NC. These Committees function within clearly defined terms of references, which are reviewed on a periodic basis to ensure their continued relevance. The composition and effectiveness of each Committee is also periodically reviewed by the Board. The delegation of authority by the Board to the Committees enables the Board to achieve operational efficiency by empowering the Committees to decide on matters within their respective terms of reference, and yet without abdicating its responsibility.

The Committees are predominantly made up of independent non-executive Directors and are each chaired by an independent non-executive Director. The details of the membership in the Committees are set out as follows:

	ARMC	NC	RC
Wang Yuanluo		Member	
Ang Swee Tian	Member	Chairman	Member
Hee Theng Fong	Member		Chairman
Tan Huay Lim	Chairman	Member	
Ni Mingjiang		Member	Member

Board Processes
The Board meets at least quarterly, to coincide with the announcements of the Group's quarterly results and whenever necessary to address any specific significant matters that may arise. The proposed meeting schedules for each new calendar year are usually set out and notified to all Directors before the start of the new calendar year. Records of such meetings including key deliberations and decisions taken, are maintained by the Joint Company Secretaries. The Company's Articles of Association allow a Board meeting to be conducted by way of telephonic or video-conference. Board approval may be obtained via written resolutions by circulation.

The number of Board and Committee meetings held for the financial year ended 31 December ("**FY**") 2018 and the attendance of each Director where relevant is as follows:

Directors' Attendance at Board and Committee Meetings in FY2018

	Board	ARMC	NC	RC
Number of meetings held in FY2018	4	11	1	2
Name of Director	**Number of meetings attended in 2018**			
Wang Yuanluo	3	5 ^	1	1 ^
Zhang Chao[(1)]	2 ^ + 2	9 ^	1 ^	1 ^
Wang Wuzhong[(2)]	1	3 ^	1 ^	1 ^
Wang Ruihong	4	9 ^	1 ^	1 ^
Roy Edwin Campbell II[(3)]	2	7	1	1 ^
Ang Swee Tian	4	11	1	2
Hee Theng Fong	4	11	1 ^	2
Tan Huay Lim	4	11	1	2 ^
Ni Mingjiang	2	2^	1	2

^ : by invitation

(1) Mr Zhang Chao joined the Board on 30 April 2018. Prior to joining the Board, Mr Zhang Chao attended the Board, ARMC, NC and RC meetings in his capacity as Chief Executive Officer of the Company.

(2) Mr Wang Wuzhong retired from the Board on 30 April 2018. Mr Wang attended one out of two Board meetings held during his tenure in FY2018.

(3) Mr Roy Edwin Campbell II resigned from the Board on 21 July 2018. Mr Campbell attended all meetings held during his tenure in FY2018.

Despite the above disclosure, the Board is of the view that the contribution of each Director should not be only focused on the attendance at Board and Board Committee meetings but extends beyond attendance at meetings. A Director may share his or her opinion, advice and experience with other Directors and management and doing so can also further the interest of the Group.

Board Approval
The Board has identified certain key matters that are specifically reserved for approval by the Board, including:

- the Group's long-term objectives and commercial strategy, and the annual operating and capital expenditure budgets;
- material investments and acquisitions and disposal of assets or projects above certain specified thresholds;
- major corporate or financial restructuring, changes to the Group's capital structure and debt financing which results in the Group's gearing ratio exceeding certain limits specified in the Group's annual budget;
- dividend policy and any changes thereto, and the declaration or recommendation of dividends;

- the results of the Company, the annual report, significant changes in accounting policies or practices, transactions whereby there is a conflict of interest involving a substantial shareholder or director, and the Group's risk and control processes and corporate governance arrangements; and

- resolutions and documentation to be put forth to Shareholders at a general meeting.

The ARMC, NC and RC evaluate and report to the Board on other specific matters including, the non-competition agreement entered into by the Company with its controlling shareholders, interested person transactions and any general mandate for interested person transactions, management's remuneration packages and the Jinjiang Environment Performance Share Plan.

The Board has formally refined the above matters to facilitate execution and also incorporated approval limits that require Board or management approval. Clear directions were given to management on the above matters that must be approved by the Board.

Orientation and Training
The Board recognises the importance of appropriate induction and training for its Directors. Newly appointed Directors will be given an orientation program which includes presentations and briefings by the CEO and management. Site visits to overseas plants may also be conducted to facilitate a better understanding of the Group's operations, processes, internal controls and governance practices. Meetings with various key executives allow the Directors to be acquainted with the management team and ensure that the Directors have direct independent access to the management team in future. All newly appointed Directors receive an appointment letter setting out the general duties and obligations as a Director, pursuant to the relevant legislation and regulations.

In addition to the above, all Directors and management are encouraged to undergo relevant training to enhance their skills and knowledge, particularly on new laws and regulations affecting the Group's business and governance practices. Directors who have no prior experience as a director of a listed company will be encouraged to attend the Listed Entity Directors Programme conducted by the Singapore Institute of Directors to acquire the relevant knowledge on what is expected of a listed company director. The Joint Company Secretaries coordinate with such Director to complete such training, subject to the training schedule and the Director's availability. The Directors are also provided with updates periodically by the Group's compliance adviser, auditors and other professionals relating to directors' duties, relevant legislations and regulations, financial reporting standards, internal controls, corporate governance and risk management. All the orientation and training expenses are fully funded by the Group.

Principle 2: Board Composition and Guidance

Board of Directors
The Board comprises 7 Directors: 1 non-executive, non-independent Director and Chairman, 2 executive Directors and 4 independent non-executive Directors. As at the date of this Report, the Board comprises the following members:

Name of Director	Age	Date of first appointment	Position(s)
Wang Yuanluo	60	08 Sep 2010	Non-Executive, Non-Independent Chairman
Zhang Chao	47	30 Apr 2018	Executive Director and Chief Executive Officer
Wang Ruihong	53	23 Dec 2010	Executive Director and Deputy General Manager
Ang Swee Tian	70	29 Jun 2016	Lead Independent Director
Hee Theng Fong	64	29 Jun 2016	Independent Director
Tan Huay Lim	62	29 Jun 2016	Independent Director
Ni Mingjiang	69	29 Jun 2016	Independent Director

Board Independence
The Board has determined four of the directors to be independent, thus providing a strong and independent element on the Board, capable of exercising objective judgment on the corporate affairs of the Group. No individual or small group of individuals dominate the Board's decision making. Given that the Chairman of the Board is not an independent director, independent directors make up at least half of the Board.

Board Composition and Size
The NC reviews the size and composition of the Board. The Board comprises members who as a group provide an appropriate balance and diversity of skills, experience, gender, knowledge and the necessary core competencies for the proper stewardship of the Group. Taking into account the mix of expertise and experience possessed by the Board members, the NC is of the opinion that the current Board's size and composition is adequate and effective.

The non-executive Directors are kept informed of the Group's business and performance through quarterly reporting and have unrestricted access to management. They are encouraged to participate actively in Board meetings to provide constructive input, help develop proposals on strategy and review the performance of the Group. The non-executive Directors are encouraged to meet regularly without the presence of management.

Principle 3: Chairman and Chief Executive Officer ("CEO")

Chairman and CEO
Ms Wang Yuanluo ("**Ms Wang**") is the non-executive, non-independent Chairman of the Group. Ms Wang provides leadership and guidance in the overall strategic planning of the Group, and is responsible for leading the Board to ensure its effectiveness on all aspects of its role, setting and allocating time for discussion on all agenda items, promoting an open environment for constructive debate at the Board, encouraging non-executive Directors to speak and contribute constructively and ensuring quality, quantity and timeliness of information flow between the Board and management. She also leads the Group in its commitment to achieve and maintain good corporate governance and facilitates dialogue between shareholders, the Board and management during shareholders' meetings.

Mr Zhang Chao ("**Mr Zhang**") is an Executive Director and the Chief Executive Officer of the Group. Mr Zhang is involved in the day-to-day running of the Group's business and is responsible for its performance and achievement of the corporate goals set for the Group.

Lead Independent Director
Given that the Chairman is not independent, Mr Ang Swee Tian ("**Mr Ang**") has been appointed as the Lead Independent Director ("**Lead ID**"). The Board is of the view that the process of decision making by the Board is independent and based on collective decisions without any individuals exercising any considerable concentration of power or influence. All major decisions made by the Group will be subject to review by the Board. The Lead ID is available to shareholders where they have concerns and for which contact through the normal channels of the Board Chairman or management has failed to resolve or is inappropriate. No concerns were received from shareholders in the year 2018. The Lead ID has also held discussions with the other independent Directors without the presence of the Non-Executive, Non-Independent Chairman or management.

Principle 4: Board Membership

NC Composition and Role
Three out of four members of the NC are independent. The NC Chairman is also the Lead ID.

The NC's responsibilities as set out in its written terms of reference, approved by the Board, include the following:

- making recommendations to the Board on relevant matters relating to (i) the review of board succession plans for Directors, in particular, the Chairman and the Chief Executive Officer, (ii) the reviewing of training and professional development programmes for the Board and (iii) the appointment and re-appointment of Directors (including alternate Directors, if applicable);

- reviewing and determining annually, and as and when circumstances require, if a Director is independent, in accordance with the CG Code and any other salient factors;

- reviewing the composition of the Board annually to ensure that the Board and the Board Committees comprise Directors who as a group provide an appropriate balance and diversity of skills, expertise, gender and knowledge of the Company and provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge;

- making recommendations to the Board on the development of a process for evaluation and performance of the Board, its Board Committees and Directors;

- reviewing and approving any employment of all managerial staff and employees who are related to any of the Directors, substantial shareholders or the CEO of the Company and the proposed terms of their employment; and

- where a Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as Director, taking into consideration the Director's number of listed company board representations and other principal commitments.

Based on the board evaluation checklist completed by the Directors, the NC believes that it has fulfilled its responsibilities and discharged its duties as set out in its terms of reference. The Joint Company Secretaries maintain records of all NC meetings and the board evaluation checklist.

Re-appointment of Directors
The NC reviews the nomination of relevant Directors for re-election and appointment, including their independence as a director, if applicable. When considering the nomination for re-appointment, the NC considers the composition and progressive renewal of the Board and each Director's contribution and performance (e.g. attendance, preparedness, participation and candour).

For Directors with multiple board representations, the NC will decide if the Director is able to and has been adequately carrying out his duties as a Director of the Group, taking into account the number of listed company board representations and other principal commitments. The NC reviews annually the directorships held by each Director as well as executive appointments, if any. Each Director is also required to confirm annually to the NC whether he has any issue with competing time commitments which may impact his ability to provide sufficient time and attention to his duties as a Director of the Company. Based on the analysis, the confirmation from the Directors as well as the commitments and contribution to the Company, the NC is of the view that all the Directors are able to and have adequately carried out their duties as Directors of the Company.

The CG Code recommends the Board to determine the maximum number of listed company board representations which any Director may hold. The NC does not recommend setting this limit. The Board considers several factors as described above to be a more effective assessment of a Director's commitment rather than to prescribe a limit. Suitable candidates who have multiple board representations may still have the capacity to participate and contribute as members of the Board. Currently, the number of directorships in other listed companies, excluding Jinjiang Environment, held by the Directors ranges from nil to five.

The Board requires any Director to inform the Board when accepting any new principal commitment or listed company board appointment. The Director will also confirm that the new commitment or appointment will not affect his time commitment to discharge his duties as a Director in the Company.

The Company's articles of association provide that each Director shall retire at least once every three years and a retiring Director shall be eligible for re-election. At the forthcoming annual general meeting ("**AGM**"), four of the Directors, Ms Wang Yuanluo, Mr Wang Ruihong ("**Mr Wang**"), Mr Hee Theng Fong ("**Mr Hee**") and Mr Tan Huay Lim ("**Mr Tan**"), will be retiring. All the four directors have offered themselves for re-election. Each member of the NC had abstained from the deliberation in respect of his re-nomination as a Director. The NC recommended that the four directors be nominated for re-appointment at the forthcoming AGM.

Selection and Nomination of New Directors
In the selection and nomination for new Directors, the NC identifies the key attributes that an incoming Director should possess based on the requirements of the Group. The NC taps on the Directors, management and external parties for recommendations of potential candidates. Executive recruitment agencies may also be appointed to assist in the search process where necessary. The NC meets with the potential candidates to assess their suitability before formally recommending them for appointment to the Board for further evaluation.

In the selection process, the NC considers:

- the candidate's track record, experience and expertise, age, gender and other attributes that the Board identifies;

- the independence of the candidate, in the case of the appointment of an independent director;

- competing time commitments if the candidate has multiple listed company board representations and other principal commitments; and
- the composition requirements of the Board and Board Committees.

Key Information on Directors
The following depicts the present and past (at least for the past five financial years) directorships of the Directors in other listed companies, group and related companies and major appointments in other companies.

Name	Present Directorships	Past Directorships
Wang Yuanluo (王元珞)	*Group Companies* Lamoon Holdings Limited Gevin Limited Outstanding Mode Developments Limited Prime Gain Investments Limited Sunrise Development Group Limited Lüliang Green New Energy Co., Ltd (吕梁绿能新能源有限公司) Manzhouli Green New Energy Co., Ltd. (满洲里绿能新能源有限公司) *Other Companies* China Green Energy Jiande Limited Grand Energy Co., Ltd. Hangzhou Jinjiang Group Co., Ltd. (杭州锦江集团有限公司) Hanqiao Jindian (Beijing) International Cultural Media Co., Ltd. (汉桥金典（北京）国际文化传播有限公司) Beijing Maidi Kedinuo Gene Technology Co., Ltd. (北京迈迪科迪诺基因科技有限公司) 981 Health Technology Group Co., Ltd. (玖捌壹健康科技集团有限公司) Zhejiang Private Enterprise Joint Investment Co., Ltd. (浙江民营企业联合投资股份有限公司) Jiande Jinjiang Stone Coal Comprehensive Utilisation Co., Ltd. (建德锦江石煤综合利用有限公司)	*Group Companies* Hangzhou Xiaoshan Jinjiang Green Energy Co., Ltd. (杭州萧山锦江绿色能源有限公司) Hangzhou Yuhang Jinjiang Environmental Protection Energy Co., Ltd. (杭州余杭锦江环保能源有限公司) Lin'an Jiasheng Environmental Protection Co., Ltd. (临安嘉盛环保有限公司) Green Energy (Hangzhou) Enterprise Management Co., Ltd. (绿能(杭州)企业管理有限公司) Zhengzhou Xingjin Green Environment Energy Co., Ltd. (郑州荥锦绿色环保能源有限公司) Wuhu Lüzhou Environmental Protection Energy Co., Ltd. (芜湖绿洲环保能源有限公司) Wuhan Green Energy Co., Ltd. (武汉市绿色环保能源有限公司) Wuhan Hankou Green Energy Co., Ltd. (武汉汉口绿色能源有限公司) Kunming Xinxingze Environment Resources Industry Co., Ltd. (昆明鑫兴泽环境资源产业有限公司) Yunnan Green Energy Co., Ltd. (云南绿色能源有限公司) Zibo Environmental Energy Co., Ltd. (淄博环保能源有限公司) Zibo Green Environmental Energy Co., Ltd. (淄博绿能环保能源有限公司)

Name	Present Directorships	Past Directorships
		Tianjin Sunrise Environmental Protection Science and Technology Development Co., Ltd. (天津晨兴力克环保科技发展有限公司) Shanghai Sunrise Management Co., Ltd. (上海晨兴企业管理有限公司) Yinchuan Zhongke Environmental Electrical Co., Ltd. (银川中科环保电力有限公司) Hohhot Jiasheng New Energy Co., Ltd. (呼和浩特嘉盛新能源有限公司) Lianyungang Sunrise Environmental Protection Industry Co., Ltd. (连云港晨兴环保产业有限公司) Jilin Xinxiang Co., Ltd. (吉林省鑫祥有限责任公司) Songyuan Xinxiang New Energy Co., Ltd. (松原鑫祥新能源有限公司) Suihua Green New Energy Co., Ltd. (绥化市绿能新能源有限公司) Qitaihe Green New Energy Co., Ltd. (七台河绿能新能源有限公司) Yunnan Jinde Green Energy Co., Ltd. (云南锦德绿色能源有限公司) Zhongwei Green New Energy Co., Ltd (中卫市绿能新能源有限公司) Gaozhou Green New Energy Co., Ltd. (高州市绿能新能源有限公司) Baishan Green New Energy Co., Ltd. (白山绿能新能源有限公司) Hunchun Green New Energy Co., Ltd. (珲春绿能新能源有限公司) Tangshan Jiasheng New Energy Co., Ltd. (唐山嘉盛新能源有限公司) Linzhou Jiasheng New Energy Co., Ltd. (林州市嘉盛新能源有限公司) Yulin Green New Energy Co., Ltd. (榆林绿能新能源有限公司)

Name	Present Directorships	Past Directorships
		Zibo Green New Energy Co., Ltd. (淄博绿能新能源有限公司) Gaomi Lilangmingde Environmental Protection Technology Co., Ltd. (高密利朗明德环保科技有限公司) Zhejiang Zhuji Bafang Thermal Power Co., Ltd. (浙江诸暨八方热电有限责任公司) Wenling Green New Energy Co., Ltd. (温岭绿能新能源有限公司) Hangzhou Jinjiang Environment Investment Co., Ltd. (杭州锦环投资有限公司) *Other Companies* Zhejiang Huadong Aluminium Co., Ltd. (浙江华东铝业有限公司) Inner Mongolia Liansheng New Energy Materials Co., Ltd (内蒙古联晟新能源材料股份有限公司) Zhejiang University Jinjiang Energy Environmental Protection Co., Ltd. (浙江浙大锦江能源环保有限公司) Hangzhou Jinjiang Engineering Research Co., Ltd. (杭州锦江工程设计研究有限公司) Zhejiang East China Aluminum Co., Ltd. (浙江华东铝业股份有限公司) Zhejiang Zhuji Thermal Power Development Co., Ltd. (浙江诸暨热电发展有限公司) Sanmenxia Green Energy Environmental Protection Energy Co., Ltd. (三门峡绿能环保能源有限公司) Wuhan Jinhongde Biological Energy Co., Ltd. (武汉锦弘德生物能源有限公司) Guangxi Tiandong Jinsheng Chemical Co., Ltd. (广西田东锦盛化工有限公司) Guangxi Tiandong Jinxi Co., Ltd. (广西田东锦鑫化工有限公司)

Name	Present Directorships	Past Directorships
		Shanxi Rongguang Energy Co., Ltd (山西荣光能源有限公司) Shanxi Heguang Energy Co., Ltd. (山西和光能源有限公司) Kuitun Jinjiang Thermoelectricity Co., Ltd. (奎屯锦疆热电有限公司) Kuitun Jinjiang Chemical Co., Ltd. (奎屯锦疆化工有限公司) Inner Mongolia Jinlian Aluminum Co., Ltd. (内蒙古锦联铝材有限公司) Inner Mongolia Jinlian Coal Mining Co., Ltd. (内蒙古霍煤锦联矿业有限责任公司) Inner Mongolia Kaiyuan Ecological Aluminum Co., Ltd (内蒙古开元生态铝业有限公司) Guizhou Huajin Aluminum Co., Ltd. (贵州华锦铝业有限公司) Shenyang Jieshen Environmental Energy Technology Co., Ltd. (沈阳洁神环境能源科技有限公司) Hangzhou Capital Star Hotel Co., Ltd. (杭州星都宾馆有限公司) Zhejiang Jiyang Thermal Power Co., Ltd. (浙江暨阳协联热电有限公司) Anji Jingxin Property Development Co., Ltd. (安吉景欣房地产开发有限公司) Hangzhou Hailu Heavy Industry Co., Ltd. (杭州海陆重工有限公司) Sanmenxia Sanlian Thermal Power Co., Ltd. (三门峡市三联热力有限公司) Inner Mongolia Pulate Transportation Energy Co., Ltd. (内蒙古普拉特交通能源有限公司) China Green Energy Limited

Name	Present Directorships	Past Directorships
Zhang Chao (张超)	*Group Companies* Lin'an Jiasheng Environmental Protection Co., Ltd. (临安嘉盛环保有限公司) Green Energy (Hangzhou) Enterprise Management Co., Ltd. (绿能(杭州)企业管理有限公司) Hangzhou Jinjiang Environment Investment Co., Ltd. (杭州锦环投资有限公司) Hangzhou Xiaoshan Jinjiang Green Energy Co., Ltd. (杭州萧山锦江绿色能源有限公司) Kunming Xinxingze Environmental Resources Industry Co., Ltd. (昆明鑫兴泽环境资源产业有限公司) Yunnan Green Energy Co., Ltd. (云南绿色能源有限公司) Jilin Xinxiang Co., Ltd. (吉林省鑫祥有限责任公司) Songyuan Xinxiang New Energy Co., Ltd. (松原鑫祥新能源有限公司) Shanghai Sunrise Management Co., Ltd. (上海晨兴企业管理有限公司) Yulin Green New Energy Co., Ltd (榆林绿能新能源有限公司) *Other Companies* –	*Group Companies* – *Other Companies* SIIC Environment Holdings Limited (formerly known as Asia Water Technology Ltd) Suzhou Industrial Park Co., Ltd.
Wang Ruihong (王瑞红)	*Group Companies* Lin'an Jiasheng Environmental Protection Co., Ltd. (临安嘉盛环保有限公司) Green Energy (Hangzhou) Enterprise Management Co., Ltd. (绿能(杭州)企业管理有限公司) Hangzhou Jinjiang Environment Investment Co., Ltd. (杭州锦环投资有限公司) Hangzhou Xiaoshan Jinjiang Green Energy Co., Ltd. (杭州萧山锦江绿色能源有限公司)	*Group Companies* Hohhot Jiasheng New Energy Co., Ltd. (呼和浩特嘉盛新能源有限公司) Gaozhou Green New Energy Co., Ltd. (高州市绿能新能源有限公司) Baishan Green New Energy Co., Ltd. (白山绿能新能源有限公司) Hunchun Green New Energy Co., Ltd. (珲春绿能新能源有限公司) Linzhou Jiasheng New Energy Co., Ltd. (林州市嘉盛新能源有限公司)

Name

Present Directorships

Hangzhou Yuhang Jinjiang Environmental Energy Co., Ltd.
(杭州余杭锦江环保能源有限公司)

Wenling Green New Energy Co., Ltd.
(温岭绿能新能源有限公司)

Wuhan Green Energy Co., Ltd.
(武汉市绿色环保能源有限公司)

Wuhan Hankou Green Energy Co., Ltd.
(武汉汉口绿色能源有限公司)

Kunming Xinxingze Environmental Resources Industry Co., Ltd.
(昆明鑫兴泽环境资源产业有限公司)

Yunnan Green Energy Co., Ltd.
(云南绿色能源有限公司)

Zibo Environmental Energy Co., Ltd.
(淄博环保能源有限公司)

Zibo Green Environmental Energy Co., Ltd.
(淄博绿能环保能源有限公司)

Gaomi Lilangmingde Environmental Protection Technology Co., Ltd. (高密利朗明德环保科技有限公司)

Zibo Green New Energy Co., Ltd.
(淄博绿能新能源有限公司)

Jilin Xinxiang Co., Ltd.
(吉林省鑫祥有限责任公司)

Songyuan Xinxiang New Energy Co., Ltd.
(松原鑫祥新能源有限公司)

Suihua Green New Energy Co., Ltd.
(绥化市绿能新能源有限公司)

Qitaihe Green New Energy Co., Ltd.
(七台河绿能新能源有限公司)

Lianyungang Sunrise Environmental Protection Industry Co., Ltd.
(连云港晨兴环保产业有限公司)

Zhengzhou Xingjin
Green Environmental Energy Co., Ltd.
(郑州荥锦绿色环保能源有限公司)

Past Directorships

Zhongwei Green New Energy Co., Ltd
(中卫市绿能新能源有限公司)

Tangshan Jiasheng New Energy Co., Ltd.
(唐山嘉盛新能源有限公司)

Yulin Green New Energy Co., Ltd.
(榆林绿能新能源有限公司)

Zhejiang Zhuji Bafang Thermal Power Co., Ltd.
(浙江诸暨八方热电有限责任公司)

Other Companies

Kuitun Jinjiang Chemical Co., Ltd.
(奎屯锦疆化工有限公司)

Zhejiang East China Aluminum Co., Ltd.
(浙江华东铝业股份有限公司)

Henan Jinrong Cement Co., Ltd.
(河南锦荣水泥有限公司)

Zhejiang Zhuji Thermal Power Development Co., Ltd.
(浙江诸暨热电发展有限公司)

Cayman (Shanxian) Energy Comprehensive Utilization Co., Ltd.
(开曼（陕县）能源综合利用有限公司)

Sanmenxia Green Energy Environmental Protection Energy Co., Ltd.
(三门峡绿能环保能源有限公司)

Wuhan Jinhong Bioenergy Co., Ltd.
(武汉锦弘德生物能源有限公司)

Kuitun Jinjiang Thermoelectricity Co., Ltd.
(奎屯锦疆热电有限公司)

Kuitun Tianbei Mining Invesment Co., Ltd.
(奎屯天北矿业投资有限责任公司)

Holingol Logistics Co., Ltd.
(霍林郭勒锦联物流有限公司)

Shenyang Jieshen Environmental Energy Technology Co., Ltd.
(沈阳洁神环境能源科技有限公司)

Xiaoyi Xing'an Chemical Co., Ltd.
(孝义市兴安化工有限公司)

Name	Present Directorships	Past Directorships
	Yinchuan Zhongke Environmental Electrical Co., Ltd. (银川中科环保电力有限公司) Manzhouli Green New Energy Co., Ltd. (满洲里绿能新能源有限公司) Wuhu Lüzhou Environmental Protection Energy Co., Ltd. (芜湖绿洲环保能源有限公司) Tianjin Sunrise Environmental Protection Science and Technology Development Co., Ltd. (天津市晨兴力克环保科技发展有限公司) Shanghai Sunrise Management Co., Ltd. (上海晨兴企业管理有限公司) Shijiazhuang Jiasheng New Energy Co., Ltd (石家庄嘉盛新能源有限公司) Lüliang Green New Energy Co., Ltd (吕梁绿能新能源有限公司) Tangshan Jinhuan New Energy Co., Ltd (唐山市锦环新能源有限公司) Ecogreen Energy Private Limited Ecogreen Energy Gurgaon Faridabad Private Limited Ecogreen Energy Lucknow Private Limited Ecogreen Energy Gwalior Private Limited PT Jinjiang Environment Indonesia *Other Companies* –	Shanxi Rongguang Energy Co., Ltd (山西荣光能源有限公司) Shanxi Heguang Energy Co., Ltd. (山西和光能源有限公司) Zhejiang Baojie Environmental Protection Technology Co., Ltd. (浙江宝杰环保科技有限公司) Inner Mongolia Pulate Transportation Energy Co., Ltd. (内蒙古普拉特交通能源有限公司) China Green Energy Limited
Ang Swee Tian	*Group Companies* – *Other Companies* * Cosco Shipping International (Singapore) Co., Ltd * China Aviation Oil (Singapore) Corporation Ltd ICE Singapore Holdings Pte Ltd ICE Futures Singapore Pte Ltd ICE Clear Singapore Pte Ltd	*Group Companies* – *Other Companies* Galaxy Futures Brokers Company Limited Tuas Power Ltd Tuas Power Generation Pte Ltd TP Utilities Pte Ltd Amare-Greenland Hospitality Investments (AGHI) Pte Ltd

Name	Present Directorships	Past Directorships
Hee Theng Fong	*Group Companies* – *Other Companies* * Tye Soon Limited * Straco Corporation Limited * APAC Realty Limited * Yanlord Land Group Limited ** Haidilao International Holding Ltd Chinese Development Assistance Council Singapore Chinese Cultural Centre F & H Singhome Fund II Ltd. F & H Singhome Fund III Ltd. Chua Foundation Medishield Life Council Citizenship Committee of Inquiry Singapore Chinese Chamber of Commerce and Industry(2)	*Group Companies* – *Other Companies* * First Resources Ltd * YHI International Limited * Sinomem Technology Limited * Datapulse Technology Limited * Delong Holdings Limited NTUC Fairprice Co-operative Limited NTUC Fairprice Foundation Ltd. RHTLaw Taylor Wessing LLP(1) RHT Corporate Advisory Pte. Ltd. Htf Management Pte. Ltd. Business China
Tan Huay Lim	*Group Companies* – *Other Companies* * Koufu Group Limited Dasin Retail Trust Management Pte. Ltd., the Trustee-Manager of * Dasin Retail Trust Ren Ci Hospital Singapore Chinese Chamber of Commerce and Industry(3) Singapore Hokkien Huay Kuan(4)	*Group Companies* – *Other Companies* * Auric Pacific Group Limited * Hong Leong Asia Ltd. KPMG LLP(5) Singapore Chinese Chamber of Commerce and Industry(6) Sun Yat Sen Nanyang Memorial Hall Company Limited The Hokkien Foundation(7) Yunnan Realty Pte Ltd Singapore Hokkien Huay Kuan(8) Singapore Hokkien Huay Kuan Cultural Academy Pte Ltd

Name	Present Directorships	Past Directorships
Ni Mingjiang (倪明江)	*Group Companies* – *Other Companies* Zhejiang University Jinjiang Energy Environmental Protection Co., Ltd. (浙江浙大锦江能源环保有限公司)	*Group Companies* – *Other Companies* –

Notes:

*: denotes public listed companies in Singapore

**: denotes public listed companies in Hong Kong

(1) Mr. Hee was a partner of RHTLaw Taylor Wessing LLP.

(2) Mr. Hee is an honorary council member of the Council of the Singapore Chinese Chamber of Commerce and Industry.

(3) Mr. Tan is an honorary council member of the Council of the Singapore Chinese Chamber of Commerce and Industry.

(4) Mr. Tan is an honorary council member of the Singapore Hokkien Huay Kuan.

(5) Mr. Tan was a partner of KPMG LLP.

(6) Mr. Tan was a member of the Council of the Singapore Chinese Chamber of Commerce and Industry.

(7) Mr. Tan was a member of the Board of the Hokkien Foundation.

(8) Mr. Tan was a member of the Board of the Singapore Hokkien Huay Kuan.

Additional information on the Directors of the Company can be found under the "**Board of Directors**" section as well as the **Notice of AGM** in relation to the Directors proposed to be re-appointed.

Principle 5: Board Performance

Board Evaluation Process

The Board has a formal process in place for assessing the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution by each Director to the effectiveness of the Board. No external facilitator was used. The NC assesses the Board's performance using appropriate and objective criteria, which were recommended by the NC and approved by the Board. The overall evaluation and recommendations for improvement are presented to the Board.

Board Evaluation Criteria

The NC evaluates the overall Board performance based on various factors including the Board composition, its roles and responsibilities, financial performance, the access to information and its conduct of meetings. Financial performance includes the quarterly and full year performance against the prior corresponding period and against the budget.

For the financial year under review, Directors were requested to complete a board evaluation checklist to assess the overall effectiveness of the Board and Board Committees. The results of these checklists were considered by the NC in its assessment of the Board's and the Board Committees' performance.

Individual Director Evaluation Criteria
In the assessment of a Director's performance, the NC evaluates the Director's expertise and competencies, attendance records and the level of constructive participation at Board meetings and the contribution to the Board processes and the Group's strategy and performance. When deliberating the performance of a Director who is also an NC member, that member abstains from the discussions to avoid any potential conflict of interest.

The evaluation results of each Director are used by the NC in consultation with the Non-Executive, Non-Independent Chairman, in the review of the Board and Board Committees composition as well as recommendations for the re-appointment and re-election of retiring Directors. Any comments from Directors relating to the Board and its performance are also presented to the Board.

Principle 6: Access to Information

Complete, Adequate and Timely Information
The Board and Board Committees are provided with a meeting agenda and the relevant papers prior to the meetings. Complete, adequate and timely information are provided to allow proper deliberation on issues during the meetings. Draft agenda are usually circulated in advance to the Board and Board Committees for review and additional items can be added where necessary. Management, auditors, compliance advisors and other professionals are invited to the meetings when necessary to provide additional inputs on the matters for discussion. The minutes of meetings are periodically circulated to all Board members for comments and confirmation.

The Directors are encouraged to request for additional information of the Company's operations or business from the management to make informed decisions. Necessary arrangements will be made to provide such information. The Board has separate and independent access to management.

Joint Company Secretaries
The Joint Company Secretaries attend all Board and Board Committees meetings and ensures that all Board procedures are followed. The Board is involved for the appointment and removal of Company Secretaries. Together with the management, the Joint Company Secretaries assist the Company in complying with all the applicable laws and regulations. The Joint Company Secretaries also advise on all corporate governance matters, ensure good information flows within the Board and between management and Directors, facilitate orientation for newly appointed Directors and assist with continuing professional training and development for the Directors. On an ongoing basis, the Directors have separate and independent access to the Joint Company Secretaries, whose duties and responsibilities are clearly defined.

Independent Professional Advice
The Directors, whether individually or as a group, are entitled to obtain independent professional advice at the expense of the Company, in the furtherance of their duties and when circumstances warrant the advice.

Remuneration Matters

Principle 7: Procedures for Developing Remuneration Policies

RC Composition and Role
The RC comprises three non-executive Directors, all of whom including the chairman of the RC are independent.

The RC's responsibilities as set out in its written terms of reference, approved by the Board, includes the following:

- reviewing and recommending to the Board, in consultation with the Chairman of the Board, for endorsement, a comprehensive remuneration policy framework and guidelines for remuneration of Directors and other persons having authority and responsibility for planning, directing and controlling the activities of the Company ("**Key Management Personnel**");

- reviewing and recommending to the Board, for endorsement, the specific remuneration packages for each of the Directors and Key Management Personnel;

- reviewing and approving the design of all share option plans, performance share plans and/or other equity-based plans and benefits in kind;

- in the case of service contracts, reviewing the Company's obligations arising in the event of termination of the executive Directors' or Key Management Personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance; and

- approving performance targets for assessing the performance of each of the Key Management Personnel and recommending such targets as well as employee specific remuneration packages for each of such Key Management Personnel, for endorsement by the Board.

The Company has in place a remuneration framework for the executive Directors and Key Management Personnel. The RC has reviewed the contracts for executive Directors and Key Management Personnel and such contracts contain fair and reasonable termination clauses.

The RC oversees and administers the Jinjiang Environment Performance Share Plan ("**Jinjiang Environment PSP**"). It has the power to make or vary arrangements or guidelines for the implementation and administration of the Jinjiang Environment PSP. During FY2018, 7,665,800 share awards were granted under the Jinjiang Environment PSP, in respect of the performance of the Group for the two financial years ended 31 December 2017 and 2016. All entitled employees are required to pay 30% of the closing market price of the shares awarded to them on the date of grant in cash as a condition for the vesting of the share awards. These shares were granted without a vesting period but will be subject to a moratorium on trading of 12 months from the date of issuance and allotment. No share awards were granted to any of the Company's controlling shareholders or their associates (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited). During FY2018, 7,665,800 shares were issued and allotted pursuant to the vesting of the 7,665,800 share awards granted in FY2018.

Based on the board evaluation checklist completed by the Directors, the RC believes that it has fulfilled its responsibilities and discharged its duties as set out in its terms of reference. The Joint Company Secretaries maintain records of all RC meetings and the board evaluation checklist.

Principle 8: Level and Mix of Remuneration

Remuneration of Directors and Management
The RC periodically considers and reviews the remuneration packages in order to maintain their attractiveness, to retain and motivate the Directors to provide good stewardship of the Company and management to successfully manage the Company, and to align the level and structure of remuneration with the long-term interests and risk policies of the Company. No Director is involved in deciding his own remuneration.

The Company adopts a performance-based remuneration system. An appropriate portion of the remuneration rewards the employees for achieving corporate and individual performance targets in an objective and equitable way and reflects the degree of responsibility held by each employee.

The remuneration package is made up of both fixed and variable components. The fixed component is essentially base salary and fixed allowances. The variable component is determined based on the performance of the individual employee as well as the Group's performance. It is made up of year-end bonus and other benefits. The variable component, annual increments and adjustments to remuneration are reviewed and approved taking into account the results of the annual review made by the executive Directors and the various heads of department. The Group seeks to ensure that the level and mix of remuneration is aligned with the interests of shareholders and promote long-term success of the Company.

The Jinjiang Environment PSP is a longer-term incentive plan in the form of share awards granted by the Company. The plan increases the Group's effectiveness and flexibility in its efforts to recruit, reward and motivate employees to exceed the key financial and operational goals of the Group and to strive for long-term shareholder value. Shares allotted and issued to employees pursuant to the vesting of share awards granted under the Jinjiang Environment PSP are subject to a moratorium period of one year. The Group encourages but does not require the employees to hold on to the shares upon expiry of the moratorium period.

All the executive Directors have entered into service agreements with the Company. The service agreements are for a term of three years. The service agreements set out the salary, bonus and other benefits that the executive Directors are entitled to. The independent non-executive Directors receive Directors' fees, which are determined after taking into account factors such as time and effort spent, frequencies of meetings, roles and responsibilities of the Directors, and the need to pay competitive fees to attract and retain the Directors. Directors' fees are subject to shareholders' approval at the AGM. The Company does not discourage the Directors from holding shares in the Company. There is no requirement under the Company's Articles of Association for Directors to hold shares in order to qualify to act as a Director of the Company.

Principle 9: Disclosure on Remuneration

Disclosure on Remuneration

The remuneration package for Directors and management is made up of a fixed component (base salary and fixed allowances), a variable component (year-end bonus and other benefits) and longer-term incentives (grant of share awards under the Jinjiang Environment PSP). There were no termination, retirement and post-employment benefits granted to Directors and management in FY2018.

The link between remuneration paid to Directors and management and performance is set out under Principle 8 above. Information on the Jinjiang Environment PSP can be found under Note 4 in the Directors' Statement.

Remuneration for Directors and Management

The remuneration for the Directors of the Company for FY2018 is set out below:

Name	Salary	Variable Bonus	Directors' Fees[1]	Awards of Shares under the Jinjiang Environment PSP	Total
	%	%	%	%	%
From S$250,001 and up to S$500,000					
Wang Yuanluo[(i)]	–	–	–	100	100
Zhang Chao[(ii)]	39	28	–	33	100
Wang Wuzhong[(iii)]	41	19	–	40	100
Wang Ruihong	41	19	–	40	100
Up to S$250,000					
Roy Edwin Campbell II[(iv)]	–	–	–	–	–
Ang Swee Tian	–	–	100	–	100
Hee Theng Fong	–	–	100	–	100
Tan Huay Lim	–	–	100	–	100
Ni Mingjiang	–	–	100	–	100

(i) On 15 February 2018, Ms. Wang was re-designated from Executive Chairman to Non-Executive, Non-Independent Chairman.

(ii) Mr Zhang joined the Board on 30 April 2018. Prior to joining the Board, Mr Zhang was the Chief Executive Officer of the Company.

(iii) Mr Wang Wuzhong retired from the Board on 30 April 2018.

(iv) Mr Roy Edwin Campbell II resigned from the Board on 21 July 2018.

[1] Directors' fees for FY2018 are subject to approval by shareholders as a lump sum at the AGM.

The Board believes that it is not in the best interest of the Company to fully disclose precise remuneration given the highly competitive industry conditions for the waste-to-energy sector particularly in the People's Republic of China. The Board believes that it is not in the interest of the Company to disclose details of remuneration for the top five key executives of the Group, who are also not Directors or CEO of the Company, having regard to the highly competitive human resource environment. The names of these top five executives have not been disclosed to maintain confidentiality of staff remuneration matters.

Immediate Family Member of Directors/CEO
The Group does not have any employee who is an immediate family member of a Director or CEO whose remuneration exceeded S$50,000 during FY2018.

Accountability and Audit

Principle 10: Accountability

Accountability of Board and Management
The Board provides shareholders with quarterly and annual financial results. Results for the first, second and third quarter are released to shareholders within 45 days of the end of each quarter and the annual results are released within 60 days from the financial year end. In presenting the Group's quarterly and annual results, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's performance and financial position with a commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which it operates.

For the financial year under review, the CEO and Chief Financial Officer ("**CFO**") provided assurance to the Board on the integrity of the quarterly and the full year unaudited financial statements. The Board in turn provided a negative assurance confirmation in respect of the unaudited financial statements for the first, second and third quarter to the shareholders in accordance with the regulatory requirements. Management provides the Directors with information and explanation as the Board may require from time to time.

Principle 11: Risk Management and Internal Controls

The Directors recognise that they have overall responsibility to ensure proper financial reporting for the Group and effectiveness of the Group's system of internal controls including financial, operational, compliance and information technology controls and risk management policies and systems.

The management is putting in place an Enterprise Risk Management Framework. The Framework seeks to formalise and document the internal processes to enable significant strategic, financial, operational, compliance and information technology risks within the Group to be identified, assessed, managed and monitored. The Board determines the Company's levels of risk tolerance and risk policies, and oversees management in the design, implementation and monitoring of the risk management and internal control systems. Management reviews the Group's business operations to identify key risk areas and risk mitigating strategies to ensure that risks are adequately managed within the Group's risk tolerance limits.

Management has designed and put in place the Group's internal controls structure to provide reasonable assurance against material financial misstatements or loss, for safeguarding Company's assets, for maintenance and provision of reliable and relevant accounting, financial and other information, and in compliance with the applicable laws and regulations. However, no internal controls system can provide absolute assurance in view of inherent limitations of any internal controls system against the occurrence of human and system errors, poor judgment in decision making, losses, fraud or other irregularities.

The CEO and CFO provided written assurances to the Board that (i) the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, and (ii) the internal controls and risk management systems in place are adequate and effective to address in all material aspects, the financial, operational, compliance and information technology risks within the current scope of the Group's business.

The ARMC reviews the adequacy of the Group's key internal controls and risk management systems with the assistance of management and external and internal auditors. The internal audit identified some control weaknesses at some of the Group's subsidiaries in China and management action plans are being developed to address these weaknesses. The external auditors, Deloitte and Touche LLP ("**DT**"), during the course of the audit of the Group's financial statements, also identified certain deficiencies in internal controls, which have been reported to the ARMC and management. Management action plans are initiated to address the weaknesses and deficiencies identified. Management has assessed and determined that these weaknesses and deficiencies do not have significant financial impact on the financial statements for the Group for FY2018. Based on the above audits and the written assurance from management, the Board and the ARMC is of the opinion that the system of internal controls to address the financial, operational, compliance and information technology risks, are adequate and effective as at 31 December 2018.

Management will continue to periodically review and strengthen the Group's control environment and further refine its internal policies and procedures. Management continues to devote resources and expertise to maintain a high level of governance and internal controls for the Group.

Principle 12: Audit and Risk Management Committee

Composition of ARMC
The ARMC comprises three non-executive Directors, all of whom including the chairman of the ARMC are independent. Each of the members of the ARMC, including the ARMC chairman, possess the relevant accounting or related financial management expertise and experience. With the current composition, the ARMC believes that it has the relevant accounting or related financial management expertise and experience to discharge its functions within its written terms of reference which has been approved by the Board.

Powers and Duties of the ARMC
The ARMC is authorised by the Board to review and investigate any matters it deems appropriate within its terms of reference. The ARMC had full access to and co-operation of the management and external auditors. To facilitate discussions, the ARMC can invite any Director or management of the Group and external and internal auditors to attend its meetings. In addition, the ARMC can engage any firm of accountants, lawyers or other professionals as it deems fit to provide independent advice, at the Company's expense.

The key responsibility of the ARMC is to assist the Board in maintaining a high standard of corporate governance. The ARMC provides an independent review of the effectiveness of the Group's financial reporting processes, including the review of accounting policies and practices, and the key internal controls, covering financial, operational, compliance, information technology and risk management controls. Other duties within the ARMC's written terms of reference are as follows:

(a) assisting the Board in discharging its statutory responsibilities on financing and accounting matters;

(b) reviewing significant financial reporting issues and judgments to ensure the integrity of the financial statements and any formal announcements relating to financial performance;

(c) reviewing the scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors;

(d) reviewing the external auditor's audit plan and audit report, and the external auditor's evaluation of the system of internal accounting controls as well as reviewing the Group's implementation of any recommendations to address any control weaknesses highlighted by the external auditor;

(e) reviewing the key financial risk areas;

(f) reviewing the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board;

(g) reviewing and reporting to the Board at least annually (i) the adequacy and effectiveness of the risk management and internal controls systems, including financial, operational, compliance controls, and information technology controls and (ii) the implementation of risk treatment plans in relation to the foregoing;

(h) reviewing the statements to be included in the annual report concerning the adequacy and effectiveness of the risk management and internal controls systems, including financial, operational, compliance controls, and information technology controls;

(i) reviewing any interested person transactions (including transactions under any general mandate approved by the shareholders pursuant to Chapter 9 of the SGX-ST Listing Manual) and monitoring the procedures established to regulate interested person transactions, including ensuring compliance with the Company's internal control system and the relevant provisions of the SGX-ST Listing Manual, as well as all conflicts of interests to ensure that proper measures to mitigate such conflicts of interests have been put in place;

(j) ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company;

(k) reviewing the scope and results of the internal audit procedures, and at least annually, the adequacy and effectiveness of the internal audit function;

(l) approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting / auditing firm or corporation to which the internal audit function is outsourced (if any);

(m) appraising and reporting to the Board on the audits undertaken by the external auditors and internal auditors and the adequacy of disclosure of information;

(n) making recommendations to the Board on the proposals to the shareholders on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;

(o) monitoring and approving the exercise of any of the rights under the Non-Competition Agreement by the Group;

(p) monitoring entrusted loan arrangements entered into by the Group (whether as borrower or lender);

(q) monitoring and approving any lending by the Group to third parties which are not subsidiaries or associated companies of the Company;

(r) reviewing and monitoring the measures the Group has put in place in respect of the legal representatives of all its PRC-incorporated subsidiaries;

(s) reviewing the adequacy of and approving procedures put in place related to the Group's policy for entering into any future hedging transactions;

(t) undertaking such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the ARMC; and

(u) undertaking generally such other functions and duties as may be required by law or the Listing Manual, and by amendments made thereto from time to time.

The ARMC is scheduled to meet at least four times a year. During the year under review, the ARMC reviewed the quarterly, half-year and annual financial statements and announcements, the financial reporting and compliance procedures, the report of the internal auditor on the Company's internal control, and the re-appointment of the external auditors. It held informal meetings and discussions with management from time to time. The ARMC met with the external and internal auditors without the presence of management at least once a year and holds discussions as and when necessary.

Based on the board evaluation checklist completed by the Directors, the ARMC believes that it has fulfilled its responsibilities and discharged its duties as set out in its terms of reference. The Joint Company Secretaries maintain records of all ARMC meetings and the board evaluation checklist.

External Auditors

The ARMC undertook a review of the independence of DT and gave careful consideration to the Group's relationship with DT during 2018. In determining the independence, the ARMC reviewed the Group's relationship with DT and considered the nature and fees of non-audit services supplied by DT. The ARMC is of the opinion that the nature and amount of such non-audit services did not impair DT's position as an independent external auditor. Based on the review, the ARMC is of the opinion that DT is, and is perceived to be, independent for the purpose of the Group's statutory financial audit.

During the year under review, the Company has paid an aggregate of approximately RMB6,302,000 to the external auditor for its audit services. The amount of non-audit fees paid to the external auditor is approximately RMB25,000.

In reviewing the nomination of DT for re-appointment for FY2018, the ARMC has considered the adequacy of the resources, experience and competence of DT. The consideration includes the experience of the audit partner and key team members in handling the audit of the Group in different jurisdictions. The audit fees, the size and complexity of the audit of the Group as well as the number and experience of the supervisory and professional staff assigned to the Group were taken into account. The ARMC had also considered the audit team's ability to work in a co-operative manner with management while maintaining integrity and objectivity.

DT has confirmed that they are registered with the Accounting and Corporate Regulatory Authority. The Company is therefore in compliance with Rule 712 and Rule 715 (read together with Rule 716) of the SGX-ST Listing Manual in relation to the appointment of the Group's auditors.

On the basis of the above, the Board has accepted the ARMC's recommendation to nominate DT for re-appointment as external auditors of the Company at the forthcoming AGM.

ARMC's Commentary on Significant Financial Reporting Matters

The most significant financial reporting matters considered by the ARMC and discussed with both the management and the external auditor in relation to the Group's financial statements for FY2018 were as follows:

Significant Matters	How these issues were addressed by the ARMC
Service concession arrangements and revenue recognition with respect to arrangement under the scope of IFRS Interpretations Committee ("IFRIC") 12: *Service Concession Arrangements*	The management analysed the relevant clauses viz. the obligations and related rights specified in the contracts with the local government for construction of waste-to-energy ("WTE") plants in determining whether such contracts are build-operate-own ("BOO") arrangements to be accounted for as property, plant and equipment in accordance with International Accounting Standards ("IAS") 16 *Property, Plant and Equipment* or met the criteria or conditions for recognition as build-operate-transfer ("BOT") service concession arrangements within the scope of International Financial Reporting Interpretations Committee ("IFRIC 12") *Service Concession Arrangements* which requires recognition and measurement of revenue in accordance with International Financial Reporting Standards ("IFRS") 15 *Revenue from Contracts with Customers* for the construction services it performs, and accounting for the fair value of consideration receivable in exchange for construction services rendered as service concession receivables and intangible assets. Based on the review by the ARMC and discussions with the management and the external auditor, the ARMC is satisfied that the BOO and BOT contracts have been properly accounted for in compliance with IAS 16: *Property, Plant and Equipment* and IFRIC 12: *Service Concession Arrangements* respectively. The recognition of revenue from service concession agreements which are within the scope of IFRIC 12 *Service Concession Arrangements* based on IFRS 15 *Revenue from Contracts with Customers* requires a significant degree of management judgement and estimates of the total budgeted contract costs, the stage of completion of contract activity and the expected gross profit margin. The determination of the fair values of the consideration receivables and allocation of the consideration between service concession receivables and intangible assets involve the forecasting and discounting of future cash flows.

Significant Matters	How these issues were addressed by the ARMC
	Based on the discussions with the management and the external auditor in conjunction with the annual audit, the ARMC is satisfied that the revenue have been appropriately recognised in accordance with the Group's accounting policies and the gross profit margin is within a reasonable range of market rates applicable to construction services rendered by comparable companies in the geographical areas where the Group operates.
Impairment review of property, plant and equipment	As disclosed in the Group's announcements of the quarterly results for the year ended 31 December 2018, owing to changes in the land use planning and environment policies of the relevant local governments, the Zibo Jinjiang WTE Facility had ceased incineration in July 2018 and the waste previously treated by Zibo Jinjiang WTE Facility is now treated by the Zibo New Energy WTE Facility which has commenced operations in the second half of 2018. In addition, the Kunming Jinjiang WTE Facility will cease operation upon the completion of the construction of a new WTE plant, Kunming Wuhua reconstruction project, which had started construction in the third quarter of 2018. These are indicators of impairment which require an assessment of the recoverable amount of the carrying values amounting to approximately RMB 395 million of the property, plant and equipment and land-use rights (collectively known as "Assets") of these two WTE plants. An impairment loss of RMB 1.16 million on the carrying value of the Assets was provided for in the statement of profit or loss for the year ended 31 December 2018. The ARMC held discussions with the management, reviewed a valuation report conducted by an independent valuer on the Zibo Jinjiang WTE Facility and evaluated the reasonableness of the key assumptions and significant judgement made by the management in forecasting future cash flows from the continuing use of Kunming Jinjiang WTE Facility till relocation to the new WTE plant, appropriateness of discount rate used and basis of estimating the net realisable value of the Assets. The external auditor presented the results of its own review of the estimate of value-in-use, including its challenge of management's underlying cash flow forecasts, discount rate and net realisable value of the Assets. On basis of its audit work, no additional impairment charge has been recognised in the statement of profit or loss.
Rendering of technical and management services, equipment selection and sales services and revenue from EMC business with related parties	The ARMC reviewed the audit procedures carried out by the external auditor to ensure that significant related party transactions are properly recognised in accordance with the agreements with the related parties and that the relevant disclosures have been made in the financial statements.

The above significant financial reporting matters were also areas of focus for the external auditor who have included these as key audit matters in their audit report set out in this Annual Report.

Interested Person Transactions
On 20 July 2016, the Company obtained shareholders' approval for the Company, its subsidiaries and its associated companies not listed on the SGX-ST or an approved exchange, over which the Company, its subsidiaries and /or interested persons have control, to enter into transactions within the categories of Interested Person Transactions set out in the Company's prospectus dated 25 July 2016, with such persons within the class or classes of Interested Persons as described in the said prospectus, provided that such transactions are entered into in accordance with the review procedures set out in the said prospectus (the "**IPT Mandate**"). At the extraordinary general meeting of the Company ("**EGM**") held on 25 April 2017, the shareholders had approved the renewal of the IPT Mandate. At the EGM held on 30 April 2018, the shareholders had approved certain modifications to, and the renewal of, the IPT Mandate. At the EGM held on 31 December 2018, the shareholders had approved certain further modifications to the IPT Mandate. As such Interested Persons Transactions may occur at any time, and to allow the Group to undertake such transactions in an expeditious manner, shareholders' approval will be sought at the forthcoming AGM for the renewal of the IPT Mandate.

The ARMC has confirmed that an independent financial advisor's opinion is not required for the renewal of the IPT Mandate as the methods and procedures for determining the transaction prices of the Interested Person Transactions conducted under the IPT Mandate have not changed since the IPT Mandate was last approved by shareholders, and such methods and procedures continue to be sufficient to ensure that these Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The following table summarises the Interested Person Transactions to be disclosed under Rule 907 of the SGX-ST Listing Manual:

Name of interested person	Aggregate value[2] of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) RMB'000
Purchases of coal from:		
Linan Huawang Reneng Co., Ltd.	26,724	9,173
Hangzhou Huawang Shiye Group Co., Ltd.	–	7,574
Purchases of construction equipment from:		
Hangzhou Hailu Zhonggong Co., Ltd.	–	60,935
Project technical and management services, including equipment selection and sale, provided to:		
Guangxi Tiandong Jinsheng Chemical Engineering Co., Ltd.	–	76,543
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	–	4,595
Cayman Lvye Sanmenxia Co., Ltd.	–	12,830
Taizhou Jinneng New Energy Co., Ltd.	–	3,493
Shanxi Xiaoyi Xing'an Chemical Co., Ltd.	–	2,197
Shanxi Fusheng Aluminium Industry Co., Ltd.	–	17,733
Jiangsu Jintai Shilian Electronic Materials Co., Ltd.	–	1,320
Chaohu Xinwan New Energy Co., Ltd.	–	2,242
Guangxi Tiandong Jinfu Shiye Co., Ltd.	–	1,183
PT Borneo Alumindo Prima	–	5,091
Hangzhou Jinjiang Group Co., Ltd	–	1,482
Kunshan Zhiqimei Materials Technology Co., Ltd	–	1,949
Energy management contracting services provided to:		
Shanxi Xiaoyi Xing'an Chemical Co., Ltd.	–	135,089
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	–	11,852

[2] For purchases of coal, the framework agreement signed between the parties only indicates the unit price of coal and the value of each transaction is determined only when orders are placed. For energy management contracting services, the aggregate value of each project can be determined only after the service has been provided and the Group's share of the energy savings for that particular project has been computed. Accordingly, for these categories of transactions, disclosure of the aggregate value is based on the actual amount incurred for the period.

Name of interested person	Aggregate value[2] of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	RMB'000	RMB'000
Guangxi Tiandong Jinxin Chemical Engineering Co., Ltd.	–	45,315
Guangxi Tiandong Jinsheng Chemical Engineering Co., Ltd.	–	3,629
Acquisition of equity interest in PT. Indo Green Power:		
H C Asia Pacific Holdings Pte. Ltd. and Top Celestial Holdings Pte. Ltd.	11,194	–
Technical services obtained from:		
Henan Jujiang Jixie Equipment Installation Engineering Co., Ltd.	8,766	–
Total	46,684	404,225

Material Contracts
Apart from those transactions disclosed as Interested Person Transactions above, there were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, any Director or controlling shareholder during the financial year under review.

Whistle-Blowing Policy
The Company has in place a whistle-blowing policy where staff of the Group or any other persons may, in confidence, raise concerns about possible improprieties in matters relating to financial reporting or other matters. Under the procedures, arrangements are in place for independent investigations of such matters raised and for appropriate follow up actions to be taken. The contact details of the personnel in charge of receiving complaints and information is made available in order to facilitate and encourage reporting, investigation and resolution of such matters.

Use of Proceeds
The gross proceeds from the private placement of 214,000,000 new shares in the Company ("**Placement**"), which was completed on 28 May 2018, amounted to S$107.0 million. After deducting approximately S$0.1 million in expenses, the net proceeds from the Placement amounted to approximately S$106.9 million. The net proceeds from the Placement have been fully utilised as follows:

Use of Net Proceeds	Estimated amount allocated (S$ million)	Amount utilised (S$ million)	Balance (S$ million)
Technical upgrading works at eight of the Group's existing WTE facilities	106.9	106.9	0
Total	**106.9**	**106.9**	**0**

Principle 13: Internal Audit

Internal Audit and Internal Controls
The objective of an internal audit is to assist the Board to evaluate the reliability, adequacy and effiectiveness of the internal controls and risk management processes of the Group. The internal audit reviews and tests the controls in areas of key risks identified.

The internal audit function is independent of the activities it audits. The Board has engaged KPMG Services Pte Ltd ("**KPMG**") as the Company's internal auditor. KPMG's primary reporting line is to the ARMC Chairman, with an administrative line of reporting to the CEO of the Company. The ARMC reviews and approves the engagement, removal, evaluation and compensation of KPMG to which the internal audit is outsourced. The ARMC meets with KPMG at least once annually without the presence of management. KPMG has unfettered access to all the Company's documents, records, properties and personnel, including access to the ARMC and management.

KPMG's directors are members of the Institute of Internal Auditors of Singapore as well as Chartered Accountants of Singapore. The experience, qualifications and size of the engagement team members are also evaluated before assigning to audit the Group. The firm carried out its internal audit according to the standards set by the Institute of Internal Auditors. The ARMC reviews and approves the internal audit plan and reviews the reports from KPMG for its adequacy and effiectiveness, at least on an annual basis. The internal audit is conducted two to three times yearly, including audits at diffierent operating facilities of the Group. Copies of the internal audit reports are provided to management and the external auditors. Processes are in place such that recommendations raised are followed up to ensure that they are implemented where possible, within a reasonable time frame, taking into account the severity and nature of the control weaknesses identified.

Shareholders Rights and Responsibilities

Principle 14: Shareholder Rights

The Company treats all shareholders fairly and equitably. The Company facilitates the exercise of shareholders' rights by ensuring that all material and financial information relating to the Group is disclosed in an accurate and timely manner via the SGXNET.

All shareholders are entitled to attend and vote at general meetings in person or by proxy. The rules including the voting procedures are set out in the notice of the general meetings. Shareholders may appoint one or two proxies each to attend and vote at general meetings in their absence. The proxy forms must be deposited with the Company's share registrar not less than seventy-two hours before the time set for the general meetings.

Principle 15: Communication with Shareholders

The Company ensures that timely and accurate material information are given to shareholders and investors so that they will be appraised of developments that may have a material impact on the Company. The Company announces its quarterly and annual results within the mandatory timeframe. The financial statements and other presentation materials are presented at the Company's general meetings. Material and price-sensitive information are disseminated and publicly released via the SGXNET on a timely basis. The annual report and the notice of AGM are sent to shareholders, advertised in the press and released via SGXNET.

The Company is open to meetings with shareholders, investors, media and analysts, and in conducting such meetings, the Company is mindful of the need to ensure fair disclosure to all shareholders. The Company seeks to solicit and understand the views of shareholders through analyst briefings that coincide with the release of financial results, meeting local and foreign fund managers in investor roadshows and conferences and dialogues with shareholders in general meetings. The Company's website can be found at http://www.jinjiang-env.com/.

Shareholders are encouraged to attend the Company's general meetings where the respective Chairmen of the Board and the Board Committees will be present to engage shareholders in dialogue and to address their queries.

The Company currently does not have a fixed dividend policy. For the financial year ended 31 December 2018, no dividend has been recommended as the Group is in the process of upgrading its waste treatment facilities in China and expanding its business operations overseas, with a view of achieving sustainable and long-term growth of its business. These projects require considerable financial resources and the Group's priority is to manage its cash flow prudently and responsibly so as to ensure that its financial commitments are met.

Principle 16: Conduct of Shareholder Meetings

The AGM of the Company is one of the principal forums for dialogue with shareholders. At the AGM, shareholders are given the opportunity to communicate their views and to ask the Directors questions on the various matters affecting the Company. The Chairman of the Board and the Chairpersons of the ARMC, RC and NC will normally be present and available at the AGM to address any queries relating to the work of these Committees. The external auditors are usually present at the AGM to assist the Directors in answering questions from shareholders as well as attending to queries on the conduct of audit and the presentation and content of the auditors' report.

Shareholders are given the opportunity to participate effectively and to vote at general meetings. However, as the authentication of shareholder identity information and other related integrity issues still remain a concern, the Company has decided not to implement voting in absentia for the time being.

The Company provides for separate resolutions at general meetings on each substantially separate issue. Detailed information on each item in the AGM agenda is provided in the explanatory notes to the Notice of AGM in the annual report. The Company maintains minutes of the AGM, which includes key comments and queries raised by shareholders and the responses from the Board, management and auditors.

Pursuant to Rule 730A(2) of the SGX-ST Listing Manual, all resolutions proposed at the AGM and at any adjournment thereof shall be put to the vote by way of poll. To allow for a more efficient voting system, the Company has put all resolutions to vote by poll instead of by show of hands. Shareholders can vote in person or by proxy. The scrutineer at the AGM will make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages. The rules including voting procedures that govern the general meetings of shareholders are set out in the Notice of AGM.

Dealings in Securities

The Company has adopted a code of conduct for dealing in securities which sets out the implications of insider trading and provides guidance and internal regulation with regards to dealings in the Company's securities by Directors and officers.

Specifically, the code of conduct has procedures in place prohibiting dealings in the Company's shares by its Directors and officers while (a) in possession of unpublished material price sensitive information, (b) during the period commencing two weeks preceding the announcement date of the Company's quarterly and half-year financial results and ending one full trading day following such announcement, and (c) during the period commencing one month preceding the announcement date of the Company's full year financial results and ending one full trading day following such announcement. Internal memorandums are regularly sent to remind Directors and officers on the period where dealings are prohibited. Directors and officers are also expected to observe insider trading laws at all times, even when dealing in securities within the permitted trading period. An officer should not deal in the Company's shares on short-term considerations.

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 102 to 186 are drawn up so as to present fairly, in all material respects, the financial position of the Group and of the Company as at 31 December 2018, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended.

1 DIRECTORS

The directors of the Company in office at the date of this statement are:

Wang Yuanluo
Zhang Chao (Appointed on 30 April 2018)
Wang Ruihong
Ang Swee Tian
Hee Theng Fong
Tan Huay Lim
Ni Mingjiang

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Except as disclosed in the paragraph 4 on "Share Options" below, neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in name of director	
Name of directors and companies in which interests are held	**At beginning of year or date of appointment, if later**	**At end of year**
The Company		
(Ordinary shares)		
Wang Yuanluo	1,040,000	2,860,000
Zhang Chao	–	600,000
Wang Ruihong	400,000	1,100,000
Ang Swee Tian	80,000	80,000

The directors' interest in the shares and debentures of the Company at 21 January 2019 were the same at 31 December 2018.

4 SHARE OPTIONS AND PERFORMANCE SHARES

The Company has adopted the Jinjiang Environment Performance Share Plan (the "**Plan**") which was approved by the shareholders on 29 June 2016. The Plan was subsequently amended and approved by the shareholders at an Extraordinary General Meeting held on 25 April 2017. The Plan shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of ten years commencing from 29 June 2016.

At the date of this statement, the Remuneration Committee which administers the Plan comprises the following directors:

(i) Hee Theng Fong - Chairman
(ii) Ang Swee Tian
(iii) Ni Mingjiang

The Plan is a performance incentive scheme which will form an integral part of the Group's incentive compensation program. The purpose of the Plan is to provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty by issuing them with ordinary shares of the Company based on the merits of their performance. The number of shares available under the Plan shall not exceed 15% of the issued share capital of the Company.

During the current financial year, 7,665,800 shares have been granted under the Plan, in respect of performance of the Group for the financial year ended 31 December 2017. As at 31 December 2018, the Company has granted 12,488,200 shares under the Plan. All entitled employees are required to pay 30% of the closing market price of the shares awarded to them on the date of grant in cash as a condition for the vesting of the share awards. These shares were granted without a vesting period but will be subject to a moratorium on trading of 12 months from the date of issuance and allotment.

The information on directors of the Company participating in the Plan is as follows:

Name of director	Shares granted during the financial year	Aggregate shares granted since commencement of the Plan to the end of financial year	Aggregate shares lapsed since commencement of the Plan to the end of financial year	Aggregate shares outstanding as at the end of financial year
Wang Yuanluo	1,820,000	2,860,000	–	2,860,000
Zhang Chao	600,000	600,000	–	600,000
Wang Ruihong	700,000	1,100,000	–	1,100,000

Save as disclosed above, there were no shares granted to directors or controlling shareholders of the Company, or associates of controlling shareholders of the Company, from the commencement of the Plan to the end of the financial year. In addition, no individual has been granted 5% or more of the total number of shares to be comprised in share awards available under the Plan, from the commencement of the Plan to the end of the financial year.

4 SHARE OPTIONS AND PERFORMANCE SHARES - cont'd

(a) *Options to take up unissued shares*

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) *Options exercised*

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under options*

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under options.

5 AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee of the Company, consisting all non-executive directors, is chaired by Mr Tan Huay Lim, an independent director, and includes Mr Hee Theng Fong, an independent director and Mr Ang Swee Tian, the lead independent director. The Audit and Risk Management Committee has met eight times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

(a) the internal and external auditors' audit plans and results of their examination and evaluation of the Group's systems of internal accounting controls;

(b) the Group's financial and operating results and accounting policies;

(c) the Group's key financial risk areas and risk management structure;

(d) the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditor's report on those financial statements;

(e) the quarterly, half-yearly and annual announcements on the results and financial position of the Company and the Group;

(f) the interested person transactions as defined under Chapter 9 of the SGX-ST Listing Manual;

(g) the scope, approach and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditor;

(h) the co-operation and assistance given by the management to the Group's internal and external auditors; and

(i) the re-appointment of the external auditors of the Group.

5 AUDIT AND RISK MANAGEMENT COMMITTEE - cont'd

The Audit and Risk Management Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit and Risk Management Committee.

The Audit and Risk Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Wang Yuanluo

Zhang Chao

5 April 2019

INDEPENDENT AUDITOR'S REPORT

To the members of China Jinjiang Environment Holding Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of China Jinjiang Environment Holding Company Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies as set out on pages 102 to 186.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018, and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Boards for Accountants' ("IESBA") *Code of Ethics for Professional Accountants* ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matters	Our Audit Procedures Performed and Responses Thereon
Service concession arrangements and revenue recognition with respect to arrangement under the scope of IFRIC 12	
The Group enters into build-operate-own ("BOO") and build-operate-transfer ("BOT") arrangements in respect of its waste-to-energy ("WTE") plants with the local government. We have identified the following as significant risks: a. Determination of whether the BOO and BOT arrangements fall under the scope of IFRS Interpretations Committee ("IFRIC") 12 *Service Concession Arrangements* for new service concession contracts; and b. Recognition of revenue for arrangements under the scope of IFRIC 12.	We performed the substantive procedures as follows: a. In determining whether the BOO and BOT arrangements fall under the scope of IFRIC 12 for new service concession contracts, • we challenged management's assessment of the service concession arrangements for appropriateness of accounting under IFRIC 12; and • we read the respective service concession agreements for each power plant and sought confirmation from management that there are no side agreements which alter, supersede, omit or add to the written agreements as any such side agreements may significantly alter the accounting treatment of the arrangements with consequential impact on the statements of financial position and the statement of profit or loss and other comprehensive income. Management confirmed that there are no side agreements, written or otherwise.

Key Audit Matters	Our Audit Procedures Performed and Responses Thereon
In addition, the Group allocates the consideration for the services provided under all the concession arrangements within the scope of IFRIC 12 by reference to their relative fair values. The determination of the fair values of the receivables under such agreements includes complex calculations and significant estimations such as discounts rates, future cash flows and estimated gross margins for recognition of fair value of the construction services delivered on a cost-plus basis and other factors used in the determination of the amortised cost of financial asset and corresponding financial income. The amounts relating to the concession arrangements under the scope of IFRIC 12 are material and significant judgement are required, particularly in relation to the identification and application of the appropriate accounting treatment. The accounting policies for revenue recognition are set out in Note 3 to the financial statements and the disclosure in relation to BOT arrangements for the Group within the scope of IFRIC 12 have been disclosed in Notes 4, 19 and 26 to the financial statements.	b. For the recognition of revenue for arrangements under the scope of IFRIC 12, • we tested management's computation of amortised cost of service concession receivables and intangible assets and allocation of consideration between service concession receivables and intangible assets and the related revenue recognition. We have also challenged key management estimates including discount rates and gross profit margin used by comparing against relevant market interest rates and the margin used by comparable companies in the industry respectively in the determination of the fair value of the construction services delivered; • we tested the costs of constructions incurred on sampling basis and assessed the accuracy of the construction revenue recorded based on the gross profit margin in relation to such service concession arrangements; and • we have also considered the adequacy of disclosure on the key assumptions relating to accounting for revenue and cost for the service concession contracts in the financial statements.

Key Audit Matters	Our Audit Procedures Performed and Responses Thereon
Impairment review of property, plant and equipment	
As at 31 December 2018, the Group's property, plant and equipment of RMB7.1 billion represents 48% of total assets on the consolidated statement of financial position of the Group. The Group is required to review the carrying amount of property, plant and equipment to determine whether there is any indicator of impairment. Where there are indicators of impairment, management will assess the recoverable amount based on the higher of value in use and fair value less costs to sell. This assessment requires the exercise of significant judgement about future market conditions, including future cash flows to be generated from the continuing use of the WTE plants over the service concession period and the corresponding discount rates. Further, the Group announced in 2017 that three of its WTE plants will be progressively closed or relocated. As at 31 December 2018, two out of three of the plants had been closed. During the current financial year, the local government had compensated the Group for the closure of one of the two WTE plants. The remaining WTE plant will be relocated and closed within the next few years. Based on management's best estimates, they have determined the net recoverable amount of a WTE plant is lower than the carrying amount and recorded an impairment loss of RMB1.16 million in profit or loss (Note 8). The key assumptions to the impairment test is disclosed in Note 4 to the financial statements.	We evaluated and challenged the key assumptions used by management in assessing the recoverable amount. These procedures included: • comparing the historical performance of the WTE plants with original forecasts and assessed whether the Group has achieved them; • assessing the cash flow forecasts used in respect of the WTE plants, with comparison to recent performance, trend analysis and market expectations; • challenging the appropriateness of the discount rate by assessing the cost of capital for the Group and comparable organisations in the industry; and • evaluating management's assessment of the sensitivity of the Group's impairment analysis to reasonably possible changes in the key assumptions. For the WTE plant that is closed for which compensation has not been agreed on between the Group and local government, we have obtained and reviewed the valuation report by considering the appropriateness of the valuation techniques used by the external valuer and compared the key assumptions against externally published market comparable or industry data where available. We also performed procedures to assess the objectivity and independence of the external valuer and evaluated the competency and qualification of the external valuer. For the WTE plant that will be relocated, we have performed additional procedures by challenging management's basis on the net realisable value of its land use rights and property and equipment as well as the cash flow projection. We have also evaluated the adequacy and appropriateness of the disclosures made in the financial statements.
Rendering of technical, management, equipment selection and sale services, and revenue from energy management contracting ("EMC") business with related parties	
During the year ended 31 December 2018, the revenue generated from the above segment with related parties amounted to RMB348,005,000 which represents approximately 11% of the Group's revenue. The above related party transactions contributed significantly to the Group's current year profit. The revenue transactions with related parties are disclosed in Notes 7 and 16(a) to the financial statements.	Our audit procedures focused on evaluation of the arrangement between the Group and the related parties. These procedures included: • evaluating the design and implementation of the relevant internal controls over the identification and recording of related party transactions; • reading the agreements with related parties and holding discussions with management to understand the nature and terms of the revenue transactions; • circularising and obtaining confirmations from the Group's related parties to verify the revenue transactions; and • performing substantive procedures to test the occurrence of these related party transactions.

Information Other than the Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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 the directors 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 the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year 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.

The engagement partner on the audit resulting in this Independent Auditor's Report is Cheung Pui Yuen.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

5 April 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

	Note	2018	2017
		RMB'000	RMB'000
Revenue	7	3,030,779	2,715,076
Cost of sales		(1,987,569)	(1,680,454)
Gross profit		1,043,210	1,034,622
Other income and other losses	8	218,475	188,125
Administrative expenses		(256,108)	(200,457)
Finance costs	9	(259,412)	(202,187)
Share of profit (loss) of joint ventures	29	2,147	(904)
Profit before tax		748,312	819,199
Income tax expense	10	(173,638)	(227,417)
Profit for the year	11	574,674	591,782
Other comprehensive loss			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation	42	(4,743)	(4,170)
Other comprehensive loss for the year, net of tax		(4,743)	(4,170)
Total comprehensive income for the year		569,931	587,612
Profit for the year:			
Attributable to:			
Owners of the Company		564,989	601,206
Non-controlling interests	15	9,685	(9,424)
		574,674	591,782
Total comprehensive income for the year:			
Attributable to:			
Owners of the Company		560,246	597,036
Non-controlling interests		9,685	(9,424)
		569,931	587,612
Earnings per share:			
- Basic and Diluted (RMB cents)	12	41.81	49.35

See accompanying notes to financial statements

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

	Note	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
		RMB'000	RMB'000	RMB'000	RMB'000
Assets					
Current assets					
Bank balances and cash	13	857,487	1,123,446	241,992	364,360
Pledged bank deposits	13	513,737	340,980	318,145	239,556
Trade and other receivables	14	1,150,139	766,163	4,002	9,868
Amounts due from non-controlling interests	15	74,807	27,976	–	–
Amounts due from related parties	16	760,153	354,557	–	–
Amounts due from subsidiaries	17	–	–	2,757,408	1,224,314
Contract costs	18	10,847	–	–	–
Service concession receivables	19	49,271	34,421	–	–
Prepaid leases	20	12,762	11,228	–	–
Other tax recoverable	21	142,492	124,694	–	–
Inventories	22	53,351	58,791	–	–
		3,625,046	2,842,256	3,321,547	1,838,098
Assets classified as held for sale	23	–	1,397,312	–	–
Total current assets		3,625,046	4,239,568	3,321,547	1,838,098
Non-current assets					
Other receivables	14	435,110	145,263	2,972	–
Service concession receivables	19	474,377	316,816	–	–
Prepaid leases	20	328,301	254,759	–	–
Property, plant and equipment	24	7,054,149	5,699,242	–	–
Investment property	25	27,258	–	–	–
Intangible assets	26	2,445,878	2,020,819	–	–
Investment in subsidiaries	27	–	–	1,790,879	1,790,640
Investment in associates	28	12,200	53,804	–	–
Investment in joint ventures	29	191,855	14,019	5,039	5,039
Total non-current assets		10,969,128	8,504,722	1,798,890	1,795,679
Total assets		14,594,174	12,744,290	5,120,437	3,633,777

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

		GROUP		COMPANY	
	Note	2018	2017	2018	2017
		RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities					
Borrowings	30	1,219,962	1,208,678	71,159	–
Notes payable	31	40,209	38,201	40,209	38,201
Trade and other payables	32	1,298,966	1,198,941	6,006	12,482
Amounts due to related parties	16	125,181	115,368	–	–
Amounts due to subsidiaries	17	–	–	65,389	1,947
Dividends payable	33	1,397	1,397	–	–
Obligations under finance leases	34	393,987	385,895	–	–
Deferred grant	35	8,420	36,157	–	–
Other tax liabilities	36	60,870	49,812	–	–
Income tax liabilities		135,677	102,565	–	–
		3,284,669	3,137,014	182,763	52,630
Liabilities directly associated with assets held for sale	23	–	665,937	–	–
Total current liabilities		3,284,669	3,802,951	182,763	52,630
Net current assets		340,377	436,617	3,138,784	1,785,468
Total assets less current liabilities		11,309,505	8,941,339	4,937,674	3,581,147
Non-current liabilities					
Borrowings	30	3,298,568	1,601,790	1,275,778	–
Notes payable	31	1,347,657	1,272,209	1,347,657	1,272,209
Obligations under finance leases	34	455,532	591,387	–	–
Provision for major overhauls	19	17,975	22,197	–	–
Deferred grant	35	161,249	164,533	–	–
Deferred tax liabilities	37	425,314	398,030	–	–
Total non-current liabilities		5,706,295	4,050,146	2,623,435	1,272,209
Net assets		5,603,210	4,891,193	2,314,239	2,308,938
Capital and reserves					
Share capital	38	95	81	95	81
Reserves		5,485,716	4,735,214	2,314,144	2,308,857
Equity attributable to owners of the Company		5,485,811	4,735,295	2,314,239	2,308,938
Non-controlling interests	15	117,399	155,898	–	–
Total equity		5,603,210	4,891,193	2,314,239	2,308,938

See accompanying notes to financial statements

	Equity attributable to owners of the Company						
	Share capital	**Share premium**	**Other reserves**	**Retained earnings**	**Subtotal**	**Non-controlling interests**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
	(Note 38)		**(Note 42)**				
GROUP							
At 1 January 2017	81	1,676,060	453,216	2,293,335	4,422,692	168,613	4,591,305
Profit for the year	–	–	–	601,206	601,206	(9,424)	591,782
Other comprehensive income for the year	–	–	(4,170)	–	(4,170)	–	(4,170)
Total comprehensive income for the year	–	–	(4,170)	601,206	597,036	(9,424)	587,612
Capital contribution from non-controlling interests	–	–	–	–	–	100	100
Transactions with owners, recognised directly in equity							
Issue of shares	*	19,067	(13,475)	–	5,592	–	5,592
Share award expense (Note 43)	–	–	13,475	–	13,475	–	13,475
Disposal of a subsidiary	–	–	–	–	–	3,079	3,079
Dividends paid (Note 44)	–	(303,500)	–	–	(303,500)	–	(303,500)
Appropriation to other reserves	–	–	4,950	(4,950)	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	(6,470)	(6,470)
At 31 December 2017	81	1,391,627	453,996	2,889,591	4,735,295	155,898	4,891,193
Profit for the year	–	–	–	564,989	564,989	9,685	574,674
Other comprehensive income for the year	–	–	(4,743)	–	(4,743)	–	(4,743)
Total comprehensive income for the year	–	–	(4,743)	564,989	560,246	9,685	569,931
Capital contribution from non-controlling interests	–	–	–	–	–	410	410
Transactions with owners, recognised directly in equity							
Issue of shares	14	527,275	(11,814)	–	515,475	–	515,475
Share award expense (Note 43)	–	–	11,814	–	11,814	–	11,814
Dividends paid (Note 44)	–	(350,705)	–	–	(350,705)	–	(350,705)
Appropriation to other reserves	–	–	14,309	(14,309)	–	–	–
Acquisition of non-controlling interests	–	–	13,686	–	13,686	(39,726)	(26,040)
Dividends paid to non-controlling interests	–	–	–	–	–	(8,868)	(8,868)
At 31 December 2018	95	1,568,197	477,248	3,440,271	5,485,811	117,399	5,603,210

* Less than RMB 1,000

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

	Share capital	Share premium	Other reserves	Accumulated losses	Total
	RMB'000 (Note 38)	RMB'000	RMB'000 (Note 42)	RMB'000	RMB'000
COMPANY					
At 1 January 2017	81	1,676,060	1,057,112	(49,622)	2,683,631
Loss for the year, representing total comprehensive loss for the year	–	–	–	(90,260)	(90,260)
Transactions with owners, recognised directly in equity					
Issue of shares	*	19,067	(13,475)	–	5,592
Share award expense (Note 43)	–	–	13,475	–	13,475
Dividends paid (Note 44)	–	(303,500)	–	–	(303,500)
At 31 December 2017	81	1,391,627	1,057,112	(139,882)	2,308,938
Loss for the year, representing total comprehensive loss for the year	–	–	–	(171,283)	(171,283)
Transactions with owners, recognised directly in equity					
Issue of shares	14	527,275	(11,814)	–	515,475
Share award expense (Note 43)	–	–	11,814	–	11,814
Dividends paid (Note 44)	–	(350,705)	–	–	(350,705)
At 31 December 2018	95	1,568,197	1,057,112	(311,165)	2,314,239

* Less than RMB 1,000

See accompanying notes to financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

	2018 RMB'000	2017 RMB'000
Operating activities		
Profit before tax	748,312	819,199
Adjustments for:		
Finance costs	259,412	202,187
Interest income	(58,142)	(35,173)
Depreciation of property, plant and equipment	321,570	298,528
Depreciation of investment property	779	–
Amortisation of prepaid leases	12,762	11,337
Amortisation of intangible assets	69,063	58,716
Loss (Gain) on disposal of property, plant and equipment	16	(28)
Compensation income on closure of a WTE plant	(289,800)	–
Property, plant and equipment written off	107,292	–
Prepaid lease written off	381	–
Loss allowance recognised on		
- Trade receivables	184	3,600
- Other receivables	2,392	–
Impairment loss on property, plant and equipment	1,161	–
Deferred grant recognised	(8,420)	(12,030)
Share award expense	11,814	13,475
Foreign exchange loss (gain)	70,260	(7,703)
Share of (profit) loss of joint ventures	(2,147)	904
Gain on disposal of an associate	(7,823)	–
Gain on disposal of subsidiaries	(31,344)	(68,527)
Operating cash flows before movements in working capital	1,207,722	1,284,485
Trade and other receivables	(311,924)	(234,920)
Service concession receivables	(172,411)	32,721
Contract costs	(10,847)	–
Other tax recoverable	(19,270)	(45,468)
Inventories	14,853	(18,397)
Intangible assets	(489,505)	(517,155)
Trade and other payables	249,768	159,187
Other tax liabilities	10,579	(2,946)
Amounts due from related parties (Note 16(b))	(150,988)	(41,494)
Amounts due from non-controlling interests	(25,477)	(7,635)
Amounts due to related parties (Note 16(b))	1,284	(16,395)
Deferred grants	15,421	155,079
Cash generated from operations	319,205	747,062
Income tax paid	(113,662)	(130,416)
Net cash from operating activities	205,543	616,646

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

	2018 RMB'000	2017 RMB'000
Investing activities		
Interest received	20,385	6,074
Payments for property, plant and equipment	(2,436,736)	(1,762,893)
Proceeds from disposal of property, plant and equipment	253,478	3,085
Payments for intangible assets – software	(3,188)	–
Payment for investment property	(28,037)	–
Payment for prepaid leases	(47,992)	(76,873)
Proceeds from disposal of subsidiaries classified as assets held for sale (Note 23)	6,781	–
Net cash inflows (outflows) arising from acquisition of subsidiaries (Note 27)	37,836	(66)
Net cash inflows (outflows) arising from disposal of a subsidiary (Note 27)	67,200	(1,594)
Investment in associates	(2,200)	(10,000)
Proceeds from disposal of an associate (Note 28)	51,627	–
Advances for disposal of subsidiaries (Note 23)	–	209,496
Investment in joint ventures	(10,050)	(14,923)
Pledged bank deposits	7,764	(24,121)
Net cash used in investing activities	(2,083,132)	(1,671,815)
Financing activities		
Proceeds from issue of shares	515,475	5,592
Proceeds from borrowings	3,438,434	2,663,188
Proceeds from obligations under finance leases	304,000	356,914
Repayment of borrowings	(1,525,347)	(1,413,310)
Repayment of obligations under finance leases	(435,135)	(287,698)
Payment of finance costs	(390,987)	(242,705)
Increase in pledged bank deposits for borrowings	(165,685)	(7,521)
Proceeds from issue of notes	–	1,320,240
Payment for notes issue costs	–	(9,797)
Dividends paid to owners of the Company	(350,705)	(303,500)
Dividends paid to non-controlling interests	(8,868)	(6,470)
Capital contributions from non-controlling interests	410	100
Acquisition of non-controlling interests in subsidiaries	(26,040)	–
Advances to non-controlling interests	(21,354)	–
Advances from related parties (Note 16(b))	131,367	66,147
Repayment to related parties (Note 16(b))	(42,054)	(306,214)
Net cash from financing activities	1,423,511	1,834,966
Net (decrease) increase in cash and cash equivalents	(454,078)	779,797
Cash and cash equivalents at beginning of the year	1,276,454	540,854
Effect of exchange rate fluctuations on cash held	35,111	(44,197)
Cash and cash equivalents at end of the year (1)	857,487	1,276,454

(1) As at 31 December 2017, included in cash and cash equivalents was an amount of RMB153,008,000 classified under "assets classified as held for sale" (Note 23).

See accompanying notes to financial statements

1. GENERAL INFORMATION

China Jinjiang Environment Holding Company Limited (the "Company") was incorporated on 8 September 2010 as an exempt company with limited liability in Cayman Islands with its registered office presently at Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands and principal place of business at 111 Hushu South Road, Level 19, Jinjiang Building, Hangzhou City, Zhejiang Province, the People's Republic of China (the "PRC"). The ultimate controlling shareholders are Mr Dou Zhenggang ("Mr Dou"), his spouse, Ms Wei Xuefeng and his daughter, Ms Jennifer Wei.

The Company was listed on the Main Board of Singapore Exchange Securities Trading Limited ("SGX-ST") on 3 August 2016.

The consolidated financial statements are expressed in Renminbi ("RMB"), which is the Company's functional currency.

The principal activity of the Company is that of an investment holding company. The Group is mainly engaged in the generation and sales of electricity and steam, operation of waste-to-energy plants and project management, technical consulting and advisory services and energy management contracting business. The principal activities of the subsidiaries, associates and joint ventures are disclosed in Notes 27, 28 and 29 to the consolidated financial statements respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2018 were authorised for issue by the Board of Directors on 5 April 2019.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current financial year, the Group has adopted all the new and revised IFRSs and amendments to IFRSs issued by the IASB that are relevant to its operations and effective for annual periods beginning on or after 1 January 2018.

The adoption of these new/revised IFRSs does not result in changes to the Group's and Company's accounting policies except as follows:

<u>IFRS 9 *Financial Instruments*</u>

IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment of financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the financial statements are described below.

The Group and Company applied IFRS 9 with an initial application date of 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Group and Company have elected not to restate the comparative information, which continues to be reported under IAS 39.

The significant accounting policies for financial instruments under IFRS 9 is as disclosed in Note 3.

(a) Classification and measurement of financial assets and financial liabilities

The Group has applied the requirements of IFRS 9 to instruments that have not been derecognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The classification of financial assets is based on two criteria: the Group's business model for managing the assets and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding. There are no changes in classification and measurement of the Group's financial assets and financial liabilities.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") - cont'd

IFRS 9 *Financial Instruments* - cont'd

(b) Impairment of financial assets

IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the company to recognise a loss allowance for expected credit losses on i) debt investments subsequently measured at amortised cost or at fair value through other comprehensive income, ii) lease receivables, iii) contract assets and iv) loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

Based on the assessment, management is of the view that the adoption of IFRS 9 has no material effect on the amounts reported for the current or prior years.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 supersedes IAS 11 *Construction Contracts, IAS 18 Revenue* and the related Interpretations. IFRS 15 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

The Group and Company have applied IFRS 15 using the modified retrospective method with the cumulative effect of initially applying this standard recognised at the date of initial application (January 1, 2018) as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and the related interpretations. The Group and Company have elected to apply this standard retrospectively only to contracts that are not completed contracts at the date of initial application. The adoption of IFRS 15 has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following new and revised IFRSs that are relevant to the Group and the Company were issued but not effective:

- IFRS 16 *Lease*[1]
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]

1 Effective for annual periods beginning on or after 1 January 2019
2 Application has been deferred indefinitely, however, early application is still permitted

Management anticipates that the adoption of the above IFRSs and amendments to IFRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

IFRS 16 *Leases*

The standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities are recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The standard maintains substantially the lessor accounting approach under the existing framework.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") - cont'd

IFRS 16 *Leases* - cont'd

As at 31 December 2018, the Group has non-cancellable operating lease commitments of approximately RMB13.2 million. IAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitment in Note 39. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of these leases unless they qualify for low value or short-term leases upon application of IFRS 16. The new requirement to recognise a right-of-use asset and a related lease liability is not expected to have a significant impact on the amounts recognised in the Group's consolidated financial statements.

Other than the above, management has considered and is of the view that the adoption of the other amendments to IFRSs that are issued as at date of authorisation of these financial statements but effective only in future periods will not have a material impact on the financial statements in the period of their initial adoption.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, and in accordance with the accounting policies set out below which are in conformity with IFRSs. The principal accounting policies adopted are as follows:

Historical cost is generally based on the fair value of consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. SIGNIFICANT ACCOUNTING POLICIES - cont'd

Basis of consolidation - cont'd

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gain control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investments in subsidiaries, associates and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES - cont'd

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to former owners of acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the IFRS are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their value or, when applicable, on the basis specified in another IFRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES - cont'd

Business combinations - cont'd

Business combination involving entities under common control

The net assets of the combining entities or businesses are combined using the existing carrying amounts. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination.

The consolidated statement of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, whichever is earlier.

Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates or joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IFRS 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. SIGNIFICANT ACCOUNTING POLICIES - cont'd

Investment in associates and joint ventures - cont'd

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

In the Company's financial statements, investments in joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Sale of goods

The Group sells electricity and steam to the end users. Revenue is recognised when control of the electricity and steam has transferred to the end users upon usage based on the meter reading. A receivable is recognised by the Group when the electricity and steam are delivered to the customers as this represents the point in time which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Rendering of services

i. Project technical and management service and EMC business

Project technical, management fees and EMC service fees from customers are recognised as revenue over time when services are rendered based on agreed rates. Management has assessed that the stage of completion is determined as the proportion of the total service period that has elapsed as at the end of the reporting period as it is an appropriate measure of progress towards complete satisfaction of these performance obligations under IFRS 15 as the customer simultaneously receives and consumes the services provided by the Group over the service period.

ii. Equipment selection and sale

The Group enters into contract with customers for equipment with unique specifications and engages a vendor to manufacture the specified equipment. Revenue is recognised at a point in time when control of the equipment has transferred to the customer which coincides with the delivery of the equipment to the customer.

3. SIGNIFICANT ACCOUNTING POLICIES - cont'd

Revenue recognition - cont'd

Rendering of services - cont'd

iii. *Revenue from waste treatment*

Revenue from waste treatment is recognised based on agreed rates when the relevant services are rendered over time as the grantor simultaneously receives and consumes the services provided by the Group over the service period.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

Construction contracts

Income from construction contracts is recognised as set out in the accounting policy for “Construction contracts” and “Service concession arrangements” below.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Sale and leaseback transactions

For sale and leaseback transactions which result in a finance lease, the excess of sales proceeds over the carrying amount of property, plant and equipment is deferred and amortised over the lease term to profit or loss. If the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the asset, a loss equal to the amount of the difference between the carrying amount and fair value shall be recognised immediately.

3. SIGNIFICANT ACCOUNTING POLICIES - cont'd

Foreign currencies

The individual financial statements of each entity within the Group are measured and presented in the currency of the primary economic environment in which the entity within the Group operates (its functional currency). The consolidated financial statements of the Group are presented in Renminbi, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Renminbi using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation, all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred grant in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

3. SIGNIFICANT ACCOUNTING POLICIES - cont'd

Government grants - cont'd

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its qualifying staff's wages as contributions to the plans. Payments to such retirement benefit schemes are recognised in profit or loss when employees have rendered service entitling them to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES - cont'd

Taxation - cont'd

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below) are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and accumulated impairment losses, if any.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is charged so as to write off the cost of items of property, plant, and equipment (other than construction-in-progress) less their residual values over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	-	3.60%
Plant and machinery	-	4.50% to 7.5%
Furniture, fixture and equipment	-	18.00%
Motor vehicles	-	11.25%

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

Investment property

Investment property refers to office units held to earn rental income. The investment property is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost over their estimated useful lives and after taking into account of their estimated residual value using the straight-line method, on the following basis:

Office units	-	3.30%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES - cont'd

Intangible assets

Intangible assets acquired separately excluding operating concessions

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The following useful life is used in the calculation of amortisation:

Computer software - 20%

Service concession arrangements

The Group recognises an intangible asset at fair value upon initial recognition when it has a right to charge for usage in relation to a concession infrastructure (as a consideration for providing construction services in a service concession arrangement). Subsequent to initial recognition, the intangible asset is measured at cost less accumulated amortisation and impairment losses. Amortisation is provided on straight-line basis over the respective periods of the operating concessions granted to the Group of 21 to 30 years.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from the derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation. They are amortised on a straight-line basis over the lease terms of 30 to 50 years.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis for allocation can be identified, assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation can be identified.

Recoverable amount is the higher of the fair value less costs of disposal and value in use. In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES - cont'd

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Costs of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Service concession arrangements

Consideration given by the grantor

A financial asset (receivable under service concession arrangement) is recognised to the extent that the Group has an unconditional right to receive cash or another financial asset from or at the direction of the grantor for the construction services rendered and/or the consideration paid and payable by the Group for the right to manage and operate the infrastructure for public service. The Group has an unconditional right to receive cash if the grantor contractually guarantees to pay the Group (a) specified or determinable amounts or (b) the shortfall, if any, between amounts received from users of the public service and specified or determinable amounts, even if the payment is contingent on the Group ensuring that the infrastructure meets specified quality of efficiency requirements. The financial asset (receivable under service concession arrangement) is accounted for in accordance with the policy set out for "Financial instruments" below.

An intangible asset (operating concession) is recognised to the extent that the Group receives a right to charge users of the public service. The intangible assets (operating concession) are stated at cost less accumulated amortisation and any accumulated impairment loss and are amortised on a straight-line basis over the operation phase of the concession periods.

If the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, then each component of the consideration is accounted for separately and is recognised initially at the fair value of the consideration.

Construction of service concession related infrastructure

Revenue and costs relating to construction phase of a concession arrangement is accounted for in accordance to IFRS 15. The Group recognised the construction revenue with reference to the fair value of the construction service delivered in the construction phase. The fair value of such service is estimated on a cost-plus basis with reference to the prevailing market rate of gross margin. Consequently, the Group recognised a profit margin on the construction work by reference to the stage of completion and in accordance with the policy for "Construction contracts" below.

3. SIGNIFICANT ACCOUNTING POLICIES - cont'd

Service concession arrangements - cont'd

Operating services

Revenue relating to operating services is accounted for in accordance with the policy for "Revenue recognition (rendering of services)" above.

Contractual obligations to restore the infrastructure to a specified level of serviceability

When the Group has contractual obligations that it must fulfil as a condition of its licence for operating concessions under the "Intangible Asset" model, that is (a) to maintain the infrastructure to a specified level of serviceability and/or (b) to restore the infrastructure to a specified condition before they are handed over to the grantor at the end of the service concession arrangement, these contractual obligations to maintain or restore the infrastructure are recognised and measured in accordance with the policy set out for "Provisions" below.

Repair and maintenance and other expenses that are routine in nature are expensed and recognised in profit or loss as incurred.

Construction contracts

The Group's performance in respect of construction services creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue from construction contracts over time, as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs. Revenue from the construction services under a service concession agreement is estimated on a cost-plus basis with reference to a prevailing market rate of gross margin at the date of the agreement applicable to similar construction services rendered.

Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

Contract costs

Costs incurred in fulfilling a contract with a customer are recognised as an asset if such costs relate directly to a contract and generate or enhance the Group's resources used in satisfying future performance obligations and are expected to be recovered.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES - cont'd

Share-based payments

The Group issues equity-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 43. The fair value determined at the grant date of the equity-settled share-based payments is expensed immediately upon vesting.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets (before 1 January 2018)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

<u>Financial assets</u>

The Group's financial assets are classified into loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from related parties and subsidiaries, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected.

3. SIGNIFICANT ACCOUNTING POLICIES - cont'd

Financial instruments - cont'd

Financial assets (before 1 January 2018) - cont'd

Financial assets - cont'd

Impairment of financial assets - cont'd

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment loss is reversed does not exceed what the amortised cost would have been had the impairment loss not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial assets (from 1 January 2018)

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES - cont'd

Financial instruments - cont'd

Financial assets (from 1 January 2018)

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

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

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES - cont'd

Financial instruments - cont'd

Financial assets (from 1 January 2018) - cont'd

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "Other income and other losses" line item.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due for corporate/individual debtors, more than 180 days past due for amounts due from related parties and more than 3 years for government debtors, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. SIGNIFICANT ACCOUNTING POLICIES - cont'd

Financial instruments - cont'd

Financial assets (from 1 January 2018) - cont'd

Impairment of financial assets - cont'd

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet the following criteria are generally not recoverable.

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or
- a breach of contract by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 1 year past due for corporate/individual debtors, more than 2 years past due for amounts due from related parties and more than 5 years for government debtors unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the debtor;
b) a breach of contract, such as a default or past due event; or
c) it is becoming probable that the debtor will enter bankruptcy.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES - cont'd

Financial instruments - cont'd

Financial assets (from 1 January 2018) - cont'd

Impairment of financial assets - cont'd

Measurement and recognition of expected credit losses - cont'd

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES - cont'd

Financial liabilities and equity instruments - cont'd

Financial liabilities

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

Trade and other payables, dividends payable and amounts due to related parties and subsidiaries are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method, except for short-term balances when the effect of discounting is immaterial.

Interest-bearing borrowings are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowing in accordance with the company's accounting policy for borrowing costs (see above).

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other income and other losses" line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Cash and cash equivalents in the statement of cash flows

Cash and cash equivalents in the statement of cash flows comprise cash on hand and bank balances that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - cont'd

Critical judgements in applying the Group's accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Service concession arrangements

The Group has entered into build-operate-own ("BOO") and build-operate-transfer ("BOT") arrangements in respect of certain of its waste-to-energy ("WTE") plants with the local government.

The Group assessed that the BOO arrangements are not service concession arrangements under IFRIC 12 *Service Concession Arrangements* because the local government does not control the significant residual interest in the infrastructure at the end of the term of the arrangements. Under the terms of the arrangement, the Group has the practical ability to pledge the infrastructure throughout the period of the arrangement. At the end of the respective BOO arrangement, the Group retains the ownership and control to the infrastructure and holds the right of first refusal on renewal of the service concession arrangement by the local government. In addition to the initial investment in the infrastructure, the Group performs technical upgrade periodically to improve the capacity and efficiency of the infrastructure. Management believes such improvements will further enhance the residual interest in the overall infrastructure at the end of the service concession arrangement.

On the other hand, the Group concluded that the BOT arrangements are service concession arrangement under IFRIC 12 *Service Concession Arrangements*, because (i) the local government controls and regulates the services that the Group must provide with the infrastructure at a pre-determined service charge and the parties to whom the Group must provide the services, and (ii) the local government controls significant residual interest in the infrastructure at the end of the term of the arrangements. Under the terms of the arrangement, upon expiry of the respective BOT arrangements, the infrastructure has to be transferred to the local government under good condition at no or minimal consideration.

See below involving estimations that management has made in relation to revenue recognition for construction services arising from service concession arrangements.

Investment in joint ventures

During the financial year ended 31 December 2018, the Group completed the disposal of its 70% equity interest in Zibo Green New Energy Co., Ltd and Hohhot Jiasheng New Energy Co., Ltd. Following the disposal, the board of directors of the investees comprise 1 representative from the Group and 2 representatives from the other shareholder. However, management considers the contractual arrangement on the investees and determined that decisions on the relevant activities of the investees will require unanimous consent of both the Group and the other shareholder. Accordingly, management classified the remaining 30% equity interest as investment in joint ventures (Note 29).

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Service concession arrangements

The Group recognises the right to operate the infrastructure (consideration received or receivable in exchange for the construction services provided) as an intangible asset in accordance with the BOT arrangements entered into with the local government for the project where there is no future guaranteed receipts over its service concession period. The Group recognises a financial asset, named "service concession receivables", arising from a service concession arrangement when it has an unconditional contractual right to receive cash or other financial asset from or at the direction of the grantor for the construction services provided. Such financial assets are measured at fair value on initial recognition and classified as service concession receivable. If the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, then each component of the consideration is accounted for separately and is initially recognised at the fair value of the consideration.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - cont'd

Key sources of estimation uncertainty **- cont'd**

Service concession arrangements - cont'd

Where the Group performs more than one service under the concession arrangements, the consideration for the services provided under the concession arrangements is allocated to the components by reference to their relative fair values.

Estimation is exercised in determining the fair values of the receivables under service concession arrangements as well as impairment of the receivables under service concession arrangements and intangible assets subsequent to initial recognition. Discount rates, estimates of future cash flows, costs of construction and other factors are used in the determination of the amortised cost of financial asset and corresponding finance income.

The assumptions used and estimates made can materially affect the fair value estimates. The carrying amount of the Group's financial receivables and intangible assets arising from service concession arrangements at the end of the reporting period is disclosed in Notes 19 and 26 to the consolidated financial statements respectively.

The stage of completion of each construction contract is assessed on a cumulative basis in each accounting year. Changes in estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract could impact the amount of revenue and expense recognised in profit or loss in the year in which the change is made and in subsequent years. Such impact could potentially be significant.

Revenue from construction services provided under service concession arrangements is disclosed in Note 7 to the consolidated financial statements. The gross profit margin recognised for third party constructed infrastructure in relation to service concession arrangement is 13.6% (2017: 13.6%) for PRC entities and 18% (2017: Nil%) for India entities which is estimated by management based on prevailing market rate applicable to construction services rendered by comparable companies.

Penalties from the local governments

During the financial year ended 31 December 2018, certain subsidiaries of the Group received various show cause notices from the local governments for alleged non-compliance with regards to the collection of municipal solid waste under the service concession agreements. The local governments have not made any claims or commenced any legal proceedings against these group entities. Based on the written legal opinion from the legal counsel of the Group, management had estimated a potential liability amounting to RMB6.7 million as at end of the reporting period which was accrued for and adjusted against the trade receivables from the local government as at 31 December 2018.

Useful lives and residual values of property, plant and equipment

Management exercises their judgement in estimating the useful lives and residual values of the depreciable assets. The estimated useful lives reflect management's estimate of the period that the Group intends to derive future economic benefits from the use of the depreciable asset.

Depreciation is provided to write off the cost of property, plant and equipment, adjusted for residual value, over their estimated useful lives, using the straight-line method.

The carrying amount of property, plant and equipment is disclosed in Note 24 to the consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - cont'd

***Key sources of estimation uncertainty* - cont'd**

Impairment of property, plant and equipment

The Group regularly reviews whether there are any indications of impairment and recognises an impairment loss if the carrying amount of an asset is lower than its recoverable amount. The Group tests for impairment for property, plant and equipment whenever there is an indication that the asset may be impaired.

In 2017, the Group announced that three of its WTE plants will be progressively closed or relocated to give way to the plans of the local government for redevelopment. As at 31 December 2018, two out of three of the plants had been closed. During the current financial year, the local government had compensated the Group for the closure of one of the two WTE plants and the Group is in negotiations with the local government on the compensation for the second WTE plant closed. The remaining WTE plant will be relocated and closed within the next few years.

For the WTE plant that is closed for which compensation has not been agreed upon, management has determined the recoverable amounts based on the valuation determined by an independent professional valuer. In relying on the valuation, management is of the view that the valuation methods and estimates are reflective of current market conditions. Management estimated the net recoverable amount of a WTE plant is lower than the carrying amount and recorded an impairment loss of RMB1.16 million in profit or loss (Note 8).

For the WTE plant that will be relocated, management has determined the recoverable amounts based on value in use calculations. These calculations require the use of estimates, such as discount rates, future profitability and net realisable value of its land use rights, property and equipment. Based on the assessment performed, management is of the view that no impairment allowance is necessary.

The carrying amount of property, plant and equipment is disclosed in Note 24 to the consolidated financial statements.

Loss allowance for trade and other receivables

The Group and the Company assess at the end of reporting period the expected credit loss ("ECL") required for its trade and other receivables, amounts due from non-controlling interests, amounts due from related parties and amounts due from subsidiaries taking into consideration the estimation of future cash flows. When measuring ECL, the Group and the Company use reasonable and supportable forward-looking information, including taking into consideration the credit worthiness, past collection history, subsequent receipts from the debtors and future economic conditions of the industry in which the debtors operate.

The carrying amounts of trade and other receivables, amounts due from non-controlling interests and amounts due from related parties and subsidiaries are disclosed in Notes 14, 15, 16 and 17 to the consolidated financial statements respectively.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2017.

The capital structure of the Group consists of net debts, which includes the borrowings disclosed in Notes 30, 31 and 34 less cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Group is in compliance with externally imposed capital requirements for the years ended 31 December 2018 and 2017.

6. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	GROUP		COMPANY	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at amortised cost	3,764,018	2,899,660	3,321,547	1,838,098
Financial liabilities at amortised cost	8,004,994	6,197,968	2,806,198	1,324,839

b. Financial risk management objectives and policies

The risks associated with the Group's financial instruments include foreign currency risk, interest rate risk, credit risk and liquidity risk. Management manages and monitors these exposures to ensure appropriate measures are implemented timely where necessary.

(1) Foreign currency risk

The Group collects most of its revenue and incurs most of its expenditures in RMB. Bank balances and cash of the Group are mainly denominated in RMB, United States Dollar ("USD") and Euro ("EUR"). The Group currently does not have a foreign currency hedging policy as management considers the foreign exchange risk exposure of the Group to be limited. However, the Group monitors currency risk exposure by periodically reviewing foreign currency exchange rates and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's and Company's monetary assets and liabilities which are significant at the reporting date that are denominated in currencies other than the respective functional currency of the group entities are as follows:

	GROUP		COMPANY	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
USD	678,666	683,588	308,550	358,084
EUR	177,237	51,924	–	9,753
Financial liabilities				
USD	2,860,397	1,672,873	2,734,803	1,310,410
EUR	3,233	41,781	–	–

Sensitivity analysis

The following table details the Group's and Company's sensitivity to a 10% increase and decrease in the RMB against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

6. FINANCIAL INSTRUMENTS - cont'd

b. Financial risk management objectives and policies - cont'd

(1) Foreign currency risk - cont'd

Sensitivity analysis - cont'd

If the relevant foreign currency weakens by 10% against the functional currency of each group entity, profit before tax will increase (decrease) by:

	GROUP		COMPANY	
	2018	**2017**	**2018**	**2017**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
USD	218,173	98,928	242,625	95,233
EUR	(17,400)	(1,014)	–	(975)

If the relevant foreign currency strengthens by 10% against the functional currency of each group entity, profit before tax will decrease (increase) by the same amount above.

(2) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to fair value interest rate risk related primarily to its fixed-rate borrowings (Note 30), notes payable (Note 31) and obligations under finance leases (Note 34). The Group's exposure to cash flow interest rate risk relates primarily to its variable-rate borrowings (Note 30). In 2017, the Company was not exposed to interest rate risks as it did not have significant interest-bearing liabilities and assets except for the notes payable (Note 31) which bore fixed interest rate at inception.

The Group and Company currently do not have a specific policy to manage its interest rate risk and has not entered into any interest rate swaps to hedge against the exposure. However, the Group and Company will monitor the interest rate exposure and manage interest cost using a mix of fixed and variable-rate debts.

Sensitivity analysis

The sensitivity analyses below have been prepared based on the exposure to interest rates for the variable-rate borrowings and bank balances at the end of the reporting period and the stipulated change taking place at the beginning of the year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates on variable-rate borrowings.

If interest rates had been 50 basis points higher/lower, the decrease/increase on profit before tax will be:

	GROUP		COMPANY	
	2018	**2017**	**2018**	**2017**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Profit before tax	18,069	9,107	6,735	–

6. FINANCIAL INSTRUMENTS - cont'd

b. Financial risk management objectives and policies - cont'd

(3) Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties of the Group is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Customers of the Group mainly consists of regional state-owned grid companies, local government and certain manufacturing companies whose production relies on the supply of electricity and steam by the Group. In this regard, management considers the Group's credit risk is significantly reduced.

Other than the concentration of credit risk on trade receivables as disclosed in the respective notes to the consolidated financial statements, the Group does not have any other significant concentration of credit risk.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except that the Company has significant non-trade receivables from 4 subsidiaries (2017: 3 subsidiaries) amounting to RMB2,743,143,000 (2017: RMB1,194,870,000) as at 31 December 2018. This represents advances made to the subsidiaries for purpose of capital expenditure fundings and working capital to other subsidiaries of the Group. Other than the above, there are no other significant receivables in the Company as at 31 December 2018 and 2017.

Receivables under service concession arrangements relate to consideration recoverable from certain governing bodies and agencies of the government of the PRC in respect of construction of WTE plants and are generally considered as having low risk of default.

The Group's and the Company's credit risk on cash and cash equivalents and pledged bank deposits is limited because the counterparties are banks with good reputation.

The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its trading records to rate its major customers and other debtors. The Group does not hold any collateral to cover its credit risks associated with its financial assets.

6. FINANCIAL INSTRUMENTS - cont'd

b. Financial risk management objectives and policies - cont'd

(3) Credit risk - cont'd

The Group's current credit risk framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is more than 90 days past due for corporate/individual debtors, more than 180 days past due for amounts due from related parties and more than 3 years past due for government debtors or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is more than 1 year past due for corporate/individual debtors, more than 2 years past due for amounts due from related parties and more than 5 years past due for government debtors or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

The assessment of the credit quality and exposure to credit risk of the Group's and Company's trade and other receivables, amounts due from non-controlling interests, related parties and subsidiaries and contract assets have been disclosed in Notes 14, 15, 16, 17, 19 and 26 to the financial statements respectively. The tables below detail the credit quality of the Group's financial assets and contract assets, as well as maximum exposure to credit risk by credit risk rating grades:

6. FINANCIAL INSTRUMENTS - cont'd

b. Financial risk management objectives and policies - cont'd

(3) Credit risk - cont'd

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Group				**RMB'000**	**RMB'000**	**RMB'000**
2018						
Trade receivables	14	(i)	Lifetime ECL (simplified approach)	776,974	(1,907)	775,067
Other receivables	14	Performing	12–month ECL	261,511	(2,392)	259,119
Trade amounts due from non-controlling interests	15	(i)	Lifetime ECL (simplified approach)	39,423	–	39,423
Non-trade amounts due from non-controlling interest	15	Performing	12–month ECL	35,384	–	35,384
Trade amounts due from related parties	16	(i)	Lifetime ECL (simplified approach)	261,352	–	261,352
Non-trade amounts due from related parties	16	Performing	12–month ECL	498,801	–	498,801
Service concession receivables	19	Performing	12–month ECL	523,648	–	523,648
Contract assets	26	(i)	Lifetime ECL (simplified approach)	660,050	–	660,050
					(4,299)	
Company						
2018						
Other receivables	14	(i)	12-month ECL	4,002	–	4,002
Amount due from subsidiaries	17	Performing	12-month ECL	2,757,408	–	2,757,408
					–	

(i) For trade related balances and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Notes 14, 15, 16 and 26 includes further details on the loss allowance for these receivables and contract assets.

The carrying amount of financial assets and contract assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking into account of the value of any collateral obtained.

6. **FINANCIAL INSTRUMENTS - cont'd**

b. **Financial risk management objectives and policies - cont'd**

(4) Liquidity risk

To manage the liquidity risk, the Group maintains a level of cash and cash equivalents considered adequate by management to finance the Group's operations. Management monitors the level of bank borrowings and ensures compliance with loan undertakings. The Group also relies on borrowings and amounts due to related parties for liquidity requirements.

Liquidity and interest risk tables

The following table details the Group's and Company's remaining contractual maturity for its financial liabilities as at the end of the reporting period. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The undiscounted cash flows column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

Group	Weighted average effective interest rate	On demand, or less than 1 year	1 - 5 years	>5 years	Undiscounted cash flows	Carrying amount closing balance
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2018						
Non-derivative financial liabilities						
Trade and other payables	–	1,122,501	–	–	1,122,501	1,122,501
Amounts due to related parties	–	125,181	–	–	125,181	125,181
Dividends payable	–	1,397	–	–	1,397	1,397
Borrowings	5.95	1,433,240	3,224,666	451,311	5,109,217	4,518,530
Notes payable	6.98	82,358	1,454,998	–	1,537,356	1,387,866
Obligations under finance leases	7.19	444,950	505,842	–	950,792	849,519
		3,209,627	5,185,506	451,311	8,846,444	8,004,994
2017						
Non-derivative financial liabilities						
Trade and other payables	–	983,043	–	–	983,043	983,043
Amounts due to related parties	–	115,368	–	–	115,368	115,368
Dividends payable	–	1,397	–	–	1,397	1,397
Borrowings	5.99	1,311,148	1,536,579	293,397	3,141,124	2,810,468
Notes payable	6.98	78,410	1,463,661	–	1,542,071	1,310,410
Obligations under finance leases	6.99	447,830	636,991	–	1,084,821	977,282
		2,937,196	3,637,231	293,397	6,867,824	6,197,968

6. FINANCIAL INSTRUMENTS - cont'd

b. Financial risk management objectives and policies - cont'd

(4) Liquidity risk - cont'd

Liquidity and interest risk tables - cont'd

Company	Weighted average effective interest rate	On demand, or less than 1 year	1 - 5 years	>5 years	Undiscounted cash flows	Carrying amount closing balance
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2018						
Non-derivative financial liabilities						
Trade and other payables	–	6,006	–	–	6,006	6,006
Amounts due to subsidiaries	–	65,389	–	–	65,389	65,389
Borrowings	4.10	136,835	1,356,007	–	1,492,842	1,346,937
Notes payable	6.98	82,358	1,454,998	–	1,537,356	1,387,866
		290,588	2,811,005	–	3,101,593	2,806,198
2017						
Non-derivative financial liabilities						
Trade and other payables	–	12,482	–	–	12,482	12,482
Amounts due to subsidiaries	–	1,947	–	–	1,947	1,947
Notes payable	6.98	78,410	1,463,661	–	1,542,071	1,310,410
		92,839	1,463,661	–	1,556,500	1,324,839

c. Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices or rates from observable current market transactions as input.

Other than the fair value of notes payable as disclosed in Note 31 to the consolidated financial statements, management considers the carrying amounts of the other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values at the end of the reporting period.

7. REVENUE AND SEGMENT INFORMATION

Information reported to the chief executive officer of the Company, being the Group's chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on the types of products and services delivered or provided. No operating segments have been aggregated in arriving at the reportable segments of the Group.

7. REVENUE AND SEGMENT INFORMATION - cont'd

Specifically, the Group's reportable and operating segments are as follows:

(1) Waste-to-energy project construction and operation
- Comprise sales of electricity and steam, waste treatment, construction services provided and financial income under service concession

(2) Project technical and management service, equipment selection and sale[1] and EMC business
- Comprise service income

1 Equipment selection and sale is a new service provided by the Group following the acquisition of Hangzhou Zhenghui Construction Engineering Co., Ltd (Note 27) in 2018.

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segment.

<u>For the year ended 31 December 2018</u>

	Waste-to-energy project construction and operation	Project technical and management service, equipment selection and sale and EMC business	Total
	RMB'000	RMB'000	RMB'000
Segment revenue			
External revenue - non-related parties	2,453,160	229,614	2,682,774
External revenue - related parties (Note 16)	–	348,005	348,005
Inter-segment revenue	–	31,225	31,225
	2,453,160	608,844	3,062,004
Elimination	–	(31,225)	(31,225)
Revenue	2,453,160	577,619	3,030,779
Segment profit	688,420	354,790	1,043,210
Government grants and value added tax refund	55,112	718	55,830
Gain on disposal of assets held for sale	31,344	–	31,344
Compensation income on closure of a WTE plant	289,800	–	289,800
Property, plant and equipment written off	(107,292)	–	(107,292)
Prepaid lease written off	(381)	–	(381)
Other cost relating to closure of a WTE plant	(36,322)	–	(36,322)
Impairment of property, plant and equipment	(1,161)	–	(1,161)
Other income and other losses			(13,343)
Administrative expenses			(256,108)
Finance costs			(259,412)
Share of gain of joint ventures			2,147
Profit before tax			748,312

7. REVENUE AND SEGMENT INFORMATION - cont'd

For the year ended 31 December 2017

	Waste-to-energy project construction and operation	Project technical and management service and EMC business	Total
	RMB'000	RMB'000	RMB'000
Segment revenue			
External revenue - non-related parties	2,324,002	79,362	2,403,364
External revenue - related parties (Note 16)	–	311,712	311,712
Inter-segment revenue	–	53,768	53,768
	2,324,002	444,842	2,768,844
Elimination	–	(53,768)	(53,768)
Revenue	2,324,002	391,074	2,715,076
Segment profit	746,069	288,553	1,034,622
Government grants and value added tax refund	45,556	883	46,439
Gain on disposal of subsidiary	68,527	–	68,527
Other income and other losses			73,159
Administrative expenses			(200,457)
Finance costs			(202,187)
Share of profit of a joint venture			(904)
Profit before tax			819,199

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

2018

	Waste-to-energy project construction and operation	Project technical and management service, equipment selection and sale and EMC business	Total
	RMB'000	RMB'000	RMB'000
Segment assets	11,814,079	732,194	12,546,273
Unallocated			2,047,901
Consolidated total assets			14,594,174
Segment liabilities	8,060,444	307,262	8,367,706
Unallocated			623,258

Consolidated total liabilities	8,990,964

7. REVENUE AND SEGMENT INFORMATION - cont'd

Segment assets and liabilities - cont'd

2017

	Waste-to-energy project construction and operation	Project technical and management service and EMC business	Total
	RMB'000	RMB'000	RMB'000
Segment assets	10,459,828	275,815	10,735,643
Unallocated			2,008,647
Consolidated total assets			12,744,290
Segment liabilities	7,243,086	58,178	7,301,264
Unallocated			551,833
Consolidated total liabilities			7,853,097

For the purposes of monitoring segment performance and allocating resources between segments:

All assets are allocated to reportable segments other than other tax recoverable, pledged bank deposits, bank balances and cash and the non-trade related balances due from related parties and non-controlling interests.

All liabilities are allocated to reportable segments other than income tax liabilities, other taxes liabilities, dividend payable, deferred tax liabilities and the non-trade related balances due to related parties.

Other segment information

For the year ended 31 December 2018

	Waste-to-energy project construction and operation	Project technical and management service, equipment selection and sale and EMC business	Total
	RMB'000	RMB'000	RMB'000
Depreciation and amortisation	376,969	27,205	404,174
Additions to non-current assets (Note)	2,379,149	18,842	2,397,991

7. **REVENUE AND SEGMENT INFORMATION - cont'd**

Other segment information - cont'd

For the year ended 31 December 2017

	Waste-to-energy project construction and operation	Project technical And management service and EMC business	Total
	RMB'000	RMB'000	RMB'000
Depreciation and amortisation	330,914	37,667	368,581
Additions to non-current assets (Note)	2,559,906	32,580	2,592,486

Note: Non-current assets excluded those relating to financial instruments and investments in associates and joint ventures.

Revenue from major products and services

	2018	2017
	RMB'000	RMB'000
Waste-to-energy project construction and operation		
Sales of electricity [(1)]	840,622	962,914
Sales of steam [(1)]	405,207	338,136
Revenue from waste treatment [(1)]	562,533	466,678
Revenue from construction services provided under service concession arrangements (Notes 19 and 26)	607,041	527,175
Financial income under service concession arrangements [(2)] (Note 19)	37,757	29,099
	2,453,160	2,324,002
Project technical and management service, equipment selection and sale and EMC business		
Service income - non-related parties	229,614	79,362
Service income - related parties (Note 16(a))	348,005	311,712
	577,619	391,074
Total revenue	3,030,779	2,715,076

(1) Included in the sales of electricity and steam and revenue from waste treatment are operating and maintenance income under service concession arrangements amounting to RMB335,279,000 (2017 : RMB297,226,000).
(2) Effective interest applied ranges from 7.7% to 11.0% (2017 : 7.7% to 11.0%) per annum.

7. REVENUE AND SEGMENT INFORMATION - cont'd

Timing of revenue recognition

	2018	2017
	RMB'000	RMB'000
At a point in time		
Sales of electricity	840,622	962,914
Sales of steam	405,207	338,136
Equipment selection and sale	141,735	–
	1,387,564	1,301,050
Over time		
Revenue from waste treatment	562,533	466,678
Revenue from construction services provided under service concession arrangements (Notes 19 and 26)	607,041	527,175
Project technical and management service and EMC business	435,884	391,074
	1,605,458	1,384,927
Financial income under service concession arrangements (Note 19)	37,757	29,099
	3,030,779	2,715,076

As at 31 December 2018, there are unsatisfied performance obligations related to service concession arrangements and service contracts amounting to RMB1,699,186,000 and RMB368,944,000 respectively.

Management expects that unsatisfied performance obligations related to service concession arrangements and service contracts as of 31 December 2018 amounting to RMB899,186,000 and RMB368,944,000 respectively will be recognised as construction revenue and service revenue during the next reporting period. The remaining unsatisfied performance obligations related to service concession arrangements amounting to RMB800,000,000 is expected to be recognised as construction revenue after one year from the end of the reporting period.

The Group has applied the practical expedient to not disclose the related unsatisfied performance obligation in relation to the remaining revenue streams for the remaining service concession arrangement contract periods and certain service agreements agreed with customers.

Geographical information

The Group's revenue from external customers and information about its segment assets (non-current assets) by geographical location are detailed below:

	Revenue from external customers (including related parties) 2018	Non-current assets 2018
	RMB'000	RMB'000
Based on location of customer		
PRC	2,794,487	10,618,739
India	236,292	194,771
Others	–	155,618
	3,030,779	10,969,128

7. REVENUE AND SEGMENT INFORMATION - cont'd

Geographical information - cont'd

	Revenue from external customers (including related parties) 2017	Non-current assets 2017
	RMB'000	RMB'000
Based on location of customer		
PRC	2,681,565	8,362,546
India	33,511	73,633
Others	–	68,543
	2,715,076	8,504,722

Information about major customers

Waste-to-energy project construction and services

Customers of the Group mainly consist of regional state-owned grid companies, local government environmental sectors and certain manufacturing companies whose production relies on the supply of electricity and steam by the Group.

In 2018 and 2017, no single customer accounted for 10% or more of the Group's revenue.

Project technical and management services, equipment selection and sale and EMC business

In 2018 and 2017, other than related parties in which a controlling shareholder has control over as disclosed above and in Note 16(a), no single customer accounted for 10% or more of the Group's revenue.

8. OTHER INCOME AND OTHER LOSSES

	GROUP	
	2018	2017
	RMB'000	RMB'000
Other income:		
Government grant (Note i)	31,305	27,499
Value added tax refund	24,525	18,940
Bank interest income	20,385	6,074
Compensation income on closure of a WTE plant	289,800	–
Gain on disposal of property, plant and equipment	–	28
Gain on disposal of subsidiaries (Notes 16 and 27)	31,344	68,527
Gain on disposal of an associate	7,823	–
Foreign exchange gain	–	30,098
Sludge disposal fees	6,800	17,749
Others	21,329	22,810
	433,311	191,725

8. OTHER INCOME AND OTHER LOSSES - cont'd

	GROUP	
	2018	2017
	RMB'000	RMB'000
Other losses:		
Write-off of property, plant and equipment upon closure of a WTE plant	(107,292)	–
Write-off of prepaid lease	(381)	–
Other costs relating to closure of a WTE plant	(36,322)	–
Loss on disposal of property, plant and equipment	(16)	–
Foreign exchange losses	(67,088)	–
Loss allowance recognised on		
- Trade receivables (Note 14)	(184)	(3,600)
- Other receivables (Note 14)	(2,392)	–
Impairment loss on property, plant and equipment (Note 24)	(1,161)	–
	(214,836)	(3,600)
Total	218,475	188,125

Note i: The government grants represented the government incentive funds and government subsidies received from the local government by the PRC operating entities of the Group. During the year ended 31 December 2018, government grants included: (a) the incentive for waste-to-energy business development to enterprises established in the PRC which amounted to RMB22,885,000 (2017 : RMB15,469,000); and (b) the subsidies received on acquisition of properties, plant and equipment amortised to profit or loss which amounted to RMB8,420,000 (2017 : RMB12,030,000).

9. FINANCE COSTS

	GROUP	
	2018	2017
	RMB'000	RMB'000
Interest on borrowings and notes payable	324,965	212,920
Interest on obligations under finance leases (Note 34)	80,555	72,140
Total interest expenses	405,520	285,060
Less: capitalised interest	(146,108)	(82,873)
	259,412	202,187

For the year ended 31 December 2018, borrowing costs capitalised are calculated by applying a capitalisation rate of 6.23% (2017 : 6.38%) per annum to expenditure on property, plant and equipment.

10. INCOME TAX EXPENSE

	GROUP	
	2018	2017
	RMB'000	RMB'000
Current tax:		
- PRC enterprise income tax	164,300	143,788
- Overprovision in the prior years	(18,848)	(2,536)
- Taxes in other jurisdictions	120	29
	145,572	141,281
Deferred tax (Note 37)		
Current year charges	27,284	84,757
Withholding tax	782	1,379
	173,638	227,417

Domestic PRC income tax is calculated at 25% of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	GROUP	
	2018	2017
	RMB'000	RMB'000
Profit before tax	748,312	819,199
Tax at PRC's statutory income tax rate of 25%	187,078	204,800
Effect of different tax rates in other jurisdictions	217	531
Tax effect of expenses not deductible for tax purposes	3,448	1,484
Overprovision in respect of prior years	(18,848)	(2,536)
Tax effect of tax losses/deductible temporary differences not recognised	59,628	9,438
Utilisation of tax losses/deductible temporary differences previously not recognised	(13,152)	(6,257)
Withholding tax arising from the dividends distributed by PRC subsidiaries	782	1,379
Effect of tax exemptions granted to PRC subsidiaries	(45,515)	(11,482)
Deferred tax recognised in current year arising from temporary differences associated with undistributed earnings of PRC subsidiaries (Note 37)	–	30,060
Income tax expense	173,638	227,417

11. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting) the following items:

	GROUP	
	2018	2017
	RMB'000	RMB'000
Personnel costs (including directors' emoluments):		
- Salaries and other benefits	227,348	198,299
- Retirement benefits scheme contributions	19,037	16,469
- Share award expense	11,814	13,475
Total personnel costs	258,199	228,243
Depreciation of property, plant and equipment	321,570	298,528
Depreciation of investment property	779	–
Amortisation of prepaid leases	12,762	11,337
Amortisation of intangible assets	69,063	58,716
Total depreciation and amortisation	404,174	368,581
Loss allowance recognised on		
- Trade receivables	184	3,600
- Other receivables	2,392	–
Impairment loss on		
- Property, plant and equipment	1,161	–
Write-off of property, plant and equipment upon closure of a WTE plant	(107,292)	–
Cost of inventories recognised as expense	497,775	431,204
Loss (Gain) on disposal of property, plant and equipment	16	(28)
Foreign exchange loss (gain)	67,088	(30,098)
Audit fees:		
- paid to auditors of the Company	3,152	1,252
- paid to member firms of the auditors of the Company	3,150	2,790
- paid to other auditors	678	538
Total audit fees	6,980	4,580
Non-audit fees:		
- paid to auditors of the Company	25	566
- paid to member firms of the auditors of the Company	–	542
- paid to other auditors	984	858
Total non-audit fees	1,009	1,966

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2018	2017
Earnings (RMB'000)		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	564,989	601,206
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,351,285	1,218,362

	2018	2017
Basic and diluted earnings per share (RMB cents)	41.81	49.35

The fully diluted earnings per share and basic earnings per share are the same as there are no dilutive potential shares outstanding at the end of the financial years ended 31 December 2018 and 2017.

13. BANK BALANCES AND CASH AND PLEDGED BANK DEPOSITS

The Group's and Company's bank balances and pledged bank deposits bear interest at approximately 0.35% (2017 : 0.35%) per annum.

The Group's and Company's deposits pledged for borrowings and projects tendering amounted to RMB513,737,000 (2017 : RMB340,980,000) and RMB318,145,000 (2017 : RMB239,556,000) respectively.

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	751,666	488,660	–	–
Less: Loss allowance	(1,907)	(1,723)	–	–
Bills receivables	25,308	13,230	–	–
Total trade and bills receivables	775,067	500,167	–	–
Advances to suppliers (Note i)	513,465	165,961	–	–
Other receivables:				
- Staff advances	8,368	17,107	–	9,752
- Refundable deposits	74,508	110,932	–	–
- Deposits paid under long-term finance leases	41,477	51,202	–	–
- Amount receivable for disposal of subsidiaries (Note 23)	114,254	–	–	–
- Deposits for office units	–	24,731	–	–
- Others	22,904	22,056	4,002	116
Less: Loss allowance	(2,392)	–	–	–
Sub-total of other receivables	259,119	226,028	4,002	9,868
Prepaid expenses	37,598	19,270	2,972	–
Total trade and other receivables	1,585,249	911,426	6,974	9,868
Analysed for reporting purposes as:				
- Current assets	1,150,139	766,163	4,002	9,868
- Non-current assets	435,110	145,263	2,972	–
	1,585,249	911,426	6,974	9,868

Notes:

(i) Advances to suppliers represents payments made in advance to suppliers for the purchase of inventories and plant and equipment and are unsecured and interest free.

Trade receivables

As at 31 December 2018, the balances due from 3 customers (2017 : 4) who individually accounted for 5% or more of the total balance of trade receivables amounted to RMB179,329,000 (2017 : RMB129,543,000).

The average credit period granted by the Group on the sale of electricity, steam, waste treatment and rendering of services is 60 to 120 days (2017 : 60 to 120 days).

Loss allowance for trade receivables has been measured at an amount equal to lifetime ECL. Trade and bill receivables are mainly amounts due from local electrical power bureaus and local government sectors for the sale of electricity and waste treatment. The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

14. TRADE AND OTHER RECEIVABLES - cont'd

Trade receivables - cont'd

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

The following is an aged analysis of trade receivables and bills receivable at the end of the reporting period, net of loss allowance for trade and bill receivables:

	Group	
	2018	**2017**
	RMB'000	**RMB'000**
Current	587,557	390,217
Within 60 days	63,301	45,208
60 days to 90 days	19,211	14,294
90 days to 120 days	40,529	11,958
Over 120 days	64,469	38,490
	775,067	500,167

The table below shows the movement in loss allowance for trade receivables:

	Group	
	2018	**2017**
	RMB'000	**RMB'000**
Balance at beginning of the year	1,723	32,155
Loss allowance recognised (Note 11)	184	3,600
Derecognised on disposal of a subsidiary (Note 27)	–	(34,032)
Balance at end of year	1,907	1,723

For the financial year ended 31 December 2018, the trade receivables have been assessed based on lifetime ECL individually and are not credit impaired.

Other receivables

For purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each these financial assets and the loss upon default.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

14. TRADE AND OTHER RECEIVABLES - cont'd

Other receivables - cont'd

The table below shows the movement in the loss allowance for other receivables:

	Group	
	2018	2017
	RMB'000	RMB'000
At beginning of the year	–	–
Loss allowance recognised (Note 8)	2,392	–
At end of the year	2,392	–

For the financial year ended 31 December 2018, other receivables have been assessed based on 12-month ECL individually and are not credit impaired.

15. NON-CONTROLLING INTERESTS

The table below shows details of subsidiaries of the Group with significant non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		At 31 December		Year Ended 31 December		At 31 December	
		2018	2017	2018	2017	2018	2017
		%	%	RMB'000	RMB'000	RMB'000	RMB'000
PLT Energy [(1)]	Baotou, the PRC	–	–	–	(21,900)	–	–
Kunming Jinjiang [(2)]	Kunming, the PRC	8.00	20.00	7,330	5,068	23,058	46,420
Jilin Xinxiang [(3)]	Changchun, the PRC	20.00	20.00	(2,676)	(551)	28,901	31,577
Yunnan Energy	Yunnan, the PRC	11.00	11.00	4,348	5,231	20,145	24,665
Individually immaterial subsidiaries with non-controlling interests				683	2,728	45,295	53,236
				9,685	(9,424)	117,399	155,898

(1) PLT Energy refers to Inner Mogolia Pulate Transportation Energy Co., Ltd. and was disposed in 2017 (Note 27).

(2) Kunming Jinjiang refers to Kunming Xinxingze Environment Resources Industry Co., Ltd.

(3) Jilin Xinxiang refers to Jilin Xinxiang Co., Ltd.

(3) Yunnan Energy refers to Yunnan Green Energy Co., Ltd.

15. NON-CONTROLLING INTERESTS - cont'd

Summarised financial information in respect of the Group's subsidiaries that has material non-controlling interests, before intra-group eliminations is set out below.

Kunming Jinjiang

	2018 RMB'000	2017 RMB'000
Current assets	240,840	156,746
Non-current assets	453,248	240,767
Current liabilities	(357,563)	(81,429)
Non-current liabilities	(48,299)	(88,939)
Equity attributable to owners of the Company	265,168	180,725
Non-controlling interests	23,058	46,420
Revenue	319,763	93,898
Expenses	(258,683)	(68,556)
Profit for the year	61,080	25,342
Profit attributable to owner of the Company	53,750	20,274
Profit attributable to non-controlling interests	7,330	5,068
Net cash inflow from operating activities	214,663	71,748
Net cash outflow from investing activities	(155,971)	(15,902)
Net cash outflow from financing activities	(52,909)	(55,546)
Net cash inflow	5,783	300

Jilin Xinxiang

	2018 RMB'000	2017 RMB'000
Current assets	22,580	31,049
Non-current assets	574,854	428,927
Current liabilities	(382,824)	(192,888)
Non-current liabilities	(44,226)	(83,321)
Equity attributable to owners of the Company	141,483	152,190
Non-controlling interests	28,901	31,577
Revenue	63,076	89,509
Expenses	(76,458)	(92,264)
Loss for the year	(13,382)	(2,755)
Loss attributable to owner of the Company	(10,706)	(2,204)
Loss attributable to non-controlling interests	(2,676)	(551)
Dividends paid to non-controlling interests	–	(6,470)
Net cash inflow from operating activities	141,408	69,405
Net cash outflow from investing activities	(86,678)	(9,509)
Net cash outflow from financing activities	(52,262)	(59,714)
Net cash inflow	2,468	182

15. NON-CONTROLLING INTERESTS - cont'd

Yunnan Energy

	2018	2017
	RMB'000	RMB'000
Current assets	77,433	72,015
Non-current assets	263,069	266,293
Current liabilities	(32,041)	(36,106)
Non-current liabilities	(53,575)	(77,973)
Equity attributable to owners of the Company	234,741	199,564
Non-controlling interests	20,145	24,665
Revenue	97,834	114,731
Expenses	58,309	67,177
Profit for the year	39,525	47,554
Profit attributable to owner of the Company	35,177	42,323
Profit attributable to non-controlling interests	4,348	5,231
Dividends paid to non-controlling interests	8,868	–
Net cash inflow from operating activities	51,878	33,873
Net cash outflow from investing activities	(8,975)	(8,697)
Net cash outflow from financing activities	(41,480)	(34,972)
Net cash inflow (outflow)	1,423	(9,796)

The amounts due from non-controlling interests are as follows:

	2018	2017
	RMB'000	RMB'000
Trade related	39,423	13,946
Non-trade related	35,384	14,030
	74,807	27,976

Loss allowance for trade receivables has been measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The trade related balance are unsecured, interest free and with a credit period of 120 days (2017 : 120 days) from the invoice date and are not past due as at the end of the reporting period.

Management determines the trade receivables due from non-controlling interests are subject to immaterial credit loss.

The non-trade related balances due from non-controlling interests were unsecured, interest-free and repayable on demand.

15. NON-CONTROLLING INTERESTS - cont'd

Management estimates the loss allowance on amounts due from non-controlling interests at an amount equal to 12-month ECL, taking into account the historical default experience and financial position of the non-controlling interests, adjusted for factors that are specific to the non-controlling interests and general economic conditions of the industry in which the non-controlling interests operate to determine the probability of default on the outstanding balances as well as the loss upon default.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Management determines the non-trade receivables due from non-controlling interests are subject to immaterial credit loss.

16. RELATED PARTY BALANCES AND TRANSACTIONS

(a) In addition to elsewhere disclosed in the consolidated financial statements, the Group entered into the following significant transactions with related parties during the year:

	2018	**2017**
	RMB'000	**RMB'000**
Companies in which a controlling shareholder has control over		
- Purchases of materials	272,310	198,653
- Rendering of technical and management services	(81,901)	(56,405)
- Revenue from EMC business	(195,885)	(255,307)
- Revenue from equipment selection and project management	(70,219)	–
- Disposal of subsidiary (Note 27)	–	(67,200)

The Group's credit policy is that the credit is offered to related companies following financial assessment and an established payment record.

(b) As at 31 December 2018, the Group had the following balances with related parties:

	2018	**2017**
	RMB'000	**RMB'000**
Trade		
Amounts due from companies in which a controlling shareholder has control over	248,030	110,359
Amounts due from joint ventures	13,322	–
	261,352	110,359
Non-trade		
Amounts due from companies in which a controlling shareholder has control over	58,428	244,198
Amounts due from joint ventures	440,373	–
	498,801	244,198
	760,153	354,557

16. RELATED PARTY BALANCES AND TRANSACTIONS - cont'd

(b) As at 31 December 2018, the Group had the following balances with related parties: - cont'd

	2018	2017
	RMB'000	RMB'000
Trade		
Amounts due to companies in which a controlling shareholder has control over	125,181	115,368

Trade balances

The trade amounts are unsecured, interest-free and with an average credit period of 3 months.

As at 31 December 2018, the trade receivables due from 5 related parties (2017 : 7) who individually accounted for 5% or more of the total balance of trade receivables amounted to RMB179,462,000 (2017 : RMB93,860,000).

The following is an aged analysis of trade receivables due from related parties at the end of the reporting period:

	2018	2017
	RMB'000	RMB'000
Current	206,156	75,144
0 to 90 days	10,520	4,968
91 to 120 days	14,319	529
Over 120 days	30,356	29,718
	261,351	110,359

Loss allowance for trade receivables has been measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Management determines the trade receivables due from related parties are subject to immaterial credit loss.

Non-trade balances

The non-trade related balances due from related parties are unsecured, interest-free and repayable on demand except for the amounts due from joint ventures which bear interest at 7% (2017: Nil%) per annum and are due within one year from the end of the reporting period.

16. RELATED PARTY BALANCES AND TRANSACTIONS - cont'd

(b) As at 31 December 2018, the Group had the following balances with related parties: - cont'd

Non-trade balances - cont'd

Management estimates the loss allowance on amounts due from related parties at an amount equal to 12-month ECL, taking into account the historical default experience and financial position of the related parties, adjusted for factors that are specific to the related parties and general economic conditions of the industry in which the related parties operate to determine the probability of default on the outstanding balances as well as the loss upon default.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Management determines the non-trade receivables due from related parties are subject to immaterial credit loss.

(c) Compensation of directors and key management personnel of the Group

The remuneration of directors and key management personnel during the year was as follows:

	Group	
	2018	**2017**
	RMB'000	**RMB'000**
Short-term employee benefits	7,502	8,596
Post-employment benefits	318	286
Share award expense	5,548	5,142
	13,368	14,024

17. AMOUNTS DUE FROM/TO SUBSIDIARIES

The Company's receivables from and payables to subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

Management estimates the loss allowance on amounts due from subsidiaries at an amount equal to 12-month ECL, taking into account the historical default experience, current financial conditions of the subsidiaries and the future prospects of the industry of each subsidiariy. None of the amounts due from subsidiaries at the end of the reporting period is past due.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for amounts due from subsidiaries.

Based on the assessment, management is of the view that the ECL is insignificant as the credit risk of the subsidiaries are low.

18. CONTRACT COSTS

	Group	
	2018	**2017**
	RMB'000	**RMB'000**
Costs to fulfil service contracts	10,847	–

These represent capitalisation of costs to fulfil the service contracts on equipment selection and sale which will be recognised as part of the cost of sales upon the rendering of services at a point in time. There was no impairment in relation to the costs capitalised.

19. SERVICE CONCESSION RECEIVABLES

	Group	
	2018	2017
	RMB'000	RMB'000
Service concession receivables	523,648	351,237
Less: Amounts due within one year shown under current assets	(49,271)	(34,421)
Service concession receivables due after one year	474,377	316,816
Expected collection schedule is analysed as follows:		
Within 1 year	49,271	34,421
Within 2 to 5 years	152,652	103,188
Over 5 years	321,725	213,628
	523,648	351,237

As at 31 December 2018, certain of the Group's borrowings were secured by the Group's service concession receivables with aggregate carrying amount RMB435,448,000 (2017 : RMB33,326,000) (Note 30).

Management estimates the loss allowance on receivables under service concession arrangements at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction and waste to energy industry. None of the receivables under service concession arrangements at the end of the reporting period is past due.

Based on the assessment, management is of the view that the ECL is insignificant.

Provision for major overhauls

Pursuant to the service concession agreements, the Group has contractual obligations to maintain the facilities to a specified level of serviceability and/or to restore the plants to a specified condition before they are handed over to the grantors at the end of the service concession periods. These contractual obligations except for any upgrade element, are recognised and measured at the best estimate of the expenditure that would be required to settle the present obligation at the end of the reporting period. The future expenditure on these maintenance and restoration costs is collectively referred to as "major overhauls". The estimation basis is reviewed on an ongoing basis, and revised where appropriate.

Movements in provision and the balances of the liabilities for major overhauls are as follows:

	Group	
	2018	2017
	RMB'000	RMB'000
At beginning of the year	22,197	10,363
(Reversal) Provision made during the year	(4,222)	11,834
At end of the year	17,975	22,197

20. PREPAID LEASES

	Total
	RMB'000
Group	
Cost	
At 1 January 2017	321,979
Additions	76,873
Derecognised on disposal of a subsidiary (Note 27)	(11,109)
Reclassified as assets classified as held for sale (Note 23)	(53,936)
At 31 December 2017	333,807
Additions	88,219
Written off	(545)
At 31 December 2018	421,481
Amortisation	
At 1 January 2017	(58,734)
Additions	(11,337)
Derecognised on disposal of a subsidiary (Note 27)	1,844
Reclassified as assets classified as held for sale (Note 23)	407
At 31 December 2017	(67,820)
Additions	(12,762)
Written off	164
At 31 December 2018	(80,418)
Carrying amounts	
At 31 December 2018	341,063
At 31 December 2017	265,987

Analysed for reporting purposes as:

	2018	2017
	RMB'000	RMB'000
Current asset	12,762	11,228
Non-current asset	328,301	254,759
	341,063	265,987

Prepaid lease payments represent land use rights located in the PRC and comprised leasehold land under medium-term lease. The land use rights in the PRC are amortised over the lease term of 30 to 50 years.

As at 31 December 2018, certain of the Group's borrowings were secured by the Group's prepaid lease with aggregate carrying amount of RMB156,669,000 (2017 : RMB114,973,000) (Note 30).

21. OTHER TAX RECOVERABLE

	Group	
	2018	2017
	RMB'000	RMB'000
Value added tax	124,852	120,072
Others	17,640	4,622
	142,492	124,694

22. INVENTORIES

	Group	
	2018	2017
	RMB'000	RMB'000
Coal	26,239	32,161
Spare parts and other raw materials	27,112	26,630
	53,351	58,791

23. ASSETS CLASSIFIED AS HELD FOR SALE

In December 2017, the Group entered into a sale and purchase agreement with an affiliate of Hangzhou Financial Investment Group Co., Ltd., a non-related party, to dispose of its 70% equity interest in Zibo Green New Energy Co., Ltd. and Hohhot Jiasheng New Energy Co., Ltd. for a consideration of RMB264.5million and RMB84.7 million respectively. An advance of RMB209.5 million was received prior to 31 December 2017. The assets and liabilities attributable to the facilities, which were expected to be sold within twelve months, had been classified as a disposal group held for sale and were presented separately in the statement of financial position. The operations were included in the Group's waste-to-energy activities for segment reporting purposes (Note 7).

The proceeds of disposal were expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss had been recognised in 2017 on the classification of these operations as held for sale.

23. ASSETS CLASSIFIED AS HELD FOR SALE - cont'd

The major classes of assets and liabilities comprising the disposal group classified as held for sale were as follows:

	2017
	RMB'000
Property, plant and equipment (Note 24)	1,182,009
Bank balances and cash	153,008
Prepaid lease (Note 20)	53,529
Trade and other receivables	475
Other tax recoverable	8,291
Total assets classified as held for sale	1,397,312
Borrowing	(620,000)
Deferred grant	(39,800)
Trade and other payables	(6,108)
Amount due to related party	(25)
Other tax liabilities	(4)
Liabilities associated with assets classified as held for sale	(665,937)
Net assets of disposal group*	731,375

* Excluded intra-group payables eliminated of RMB294,174,000.

The disposal of Zibo Green New Energy Co., Ltd. and Hohhot Jiasheng New Energy Co., Ltd. was completed during the financial year ended 31 December 2018.

23. ASSETS CLASSIFIED AS HELD FOR SALE - cont'd

Details of the disposals at the date of completion are as follows:

	Zibo Green New Energy 2018 RMB'000	Hohhot Jiasheng New Energy 2018 RMB'000	Total 2018 RMB'000
Non-current assets			
Property, plant and equipment	969,272	360,728	1,330,000
Prepaid lease	43,361	11,799	55,160
Total non-current assets	1,012,633	372,527	1,385,160
Current assets			
Bank balances and cash	9,394	9,235	18,629
Trade and other receivables	391,773	2,378	394,151
Other tax recoverable	58,901	6,887	65,788
Total current assets	460,068	18,500	478,568
Non-current liabilities			
Borrowings	(680,000)	(200,000)	(880,000)
Deferred revenue	(31,800)	(9,700)	(41,500)
Total non-current liabilities	(711,800)	(209,700)	(921,500)
Current liabilities			
Trade and other payables	(384,291)	(6,090)	(390,381)
Amounts due to related parties	–	(68,389)	(68,389)
Other tax liabilities	–	(2)	(2)
Total current liabilities	(384,291)	(74,481)	(458,772)
Net assets derecognised	376,610	106,846	483,456
Consideration received/receivable:			
Cash received	158,676	76,230	234,906
Amount receivable (Note 14)	105,784	8,470	114,254
	264,460	84,700	349,160
Gain on disposal			
Consideration	264,460	84,700	349,160
Fair value of retained interest	128,400	37,240	165,640
Net assets derecognised	(376,610)	(106,846)	(483,456)
Gain on disposal	16,250	15,094	31,344
Net cash outflow arising on disposal			
Cash consideration received	–	25,410	25,410
Cash and cash equivalents disposed of	(9,394)	(9,235)	(18,629)
	(9,394)	16,175	6,781

24. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group							
Cost							
At 1 January 2017	–	2,035,141	4,218,338	27,868	19,050	778,919	7,079,316
Additions	43,812	25,583	128,042	10,259	23,660	1,755,268	1,986,624
Transfer	–	235,033	584,374	–	–	(819,407)	–
Disposals	–	–	(7,339)	–	–	–	(7,339)
Derecognised on disposal of a subsidiary (Note 27)	–	(173,128)	(232,048)	(276)	(436)	(3,428)	(409,316)
Reclassified as assets classified as held for sale (Note 23)	–	–	(347)	(303)	(536)	(1,181,114)	(1,182,300)
At 31 December 2017	43,812	2,122,629	4,691,020	37,548	41,738	530,238	7,466,985
Additions	–	744	59,827	6,648	37,153	1,725,919	1,830,291
Transfer	(43,812)	(6,111)	286,675	(549)	(2,254)	(277,761)	(43,812)
Disposals/Written off	–	(60,276)	(156,168)	(901)	(1,118)	–	(218,463)
Recognised on acquisition of a subsidiary (Note 27)	–	–	–	1,134	–	–	1,134
Exchange difference	–	(759)	(793)	(75)	(836)	(239)	(2,702)
At 31 December 2018	–	2,056,227	4,880,561	43,805	74,683	1,978,157	9,033,433
Accumulated depreciation							
At 1 January 2017	–	(415,806)	(1,110,611)	(11,733)	(9,853)	–	(1,548,003)
Depreciation for the year	–	(69,131)	(222,769)	(4,258)	(2,370)	–	(298,528)
Disposals	–	–	4,282	–	–	–	4,282
Derecognised on disposal of a subsidiary (Note 27)	–	29,088	50,157	197	298	–	79,740
Reclassified as assets classified as held for sale (Note 23)	–	–	2	41	248	–	291
At 31 December 2017	–	(455,849)	(1,278,939)	(15,753)	(11,677)	–	(1,762,218)
Depreciation for the year	–	(71,863)	(236,759)	(6,083)	(6,865)	–	(321,570)
Disposals/Written off	–	21,127	88,622	560	846	–	111,155
Exchange difference	–	1	12	4	18	–	35
At 31 December 2018	–	(506,584)	(1,427,064)	(21,272)	(17,678)	–	(1,972,598)
Accumulated impairment							
At 1 January 2017 and 31 December 2017	–	–	(5,525)	–	–	–	(5,525)
Impairment losses recognised	–	–	(1,161)	–	–	–	(1,161)
At 31 December 2018	–	–	(6,686)	–	–	–	(6,686)
Carrying values							
At 31 December 2018	–	1,549,643	3,446,811	22,533	57,005	1,978,157	7,054,149
At 31 December 2017	43,812	1,666,780	3,406,556	21,795	30,061	530,238	5,699,242

24. PROPERTY, PLANT AND EQUIPMENT - cont'd

Certain of the Group's interest-bearing bank and other borrowings were secured by certain of the Group's buildings and machinery, which had an aggregate carrying amount of RMB911,050,000 as at 31 December 2018 (2017 : RMB872,833,000) (Note 30).

As at 31 December 2018, certain plant and machinery of the Group with an aggregate carrying amount of RMB1,264,055,000 (2017 : RMB1,273,664,000) are held under finance leases (Note 34).

As at 31 December 2018, property certificates in respect of land on which buildings with a carrying amount of RMB360,828,000 (2017 : RMB466,168,000) are located have not been obtained. As advised by the Group's PRC legal advisor, management is of the opinion that the Group legally owns the rights to use these properties.

During the financial year ended 31 December 2018, impairment on certain plant and machinery amounting to RMB1,161,000 was recorded in profit or loss as the WTE plant is closed and management estimated the net recoverable amount of the plant and machinery to be lower than the carrying amount. No impairment loss was recorded for the financial year ended 31 December 2017.

25. INVESTMENT PROPERTY

	Total
	RMB'000
<u>**Group**</u>	
Cost	
Additions during the year and balance at 31 December 2018	28,037
Accumulated depreciation	
Depreciation for the year and balance at 31 December 2018	779
Carrying amount	
At 31 December 2018	27,258
At 31 December 2017	–

Description of the investment property is as follows:

Location	**Description**	**Tenure**
2 Venture Drive #15-17/#15-18/#15-19 Vision Exchange, Singapore Singapore 159936	Commercial	99-year leasehold commencing from June 10, 2013

The property rental income from the Group's investment property leased out under operating lease amounted to approximately RMB225,000 in 2018. Direct operating expenses (including repairs and maintenance) arising from rental-generating investment property amounted to approximately RMB34,000.

As at 31 December 2018, certain of the Group's borrowings were secured by the Group's investment property (Note 30).

The Group engaged independent valuer who has appropriate qualification and recent experience in the fair value measurement of the properties in the relevant locations to determine the fair value of the land and buildings. The valuations were made at year end on the basis of direct comparison with recent transactions of comparable properties within the vicinity and open market value.

25. INVESTMENT PROPERTY - cont'd

The Group classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. As at end of 31 December 2018, the fair value measurements of the Group's investment property is classified within Level 3 of the fair value hierarchy. There were no transfers between different levels during the year.

Management considers that certain unobservable inputs used in the fair value measurement of the Group's investment property are sensitive to the fair value measurement. The following information is relevant for the Group's investment property:

Name of property	Significant unobservable input(s)	Range	Sensitivity
Vision Exchange Commercial units	Price per square metre of strata floor area	RMB127,000 – RMB140,000	Any significant isolated increase (decrease) would result in a significantly higher (lower) fair value measurement

On the basis of valuations performed by independent valuers having an appropriate recognised professional qualification, management estimates the fair value of the investment property to approximate their carrying value.

26. INTANGIBLE ASSETS

	Software	Service concession arrangement	Total
	RMB'000	RMB'000	RMB'000
Group			
Cost			
At 1 January 2017	14,759	1,611,232	1,625,991
Additions	1,813	527,176	528,989
At 31 December 2017	16,572	2,138,408	2,154,980
Additions	3,188	490,934	494,122
At 31 December 2018	19,760	2,629,342	2,649,102
Amortisation			
At 1 January 2017	(2,347)	(73,098)	(75,445)
Amortisation	(3,099)	(55,617)	(58,716)
At 31 December 2017	(5,446)	(128,715)	(134,161)
Amortisation	(3,680)	(65,383)	(69,063)
At 31 December 2018	(9,126)	(194,098)	(203,224)
Carrying amounts			
At 31 December 2018	10,634	2,435,244	2,445,878
At 31 December 2017	11,126	2,009,693	2,020,819

The Group entered into service concession agreements with the local government authorities (the "Grantors"), pursuant to the design, construction, operation and maintenance of waste-to-energy plants during the concession period ranging from 21 years to 30 years, starting from the commencement date of commercial operation.

Service concession construction revenue (as detailed in Note 7) recorded in 2018 and 2017 represents the revenue recognised during the construction stage of the service concession period.

26. INTANGIBLE ASSETS - cont'd

The right that the Group has received to charge for the sale of electricity and waste treatment has been recognised as an intangible asset at the fair value of the construction services provided and is amortised over the operating period of the waste-to-energy plant on a straight-line basis from the date on which the waste-to-energy plant commences operation.

The Group's intangible assets amounting to RMB789,264,000 as at 31 December 2018 (2017 : RMB252,327,000) were pledged as collaterals against general loan facilities granted to the Group (Note 30).

As at 31 December 2018, the Group has RMB660,050,000 (2017: RMB510,464,000) of contract assets pertaining to construction contracts in progress within the intangible assets balance. There were no significant changes in the contract asset balances during the reporting period.

Management estimates the loss allowance on such contract assets at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction and waste to energy industry. Based on the assessment, management is of the view that the ECL is insignificant.

27. INVESTMENT IN SUBSIDIARIES

	Company	
	2018	**2017**
	RMB'000	**RMB'000**
Unquoted equity shares, at cost	1,790,879	1,790,640

Particulars of the Group's significant subsidiaries as at 31 December 2018 are as follows:

Company name (1)	**Place of incorporation/ establishment**	**Proportion of ownership interest and voting power held by the Group**		**Principal activities**
		2018	**2017**	
		%	**%**	
Gevin Limited	Hong Kong	100	100	Investment holding
Prime Gain Investments Limited ("Prime Gain")	Hong Kong	100	100	Investment holding
Hangzhou Yuhang Jinjiang Environment Energy Co., Ltd. ("Hangzhou Yuhang") 杭州余杭锦江环保能源有限公司	Hangzhou, the PRC	100	100	Operation of waste-to-energy plant
Zhengzhou Xingjin Green Environment Energy Co., Ltd. ("Zhengzhou Xingjin") 郑州荥锦绿色环保能源有限公司	Zhengzhou, the PRC	100	100	Operation of waste-to-energy plant and sales of steam
Green Energy (Hangzhou) Corporate Management Co., Ltd. ("Green Energy Hangzhou") 绿能（杭州）企业管理有限公司	Hangzhou, the PRC	100	100	Project management, technical consulting and advisory services
Wuhu Lüzhou Environment Energy Co., Ltd. ("Wuhu Jinjiang") 芜湖绿洲环保能源有限公司	Wuhu, the PRC	100	100	Operation of waste-to-energy plant and sales of steam

27. INVESTMENT IN SUBSIDIARIES - cont'd

Company name [(1)]	Place of incorporation/ establishment	Proportion of ownership interest and voting power held by the Group		Principal activities
		2018	2017	
		%	%	
Zibo Environment Energy Co., Ltd. ("Zibo Jinjiang") 淄博环保能源有限公司	Zibo, the PRC	100	100	Operation of waste-to-energy plant
Kunming Xinxingze Environment Resources Industry Co., Ltd. ("Kunming Jinjiang") 昆明鑫兴泽环境资源产业有限公司	Kunming, the PRC	92 [(2)]	80	Operation of waste-to-energy plant and sales of steam
Hangzhou Xiaoshan Jinjiang Green Energy Co., Ltd. ("Xiaoshan Jinjiang") 杭州萧山锦江绿色能源有限公司	Hangzhou, the PRC	90	90	Operation of waste-to-energy plant
Wuhan Green Energy Co., Ltd. ("Wuhan Jinjiang") 武汉市绿色环保能源有限公司	Wuhan, the PRC	100	100	Operation of waste-to-energy plant and sales of steam
Wuhan Hankou Green Energy Co., Ltd. ("Hankou Jinjiang") 武汉汉口绿色能源有限公司	Wuhan, the PRC	100	100	Operation of waste-to-energy plant and sales of steam
Yunnan Green Energy Co., Ltd. ("Yunnan Energy"). 云南绿色能源有限公司	Kunming, the PRC	89	89	Operation of waste-to-energy plant
Lin'an Jiasheng Environment Co., Ltd. ("Lin'an Jiasheng") 临安嘉盛环保有限公司	Lin'an, the PRC	100	100	Investment holding
Lianyungang Sunrise Environmental Protection Industry Co., Ltd. ("Lianyungang Sunrise") 连云港晨兴环保产业有限公司	Lianyungang, the PRC	100	100	Operation of waste-to-energy plant and sales of steam
Sunrise Development Group Limited ("Sunrise Development")	Samoa	100	100	Investment holding
Jilin Xinxiang Co., Ltd. ("Jilin Xinxiang") 吉林鑫祥有限责任公司	Changchun, the PRC	80	80	Operation of waste-to-energy plant and sales of steam
Yinchuan Zhongke Environmental Electrical Co., Ltd. ("Yinchuan Zhongke") 银川中科环保电力有限公司	Yinchuan, the PRC	100	100	Operation of waste-to-energy plant
Suihua Green New Energy Co., Ltd. ("Suihua New Energy") 绥化市绿能新能源有限公司	Suihua, the PRC	100	100	Operation of waste-to-energy plant
Zibo Green Energy Co.,Ltd. ("Zibo Green Energy") 淄博绿能环保能源有限公司	Zibo, the PRC	100	100	Operation of waste-to-energy plant and sales of steam

27. INVESTMENT IN SUBSIDIARIES - cont'd

Company name [1]	Place of incorporation/ establishment	Proportion of ownership interest and voting power held by the Group		Principal activities
		2018	2017	
		%	%	
Hohhot Jiasheng New Energy Co., Ltd. ("Hohhot New Energy") 呼和浩特嘉盛新能源有限公司	Hohhot, the PRC	– [3]	100	Operation of waste-to-energy plant
Qitaihe Green New Energy Co., Ltd. ("Qitaihe New Energy") 七台河绿能新能源有限公司	Qitaihe, the PRC	100	100	Operation of waste-to-energy plant
Songyuan Xinxiang New Energy Co., Ltd. ("Songyuan Xinxiang") 松原鑫祥新能源有限公司	Songyuan, the PRC	95 [4]	90	Operation of waste-to-energy plant
Tianjin Sunrise Environmental Protection Science and Technology Development Co., Ltd. ("Tianjin Sunrise") 天津市晨兴力克环保科技发展有限公司	Tianjin, the PRC	100	100	Operation of waste-to-energy plant and sales of steam
Hangzhou Kesheng Energy Technology Co., Ltd ("Hangzhou Kesheng") 杭州科晟能源技术有限公司	Hangzhou, the PRC	100	100	Operation of energy management consulting business
Shijiazhuang Jiasheng New Energy Co., Ltd ("Shijiazhuang Jiasheng") 石家庄嘉盛新能源有限公司	Shijiazhuang, the PRC	82	82	Operation of waste-to energy plant
Zibo Green New Energy Co., Ltd. ("Zibo New Energy") 淄博绿能新能源有限公司	Zibo, the PRC	– [3]	100	Operation of waste-to energy plant
Gaomi Lilangmingde Co. Ltd ("Gaomi Energy") 高密利朗明德环保科技有限公司	Gaomi, the PRC	100	100	Operation of waste-to energy plant
Singapore Jinjiang Environment Pte. Ltd.	Singapore	100	100	Investment holding
Hangzhou Jinjiang Environment Investment Co., Ltd. ("Jinjiang Investment") 杭州锦环投资有限公司	Hangzhou, the PRC	100	100	Investment holding
Kunshan Jinkangrui Environmental Protection Technology Co., Ltd. ("Jinkangrui Technology") 昆山锦康瑞环保技术有限公司	Kunshan, the PRC	100	100	Technology center
Zhejiang Shengyuan Environmental Analysis Technology Co., Ltd. ("Shengyuan Technology") 浙江盛远环境检测科技有限公司	Hangzhou, the PRC	100	100	Technology center

27. INVESTMENT IN SUBSIDIARIES - cont'd

Company name [1]	Place of incorporation/ establishment	Proportion of ownership interest and voting power held by the Group		Principal activities
		2018	2017	
		%	%	
Zhejiang Zhuji Bafang Thermal Power Co. Ltd. ("Zhuji Bafang") 浙江诸暨八方热电有限责任公司	Zhuji, the PRC	100	100	Operation of thermal power plant
Wenling Green New Energy Co., Ltd. ("Wenling Green Energy") 温岭绿能新能源有限公司	Wenling, the PRC	100	100	Operation of waste-to energy plant
Wenling Solid Waste Treatment Co., Ltd. ("Wenling Solid") (Note iv) 温岭绿能固废处理有限公司	Wenling, the PRC	51	51	Operation of solid waste treatment plant
Ecogreen Energy Private Limited	Gurgaon, India	99.98	99.98	Investment holding
Ecogreen Energy Gurgaon Faridabad Private Limited	Gurgaon, India	99.99	99.99	Operation of waste-to energy plant
Ecogreen Energy Lucknow Private Limited	Lucknow, India	99.99	99.99	Operation of waste-to energy plant
Ecogreen Energy Gwalior Private Limited	Gwalior, India	99.99	99.99	Operation of waste-to energy plant
PT Indo Green Power	Palembang, Indonesia	99.99 [5]	–	Operation of waste-to energy plant
Hangzhou Zhenghui Construction Engineering Co., Ltd. ("Hangzhou Zhenghui") 杭州正晖建设工程有限公司	Hangzhou, the PRC	100 [6]	–	Operation of engineering, design, construction and project management
Waste Tec GmbH	Solms, Germany	100 [7]	–	Technology center

(1) The English names of those companies established in the PRC are for reference only and have not been registered. Except for the dormant subsidiaries, the remaining subsidiaries are audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP for consolidation purposes.

(2) The Group acquired an additional 12% from the non-controlling interest, a non-related party, for an aggregate consideration of RMB21,900,000.

(3) The Group disposed 70% equity interest of Hohhot New Energy and Zibo New Energy to Hangzhou Jingheng Investment Partnership (Limited Partnership), a non-related party, and the entities became joint ventures of the Group (Note 29). Please see below for details.

(4) The Group acquired an additional 5% from the non-controlling interest, a non-related party, for an aggregate consideration of RMB4,141,000.

(5) Acquired from a related party. Please see below for details.

(6) Acquired from a non-related party. Please see below for details.

(7) Newly established during 2018.

27. INVESTMENT IN SUBSIDIARIES - cont'd

2018

(a) Acquisition of Hangzhou Zhenghui Construction Engineering Co., Ltd. ("Hangzhou Zhenghui")

In April 2018, the Group entered into a sale and purchase agreement to acquire 100% of the issued and paid-up share capital of Hangzhou Zhenghui from a non-related party for a total consideration of RMB15,976,700. Following the acquisition, Hangzhou Zhenghui becomes a wholly-owned, indirectly-held subsidiary of the Group.

Hangzhou Zhenghui is a company incorporated under the laws of the PRC on 23 March 2017 with limited liability, and is engaged in the provision of engineering, design, construction, project management, and engineering-related consultancy services in respect of projects both within and outside the People's Republic of China. Hangzhou Zhenghui will serve as an in-house platform with integrated design, engineering and construction capabilities, and serve as a platform for further technical-related collaboration with third parties both within and outside the PRC.

Assets acquired and liabilities assumed at date of acquisition:

	2018 RMB'000
Non-current assets	
Property, plant and equipment	1,134
Other deferred assets	1,527
Prepaid lease	493
Total non-current assets	3,154
Current assets	
Bank balances and cash	53,813
Trade and other receivables	60,565
Inventories	9,413
Total current assets	123,791
Current liabilities	
Trade and other payables	(110,401)
Tax liabilities	(567)
Total current liabilities	(110,968)
Net assets acquired and liabilities assumed	15,977
Goodwill arising on acquisition	
Cash consideration transferred	15,977
Less: Fair value of identifiable net assets acquired	(15,977)
Goodwill arising on acquisition	–
Net cash inflow arising on acquisition	
Cash consideration paid	(15,977)
Cash and cash equivalents acquired	53,813
	37,836

27. INVESTMENT IN SUBSIDIARIES - cont'd

(a) Acquisition of Hangzhou Zhenghui Construction Engineering Co., Ltd. ("Hangzhou Zhenghui") – cont'd

From the date of acquisition, Hangzhou Zhenghui contributed revenue of RMB234,680,000 and net profit of RMB61,477,000 to the Group. If the acquisition had taken place at the beginning of the financial year, the Group's revenue and profit after tax would have been RMB3,271,075,000 and RMB636,632,000 respectively. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and profit of the Group that would have been achieved had the acquisition been completed on 1 January 2018, nor is it intended to be a projection of future results.

(b) Acquisition of PT. Indo Green Power ("IGP")

In June 2018, PT. Jinjiang Environment Indonesia, a wholly-owned subsidiary of the Group, acquired 95% of the issued and paid-up share capital of IGP from 2 non-related parties. IGP was dormant prior to the acquisition. Subsequent to the acquisition, the Group will operate IGP with its own experienced management staff and construct the waste treatment plant and enhance the production capability with the technique and resources within the Group for the service concession project won. Accordingly, the transaction has been accounted for as an acquisition of assets and liabilities.

2017

In March 2017, the Group acquired 99.98% of the issued and paid-up share capital of Ecogreen Energy Private Limited ("Ecogreen Energy") for a consideration of 625,000 Indian Rupees (approximately RMB66,000) from a non-related party. Ecogreen Energy was dormant prior to the acquisition. Subsequent to the acquisition, the Group will operate the company with its own experienced management staff and construct the waste treatment plants and enhance the production capability with the technique and resources within the Group for service concession projects won. Accordingly, the transaction has been accounted for as an acquisition of assets and liabilities.

Disposal of subsidiaries

2017

(1) Inner Mongolia Pulate Transportation Energy Co., Ltd.

In September 2017, the Group entered into a sale and purchase agreement with a related party, Zhejiang Kangrui Investment Co., Ltd., a company in which the daughter of a controlling shareholder has control over, to fully dispose its equity interest in Inner Mongolia Pulate Transportation Energy Co., Ltd. ("PLT Energy") for a consideration of RMB 67.2million.

27. INVESTMENT IN SUBSIDIARIES - cont'd

Disposal of subsidiaries

Details of the disposals are as follows:

Book values of net liabilities over which control was lost:

	2017 RMB'000
Non-current assets	
Property, plant and equipment (Note 24)	329,576
Prepaid lease (Note 20)	9,265
Other receivables	376
Total non-current assets	339,217
Current assets	
Bank balances and cash	1,594
Trade and other receivables	43,986
Amounts due from related parties	267
Inventories	1,777
Other tax recoverable	3,056
Total current assets	50,680
Non-current liabilities	
Borrowings	(148,500)
Deferred tax liabilities (Note 37)	(13,988)
Total non-current liabilities	(162,488)
Current liabilities	
Trade and other payables	(18,017)
Amounts due to related parties	(207,298)
Borrowings	(6,500)
Total current liabilities	(231,815)
Net liabilities derecognised	(4,406)
Consideration receivable:	67,200
Cash, representing total consideration	67,200 [1]
Gain on disposal	
Consideration received	67,200
Net liabilities derecognised	4,406
Non-controlling interest derecognised	(3,079)
Gain on disposal (Note 8)	68,527
Net cash outflow arising on disposal	
Cash and cash equivalents disposed of	(1,594)

(1) The consideration remained outstanding as at 31 December 2017 and was received in 2018.

28. INVESTMENT IN ASSOCIATES

	2018	2017
	RMB'000	RMB'000
Cost of investment in associates	12,200	53,804

Details of the Group's significant associates at the end of the reporting period is as follows:

Name of associate [(1)]	Place of incorporation/ principal place of business	Proportion of ownership interest and voting power held by the Group		Principal activities
		2018	2017	
		%	%	
Songyuan Yuehong Environmental Protection Engineering Co., Ltd. [(2)] 松原市悦宏环保工程有限公司	Songyuan, the PRC	30	30	Operation of waste-to-energy plant and treatment of sludge
Taigu Zhanneng Environmental Protection Co., Ltd. [(2)] 太谷湛能环保有限公司	Taizhou, the PRC	30	30	Operation of waste-to-energy plant
Bayannao'er Jinpengyun Environmental Protection Engineering Co., Ltd. [(2), (3)] 巴彦淖尔锦鹏云环保有限公司	Inner Mongolia, the PRC	30	–	Operation of waste-to-energy plant
Hangzhou Jinheng Information Technology Co., Ltd. [(2), (3)] 杭州锦恒信息科技有限公司	Hangzhou, the PRC	40	–	Provision of information technology, administrative and project management services
Yueyang Sunrise Environmental Protection Industry Co., Ltd. 岳阳晨兴环保产业有限公司	Yueyang, the PRC	– [(4)]	45	Operation of waste-to-energy plant and sales of steam

(1) The English names of those companies established in the PRC are for reference only and have not been registered.

(2) Not audited for consolidation purposes as management is of the opinion that the results of the associates are insignificant during the year.

(3) Newly established during 2018.

(4) During the year, the Group disposed 45% equity interests to non-related parties for a total consideration of approximately RMB52.0 million.

28. INVESTMENT IN ASSOCIATES - cont'd

The Group's interest in the associates is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in the material associate in 2017:

Yueyang Sunrise

	2017
	RMB'000
Current assets	85,810
Non-current assets	17,254
Current liabilities	(5,722)
Net assets	97,342
Proportion of Group's ownership	45%
Carrying amount of the Group's interest in Yueyang Sunrise	43,804

As at 31 December 2018, there is no material interest in the associates.

29. INVESTMENT IN JOINT VENTURES

	Group		Company	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Cost of investment in joint ventures	190,612	14,923	5,039	5,039
Share of post-acquisition loss	1,243	(904)	–	–
	191,855	14,019	5,039	5,039

Details of the Group's significant joint ventures at the end of the reporting period is as follows:

Name of joint venture (1)	Place of incorporation/ principal place of business	Proportion of ownership interest and voting power held by the Group		Principal activities
		2018	2017	
		%	%	
Zibo Green New Energy Co., Ltd. ("Zibo New Energy") 淄博绿能新能源有限公司	Zibo, the PRC	30 (2)	100	Operation of waste-to-energy plant
Hohhot Jiasheng New Energy Co., Ltd. ("Hohhot New Energy") 呼和浩特嘉盛新能源有限公司	Hohhot, the PRC	30 (2)	100	Operation of waste-to-energy plant

(1) The English names of those companies established in the PRC are for reference only and have not been registered.

(2) The entity became a joint venture of the Group upon loss of control on disposal of 70% equity interests in the entity (Note 23).

29. INVESTMENT IN JOINT VENTURES - cont'd

The above joint ventures are accounted for using the equity method in these consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in the material joint ventures:

Zibo New Energy

	2018 RMB'000
Current assets	460,068
Non-current assets	1,012,633
Current liabilities	(384,291)
Non-current liabilities	(711,800)
Revenue	–
Profit for the year	–
Net assets	376,610
Proportion of Group's ownership	30%
	112,983
Fair value adjustment to retained interest on disposal	15,417
Carrying amount of the Group's interest in Zibo New Energy	128,400

Hohhot New Energy

	2018 RMB'000
Current assets	65,839
Non-current assets	393,711
Current liabilities	(141,169)
Non-current liabilities	(186,700)
Revenue	34,237
Profit for the year	7,546
Net assets	131,681
Proportion of Group's ownership	30%
Carrying amount of the Group's interest in Hohhot New Energy	39,504

As at 31 December 2018, the remaining joint ventures are not material to the Group.

30. BORROWINGS

	Group		Company	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Guaranteed borrowings *(Note i)*	2,505,002	1,358,919	1,346,937	–
Secured and guaranteed bank loans *(Notes i and ii)*	1,620,106	1,156,755	–	–
Secured bank loans *(Note iii)*	319,784	198,500	–	–
Secured and guaranteed other borrowings *(Notes i and iv)*	60,075	91,134	–	–
Secured other borrowings *(Note v)*	10,343	–	–	–
Unsecured other borrowings *(Note vi)*	3,220	5,160	–	–
	4,518,530	2,810,468	1,346,937	–
The borrowings comprise:				
- Fixed-rate borrowings	904,700	989,052	–	–
- Variable-rate borrowings	3,613,830	1,821,416	1,346,937	–
	4,518,530	2,810,468	1,346,937	–
Borrowings repayable:				
- Within one year	1,219,962	1,208,678	71,159	–
- Over one year, but not exceeding five years	2,882,745	1,335,991	1,275,778	–
- Over five years	415,823	265,799	–	–
	4,518,530	2,810,468	1,346,937	–
Less: Amount due within one year shown under current liabilities	(1,219,962)	(1,208,678)	(71,159)	–
Amounts shown under non-current liabilities	3,298,568	1,601,790	1,275,778	–

Notes:

(i) Borrowings are secured by guarantees mainly from companies in which a controlling shareholder has control over.

(ii) As at 31 December 2018, the bank loans of RMB230,000,000 (2017 : RMB268,000,000) are secured by certain property, plant and equipment (Note 24).

As at 31 December 2018, the bank loans of RMB164,000,000 (2017 : RMB259,240,000) are secured by prepaid leases (Note 20).

As at 31 December 2018, the bank loans of RMB140,000,000 (2017 : RMB152,000,000) are secured by the pledge of electricity tariffs receivables of subsidiaries.

As at 31 December 2018, the bank loans of RMB163,238,000 (2017 : RMB217,315,000) are secured by the pledge of electricity tariffs receivables, certain property, plant and equipment of a subsidiary (Note 24).

As at 31 December 2018, the bank loans of RMB104,160,000 (2017 : RMB260,200,000) are secured by the pledge of electricity tariffs receivables, certain property, plant and equipment of a subsidiary and prepaid leases (Notes 20 and 24).

As at 31 December 2018, the bank loans of RMB40,000,000 (2017 : Nil) were secured by property plant and equipment and prepaid leases (Notes 20 and 24).

As at 31 December 2018, the bank loans of RMB476,208,000 (2017 : Nil) were secured by the pledge of electricity tariffs receivables and prepaid leases (Note 20).

As at 31 December 2018, the other loans of RMB 302,500,000 (2017 : Nil) were secured by the Group's service concession receivables (Note 19), intangible assets (Note 26) and the pledge of electricity tariffs receivables.

30. BORROWINGS - cont'd

(iii) As at 31 December 2018, the bank loans of RMB300,000,000 (2017 : RMB198,500,000) were secured by certain bank deposits held by the Group (Note 13).

As at 31 December 2018, the bank loans of RMB19,784,000 (2017 : Nil) were secured by the Group's investment property (Note 25).

(iv) Loans from other financial institutions of RMB60,075,000 (2017 : RMB91,134,000) are repayable by instalments over three years at a variable interest rate ranging from 7.65% to 9.88% at the end of 2018 (2017 : 9.88%). The loans of RMB57,103,000 (2017 : RMB 84,947,000) are secured by the Group's intangible assets (Note 26) and the remaining loans of RMB 2,972,000 (2017 : RMB 6,187,000) are secured by the Group's service concession receivables (Note 19).

(v) Loans from other financial institutions of RMB10,343,000 (2017 : Nil) are repayable by instalments over three years at fixed interest rates ranging from 9.75% to 10.75% at the end of 2018 (2017 : Nil). The loans are secured by property, plant and equipment (Note 24).

(vi) As at 31 December 2018, borrowings of RMB3,220,000 (2017 : RMB5,160,000) are repayable over fifteen years at a variable interest rate at approximately 2.80% per annum. These contracted interest rates are based on floating market rates pegged to the People's Bank of China ("PBOC") rate and are repriced on an annual basis.

The ranges of effective interest rates on the Group's and Company's borrowings are as follows:

	Group		Company	
	2018	2017	2018	2017
Effective interest rate:				
Fixed-rate borrowings	4.35% to 10.75%	4.75% to 7.83%	na	na
Variable-rate borrowings	1.78% to 9.88%	2.80% to 9.88%	4.24% to 4.44%	na

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2018	Financing cash flows	Disposal of assets held for sale	Other changes[3]	Exchange difference	31 December 2018
	RMB'000	RMB'000	RMB'000 (Note 23)	RMB'000	RMB'000	RMB'000
Borrowings	2,810,468	1,913,087[1]	(260,000)	–	54,975	4,518,530
Obligations under finance leases	977,282	(131,135)[1]	–	3,372	–	849,519
Notes payable	1,310,410	(78,905)[1]	–	90,244	66,117	1,387,866
	5,098,160	1,703,047	(260,000)	93,616	121,092	6,755,915

30. BORROWINGS - cont'd

Reconciliation of liabilities arising from financing activities - cont'd

	1 January 2017	Financing cash flows	Disposal of a subsidiary	Classified as assets held for sale	Other changes[3]	Exchange difference	31 December 2017
	RMB'000	RMB'000	RMB'000 (Note 27)	RMB'000 (Note 23)	RMB'000	RMB'000	RMB'000
Borrowings	2,359,446	1,249,878[1]	(155,000)	(620,000)	–	(23,856)	2,810,468
Obligations under finance leases	904,957	69,216[1]	–	–	3,109	–	977,282
Notes payable	–	1,310,443[1]	–	–	35,473	(35,506)	1,310,410
Non-trade amounts due to related parties	269,667	(70,903)[2]	(198,764)	–	–	–	–
	3,534,070	2,558,634	(353,764)	(620,000)	38,582	(59,362)	5,098,160

(1) The cash flows make up the net amount of proceeds and repayments of the financial liabilities presented under the financing activities in the statement of cash flows.

(2) The cash flows make up the partial net amount of advances from and repayments to related parties presented under the financing activities in the statement of cash flows.

(3) Other changes include interest accruals, payments and issue costs.

31. NOTES PAYABLE

In 2017, the Company issued US$200,000,000 (equivalent to RMB1,346,000,000) senior notes which carry fixed interest of 6.0% per annum (interest payable semi-annually in arrear) and mature in July 2020. The effective interest rate for the year was 6.98% (2017: 6.98%) per annum.

The notes payable is unsecured and listed on SGX-ST.

	Group and Company 2018	2017
	RMB'000	RMB'000
At 1 January	1,310,410	–
Net proceeds from bond issue	–	1,320,240
Amortisation of interest and issue cost	(78,727)	(12,525)
Interest accrued	90,066	38,201
Exchange difference	66,117	(35,506)
At 31 December	1,387,866	1,310,410
Represented by:		
Amount due within one year shown under current liabilities	40,209	38,201
Amount shown under non-current liabilities	1,347,657	1,272,209
	1,387,866	1,310,410

Management estimated the fair value of the notes payable at 31 December 2018 to be approximately US$178.9 million (RMB1,232.6 million) (2017: US$198.9 million (RMB1,300.0 million)). The fair value is based on the bid price extracted from Bloomberg as at 31 December 2018 and 2017 respectively and management determined the notes payable to be under Level 2 fair value hierarchy.

There are no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year.

32. TRADE AND OTHER PAYABLES

	Group		Company	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	460,954	378,460	–	–
Bills payables	40,000	7,521	–	–
Construction and equipment payables	517,655	501,126	–	–
Deposits received from customers	176,465	6,402	–	–
Accrued payroll and welfare	9,707	8,553	–	–
Accrued expenses	17,274	19,689	–	–
Advance received for disposal of subsidiaries (Note 23)	–	209,496	–	–
Others	76,911	67,694	6,006	12,482
Total trade and other payables	1,298,966	1,198,941	6,006	12,482

The average credit period on purchases is 90 to 120 days (2017 : 90 to 120 days). No interest is charged on the overdue trade payables.

Included in deposits received from customers are contract liabilities for waste treatment and service contracts amounting to RMB168,186,000 (2017: RMB Nil).

The contract liability for waste treatment is recognised upon payments made in advance by the customer for revenue relating to the waste treatment services and is released over the service period.

The contract liability for service contract relates to equipment selection and sale services provided and revenue is recognised when control of the equipment has transferred to the customer. Advances received from the customer is recognised as a contract liability until the equipment has been delivered to the customer.

There were no significant changes in the contract liability balances during the reporting period.

33. DIVIDENDS PAYABLE

Dividends payable represents dividends due to the then immediate holding company before the rationalisation of the Group.

34. OBLIGATIONS UNDER FINANCE LEASES

The Group leases certain plant and machinery under finance leases through sale and leaseback arrangements. The lease terms are three to five years. In 2018, the effective borrowing rate ranged from 6.09% to 10.75% (2017 : 6.09% to 10.49%). The Group has options to purchase the equipment without any extra charges and for a nominal amount at the end of the lease terms. No arrangements have been entered into for contingent rental payments.

The Group had obligations under finance leases repayable as follows:

	Minimum lease payments		Present value minimum lease payments	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
Amounts payable under finance leases:				
Within one year	444,950	447,830	393,987	385,895
In more than one year but within two years	270,761	386,446	244,440	343,112
In more than two years but within five years	235,081	250,545	211,092	248,275
	950,792	1,084,821	849,519	977,282
Less: Future finance charges	(101,273)	(107,539)	N/A	N/A
Present value of lease obligations	849,519	977,282	849,519	977,282
Less: Amount due for settlement within 12 months (shown under current liabilities)			(393,987)	(385,895)
Amount due for settlement after 12 months			455,532	591,387

As at 31 December 2018, the obligations under finance leases of RMB431,302,000 (2017 : RMB752,863,000) are secured by certain property, plant and equipment (Note 24) and corporate guarantee by the companies controlled by a controlling shareholder.

As at 31 December 2018, the obligation under finance leases of RMB70,806,000 (2017 : RMB110,279,000) is secured by certain property, plant and equipment (Note 24) and equity interest of a subsidiary and concurrently guaranteed by a company controlled by a controlling shareholder.

As at 31 December 2018, the obligations under finance leases of RMB89,151,000 (2017 : RMB114,140,000) are secured by certain property, plant and equipment (Note 24).

As at 31 December 2018, the obligations under finance leases of RMB 258,260,000 (2017: RMB Nil) are secured by certain property, plant and equipment (Note 24), corporate guarantee by the companies controlled by a controlling shareholder and the pledge of electricity tariffs and waste treatment receivables.

35. DEFERRED GRANT

	Group	
	2018	2017
	RMB'000	RMB'000
The Group		
Grant received in advance	169,669	200,690
Analysed as:	8,420	36,157
- Current liabilities	161,249	164,533
- Non-current liabilities	169,669	200,690

36. OTHER TAX LIABILITIES

	Group	
	2018	2017
	RMB'000	RMB'000
Value added tax	48,697	38,126
Others	12,173	11,686
	60,870	49,812

37. DEFERRED TAX LIABILITIES

	Undistributed earnings of PRC subsidiaries	Fair value adjustment on acquisition of subsidiaries	Accelerated tax depreciation	Profit recognised on construction services provided under service concession arrangements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017	29,879	5,117	222,802	69,463	327,261
Charge (Credit) to profit or loss (Note 10)	30,060	(298)	29,543	25,452	84,757
Derecognised on disposal of a subsidiary (Note 27)	–	–	(13,988)	–	(13,988)
At 31 December 2017	59,939	4,819	238,357	94,915	398,030
Charge (Credit) to profit or loss (Note 10)	–	(223)	4,597	22,910	27,284
At 31 December 2018	59,939	4,596	242,954	117,825	425,314

At 31 December 2018, the Group has unused tax losses of approximately RMB167,859,000 (2017 : RMB140,812,000), available for offset against future profits. No deferred tax asset has been recognised in respect of those tax losses due to no certainty of the tax losses being utilised.

The unrecognised tax losses will expire in the following years:

	Group	
	2018	2017
	RMB'000	RMB'000
2018	–	16,837
2019	5,887	9,510
2020	8,790	32,178
2021	33,276	43,814
2021	25,804	38,473
2022	94,102	–
	167,859	140,812

37. DEFERRED TAX LIABILITIES - cont'd

At 31 December 2018, the Group has deductible temporary differences of RMB46,383,000 (2017 : RMB49,453,000). No deferred tax asset has been recognised in relation to such deductible temporary differences due to uncertainty of the deductible temporary differences being utilised.

At 31 December 2018, temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised are RMB2,556,595,000 (2017 : RMB2,000,370,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences, and it is probable that such differences will not reverse in the foreseeable future.

38. SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	Share capital
	'000	RMB'000
As at 1 January 2017	1,216,824	81
Issued during the year	4,757	*
At 31 December 2017	1,221,581	81
Issued during the year	221,666	14
At 31 December 2018	1,443,247	95

Fully paid ordinary shares have a par value of US$0.00001 (2017 : US$0.00001), carry one vote per share and carry a right to dividend, amounting to equivalent RMB95,000 (2017 : RMB81,000).

* Less than RMB1,000

39. OPERATING LEASES

The Group as lessee

	2018	2017
	RMB'000	RMB'000
Minimum lease payments made under operating leases during the year in respect of land use rights	3,571	1,233

At the end of the reporting period, the Group has commitments for future minimum lease under non-cancellable operating leases which fall due as follows:

	2018	2017
	RMB'000	RMB'000
Within one year	3,183	219
In the second to fifth years inclusive	3,461	705
Over five years	6,604	6,788
	13,248	7,712

Operating lease payments represent rental payable by the Group for certain land use rights and plant and machinery.

40. CAPITAL COMMITMENTS

	GROUP	
	2018	2017
	RMB'000	RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	995,114	166,487

41. PLEDGE OF ASSETS

Save as the pledged bank deposits disclosed in Note 13, at the end of reporting period, the Group had pledged the following assets to banks as securities against general banking facilities and obligations under finance leases granted to the Group:

	Group	
	2018	2017
	RMB'000	RMB'000
Service concession receivables (Note 19)	435,448	33,326
Prepaid leases (Note 20)	156,669	114,973
Property, plant and equipment (Note 24)	2,175,105	2,146,497
Investment property (Note 25)	27,258	–
Intangible assets (Note 26)	1,004,389	252,327
	3,798,869	2,547,123

As at 31 December 2018, the Group has pledged electricity tariffs receivables of 9 subsidiaries (2017 : 5 subsidiaries) to banks for general banking facilities (Note 30) and its equity interest of a subsidiary for a sale and leaseback arrangement (Note 34).

42. OTHER RESERVES

	Group		Company	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Capital reserve (a)	393,694	393,694	1,057,112	1,057,112
Merger reserve (b)	(67,642)	(67,642)	–	–
Statutory surplus reserve (c)	118,271	103,962	–	–
Share award reserve (d)	–	–	–	–
Foreign currency translation reserve (e)	(8,913)	(4,170)	–	–
Other reserve (f)	41,838	28,152	–	–
	477,248	453,996	1,057,112	1,057,112

(a) Capital reserve

	Group		Company	
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January and 31 December	393,694	393,694	1,057,112	1,057,112

Capital reserve represents deemed capital contribution and waiver of debts by its subsidiaries.

42. OTHER RESERVES - cont'd

(b) Merger reserve

	Group	
	2018	**2017**
	RMB'000	**RMB'000**
At 1 January and 31 December	(67,642)	(67,642)

Merger reserves represents the differences between the existing book values of the net assets of the subsidiaries under common control and the consideration paid when the Group acquired subsidiaries from the ultimate holding company or ultimate shareholder using the merger accounting method.

(c) Statutory surplus reserve

	Group	
	2018	**2017**
	RMB'000	**RMB'000**
At 1 January	103,962	99,012
Appropriation to reserves	14,309	4,950
At 31 December	118,271	103,962

Pursuant to the relevant laws and regulations in the People's Republic of China ("PRC") and the Articles of Association of the subsidiaries established in PRC, the PRC subsidiaries are required to make appropriation from profit after tax to a statutory surplus reserve at rate determined by their respective Board of Directors before distributing dividends to equity holders.

(d) Share award reserve

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
At 1 January	–	–	–	–
Share award expense	11,814	13,475	11,814	13,475
Issue of new shares	(11,814)	(13,475)	(11,814)	(13,475)
At 31 December	–	–	–	–

Share award reserve represents the equity-settled performance shares granted to certain key management personnel and employees of the Group. The reserve is made up of the cumulative value of services received from certain key management personnel and employees over the vesting period commencing from the grant date of equity-settled shares awards, and is reduced by the release of share awards (Note 43).

(e) Foreign currency translation reserve

	Group	
	2018	**2017**
	RMB'000	**RMB'000**
At 1 January	(4,170)	–
Other comprehensive income	(4,743)	(4,170)
At 31 December	(8,913)	(4,170)

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

42. OTHER RESERVES - cont'd

(f) Other reserve

	Group	
	2018	2017
	RMB'000	RMB'000
At 1 January	28,152	28,152
Acquisition of partial equity interest in subsidiaries	13,686	–
At 31 December	41,838	28,152

Other reserve represents the difference between the carrying amount of the non-controlling interest and the consideration arising from equity transactions with the non-controlling shareholders without loss of control in the subsidiaries by the Group.

43. SHARE AWARD EXPENSE

Performance Share Plan

The Jinjiang Environment Performance Share Plan ("Plan") was approved by shareholders on 29 June 2016. The Plan was subsequently amended and approved by shareholders at an Extraordinary General Meeting held on 25 April 2017. The Plan is administered by the Remuneration Committee comprising the Independent Directors Hee Theng Fong, Ang Swee Tian and Ni Mingjiang. The maximum period of the Performance Share Plan is 10 years commencing on the date on which it is adopted by the Company.

The participants of the Performance Share Plan will receive partially paid shares of the Company and are required to pay 30% of the closing market price of the shares awarded to them on the date of grant in cash as a condition for the vesting of the share awards. The aggregate number of shares available under the Plan shall not exceed 15% of the issued share capital of the Company.

On September 2018, the Company granted 7,665,800 (2017 : 4,822,400) shares under the Plan.

The fair values of the performance shares are estimated to be S$0.35 (RMB1.60 equivalent) (2017 : S$0.57 (RMB2.82 equivalent)) per share and is based on the market value of the share on grant date and risk free rate of 1%. The market value of the share on grant date is S$0.505 (RMB2.53 equivalent) (2017 : S$0.82 (RMB4.03 equivalent)).

The movements of the number of shares for the Plan during the financial year were as follows:

	Group and Company	
	2018	2017
	No. of awarded shares	
Granted during the year	7,666	4,822
Cancelled, expired or lapsed	–	(65)
Vested[1] during the year	(7,666)	(4,757)
Outstanding at end of the year	–	–

(1) Vested shares are allotted and issued to the respective participants and are subject to a moratorium on trading of 12 months from the date the shares are allotted and issued.

The Group recognised total expenses of RMB11,814,000 (2017 : RMB13,475,000) related to equity-settled share-based payment transactions during the year.

44. DIVIDENDS

During the year ended 31 December 2018, dividends of S$0.051 cents per share amounting to S$73.2 million (approximately RMB350.7 million) were paid to shareholders in respect of the financial year ended 31 December 2017.

During the year ended 31 December 2017, dividends of S$0.0505 cents per share amounting to S$61.4 million (approximately RMB303.5 million) were paid to shareholders in respect of the financial year ended 31 December 2016.

No dividends have been proposed in respect of the financial year ended 31 December 2018.

STATISTICS OF SHAREHOLDINGS

As at 18 March 2019

SHAREHOLDERS' INFORMATION

Authorised Share Capital	:	US$50,000.00 divided into 5,000,000,000 ordinary shares of par value US$0.00001 each
Issued and fully paid-up capital	:	US$14,432.468 divided into 1,443,246,800 ordinary shares of US$0.00001 each
Class of shares	:	Ordinary shares of US$0.00001 each with equal voting rights
Voting rights	:	1 vote for 1 share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	115	17.45	100,300	0.01
1,001 - 10,000	264	40.06	1,559,700	0.11
10,001 - 1,000,000	270	40.97	20,838,900	1.44
1,000,001 AND ABOVE	10	1.52	1,420,747,900	98.44
TOTAL	**659**	**100.00**	**1,443,246,800**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CHINA GREEN ENERGY LIMITED	474,195,575	32.86
2	UOB KAY HIAN PRIVATE LIMITED	333,213,000	23.09
3	CITIBANK NOMINEES SINGAPORE PTE LTD	224,475,400	15.55
4	DBS NOMINEES (PRIVATE) LIMITED	195,551,174	13.55
5	RAFFLES NOMINEES (PTE.) LIMITED	184,497,951	12.78
6	WANG YUANLUO	2,860,000	0.20
7	ABN AMRO CLEARING BANK N.V.	2,531,500	0.18
8	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	1,223,300	0.08
9	WANG WUZHONG	1,100,000	0.08
10	WANG RUIHONG	1,100,000	0.08
11	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	920,700	0.06
12	MERRILL LYNCH (SINGAPORE) PTE. LTD.	716,000	0.05
13	E HONGBIAO	660,000	0.05
14	XU YONGQIANG	660,000	0.05
15	PHILLIP SECURITIES PTE LTD	639,600	0.04
16	ZHANG CHAO	600,000	0.04
17	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	489,500	0.03
18	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	459,000	0.03
19	ZHOU RONGQIN	430,000	0.03
20	YANG GAO	400,000	0.03
	TOTAL	**1,426,722,700**	**98.86**

STATISTICS OF SHAREHOLDINGS

As at 18 March 2019

Substantial Shareholders

(As recorded in the Register of Substantial Shareholders)

Substantial Shareholders	Direct Interest No. of Shares	Direct Interest %[1]	Deemed Interest[2] No. of Shares	Deemed Interest[2] %[1]	Total Interest No. of Shares	Total Interest %[1]
China Green Energy Limited	474,195,575	32.86	–	–	474,195,575	32.86
Win Charm Limited[3]	328,365,000	22.75	474,195,575	32.86	802,560,575	55.61
Hangzhou Zhengcai Holding Group Co., Ltd.[4]	–	–	802,560,575	55.61	802,560,575	55.61
Hangzhou Jinjiang Group Co., Ltd.[5]	–	–	802,560,575	55.61	802,560,575	55.61
Dou Zhenggang[6]	–	–	802,560,575	55.61	802,560,575	55.61
Wei Xuefeng[7]	–	–	802,560,575	55.61	802,560,575	55.61
Zhejiang Hengjia Holding Co., Ltd.[8]	–	–	802,560,575	55.61	802,560,575	55.61
Jennifer Wei[9]	–	–	474,195,575	32.86	474,195,575	32.86
Harvest Global Dynamic Fund SPC acting on behalf of and for the account of Harvest Environmental Investment Fund SP[10]	214,000,000	14.83	–	–	214,000,000	14.83
Kung Chak Ming[10]	–	–	214,000,000	14.83	214,000,000	14.83
Yun Sheng Capital Cayman[10]	–	–	214,000,000	14.83	214,000,000	14.83
Yun Sheng Capital Company Limited (雲升資本有限公司)[10]	–	–	214,000,000	14.83	214,000,000	14.83
Shenzhen Sidaoke Investment Co., Ltd. (深圳市思道科投资有限公司)[10]	–	–	214,000,000	14.83	214,000,000	14.83
Shenzhen Ping An Evergreen Investment Development Holding Co., Ltd. (深圳平安远欣投资发展控股有限公司)[10]	–	–	214,000,000	14.83	214,000,000	14.83
Shenzhen Ping'an Financial Technology Consulting Co., Ltd. (深圳平安金融科技咨询有限公司)[10]	–	–	214,000,000	14.83	214,000,000	14.83
Ping An Insurance (Group) Company of China, Ltd. (中国平安保险(集团)股份有限公司)[10]	–	–	214,000,000	14.83	214,000,000	14.83
Whitel Management Company Limited[11]	180,620,574	12.51	–	–	180,620,574	12.51
Whitel International Management Holding Limited[11]	–	–	180,620,574	12.51	180,620,574	12.51
HOPU USD Master Fund III, L.P. [11]	–	–	180,620,574	12.51	180,620,574	12.51
HOPU Investments Co. III Ltd[11]	–	–	180,620,574	12.51	180,620,574	12.51
Fang Fenglei[11][12]	–	–	187,149,974	12.97	187,149,974	12.97
Lau Teck Sien[11][12]	–	–	187,149,974	12.97	187,149,974	12.97
AEP Investments (Mauritius) Limited[13]	81,478,351	5.65	–	–	81,478,351	5.65

Notes:-

(1) Based on 1,443,246,800 ordinary shares in the capital of the Company ("**Shares**") in issue as at 18 March 2019.

(2) Deemed interests refer to interests determined pursuant to Section 4 of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**").

(3) Win Charm Limited ("**Win Charm**") holds approximately 50.0% of the voting shares in the issued and paid-up share capital of China Green Energy Limited ("**China Green Energy**"). Accordingly, Win Charm is deemed to have an interest in the Shares held by China Green Energy by virtue of Section 4 of the SFA.

(4) Hangzhou Zhengcai Holding Group Co., Ltd. ("**Hangzhou Zhengcai**") holds 90.0% of the issued and paid-up share capital of Win Charm. Win Charm is deemed to have an interest in the Shares held by China Green Energy by virtue of Section 4 of the SFA – please refer to Note (3) above. Accordingly, Hangzhou Zhengcai is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA.

(5) Hangzhou Jinjiang Group Co., Ltd. ("**Jinjiang Group**") directly and indirectly (through its wholly-owned subsidiary Hangzhou Zhengcai) holds the entire issued and paid-up share capital of Win Charm. Win Charm is deemed to have an interest in the Shares held by China Green Energy by virtue of Section 4 of the SFA – please refer to Note (3) above. Accordingly, Jinjiang Group is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA.

(6) Dou Zhenggang holds approximately 63.29% of the registered capital of Jinjiang Group. Jinjiang Group is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA – please refer to Note (5) above. Accordingly, Dou Zhenggang is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA.

(7) Wei Xuefeng, who is Dou Zhenggang's spouse, holds the entire registered capital of Zhejiang Hengjia Holding Co, Ltd. ("**Zhejiang Hengjia**"). Zhejiang Hengjia holds approximately 36.71% of Jinjiang Group's registered capital. Jinjiang Group is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA – please refer to Note (5) above. Accordingly, Wei Xuefeng is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA.

(8) Zhejiang Hengjia holds approximately 36.7% of Jinjiang Group's registered capital. Jinjiang Group is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA – please refer to Note (5) above. Accordingly, Zhejiang Hengjia is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA.

(9) Jennifer Wei, who is Dou Zhenggang's daughter, holds approximately 50.01% of the voting shares in the issued and paid-up share capital of China Green Energy. Accordingly, Jennifer Wei is deemed to have an interest in the Shares held by China Green Energy by virtue of Section 4 of the SFA.

(10) While Harvest Global Capital Investments (Cayman) Limited is the manager of the relevant fund, the investment committee of the fund comprises a representative from the fund manager, and a representative from each of its two investors, being Kung Chak Ming and Yun Sheng Capital Cayman. Accordingly, each of Kung Chak Ming and Yun Sheng Capital Cayman has control over the business and affairs of Harvest Global Dynamic Fund SPC acting on behalf of and for the account of Harvest Environmental Investment Fund SP (the "SPC"), including making investment and divestment decisions and voting the securities and interests held by the SPC, including those in the Company. Pursuant to Section 4 of the SFA, each of Kung Chak Ming and Yun Sheng Capital Cayman is deemed to have an interest in the Shares held by the SPC. Yun Sheng Capital Cayman is wholly owned by Yun Sheng Capital Company Limited (雲升資本有限公司), which in turn is wholly owned by Shenzhen Sidaoke Investment Co., Ltd. (深圳市思道科投资有限公司). Shenzhen Sidaoke Investment Co., Ltd. (深圳市思道科投资有限公司) is wholly owned by Shenzhen Ping An Evergreen Investment Development Holding Co., Ltd. (深圳平安远欣投资发展控股有限公司), which in turn is wholly owned by Shenzhen Ping'an Financial Technology Consulting Co., Ltd. (深圳平安金融科技咨询有限公司). Shenzhen Ping'an Financial Technology Consulting Co., Ltd. (深圳平安金融科技咨询有限公司) is wholly owned by Ping An Insurance (Group) Company of China, Ltd. (中国平安保险(集团)股份有限公司), which is listed on The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange. Accordingly, each of Kung Chak Ming, Yun Sheng Capital Cayman, Yun Sheng Capital Company Limited (雲升資本有限公司), Shenzhen Sidaoke Investment Co., Ltd. (深圳市思道科投资有限公司), Shenzhen Ping An Evergreen Investment Development Holding Co., Ltd. (深圳平安远欣投资发展控股有限公司), Shenzhen Ping'an Financial Technology Consulting Co., Ltd. (深圳平安金融科技咨询有限公司) and Ping An Insurance (Group) Company of China, Ltd. (中国平安保险(集团)股份有限公司) is deemed to have an interest in the Shares held by the SPC by virtue of Section 4 of the SFA.

(11) Whitel Management Company Limited is 100% owned by Whitel International Management Holding Limited. Whitel International Management Holding Limited is in turn 100% owned by HOPU USD Master Fund III, L.P. HOPU Investments Co. III Ltd is the general partner of HOPU USD Master Fund III, L.P., and each of Fang Fenglei and Lau Teck Sien is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares of HOPU Investments Co. III Ltd. Accordingly, each of Whitel International Management, HOPU USD Master Fund III, L.P., HOPU Investments Co. III Ltd, Fang Fenglei and Lau Teck Sien may be deemed to have an interest in the Shares held by Whitel Management Company Limited by virtue of Section 4 of the SFA.

(12) Planet Investment Limited, an investment vehicle indirectly owned by HOPU USD Master Fund II, L.P., holds 6,529,400 Shares. As each of Fang Fenglei and Lau Teck Sien is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares of the general partner of HOPU USD Master Fund II, L.P., each of Fang Fenglei and Lau Teck Sien may be deemed to have an interest in the Shares held by Planet Investment Limited by virtue of Section 4 of the SFA.

(13) The shares in AEP Investments (Mauritius) Limited corresponding to its investment in the Company are held by Asia Environmental Partners, L.P. and its parallel fund, Asia Environmental Partners (PF1), L.P. (collectively, "**AEP**"). AEP's general partner is Olympus Green Capital Partners, L.P., holding a 0.99% interest in AEP. AEP's limited partners are passive investors consisting of pension funds, government entities, financial institutions, endowments and family offices from North America, Asia, Europe and the Middle East (none of whom owns more than 1% of the Company on a fully diluted, look-through basis).

Percentage of Shareholding in Public Hands

Approximately 10.63% of the Company's shares are held in public hands. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "**AGM**") of China Jinjiang Environment Holding Company Limited 中国锦江环境控股有限公司 (the "**Company**") will be held at Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Level 3, Room 323, Singapore 039593 on Monday, 29 April 2019 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Auditors' Report thereon. **(Resolution 1)**

2. (a) To re-elect Ms. Wang Yuanluo, a Director retiring pursuant to Article 127 of the Company's Articles of Association. [See Explanatory Note (i)] **(Resolution 2a)**

   (b) To re-elect Mr. Wang Ruihong, a Director retiring pursuant to Article 127 of the Company's Articles of Association. **(Resolution 2b)**

   (c) To re-elect Mr. Hee Theng Fong, a Director retiring pursuant to Article 127 of the Company's Articles of Association. [See Explanatory Note (ii)] **(Resolution 2c)**

   (d) To re-elect Mr. Tan Huay Lim, a Director retiring pursuant to Article 127 of the Company's Articles of Association. [See Explanatory Note (iii)] **(Resolution 2d)**

3. To approve the payment of Directors' fees of S$420,000/- for the financial year ended 31 December 2018. **(Resolution 3)**

4. To re-appoint Messrs Deloitte & Touche LLP as the Company's auditors and to authorise the Directors to fix their remuneration. **(Resolution 4)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:-

6. "**SHARE ISSUE MANDATE**

   That pursuant to Rule 806 of the Listing Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and notwithstanding the provisions of the Articles of Association of the Company, authority be and is hereby given to the Directors of the Company to:-

   (a) (i) issue shares in the capital of the Company (the "**Shares**") (whether by way of rights, bonus or otherwise); and/or

   (ii) make or grant offers, agreements or options that may or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares (collectively, the "**Instruments**");

   (b) (notwithstanding that the authority conferred by paragraph (a) of this resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this resolution was in force, at any time and from time to time upon such terms and conditions, whether for cash or otherwise, and for such purposes and to such persons as the Directors may think fit for the benefit of the Company, provided that:-

(i) the aggregate number of Shares to be issued pursuant to this resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed fifty per cent. (50%) of the total number of issued Shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be offered other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed twenty per cent. (20%) of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued Shares excluding treasury shares and subsidiary holdings shall be calculated based on the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company at the time of the passing of this resolution, after adjusting for:-

(1) new Shares arising from the conversion or exercise of any convertible securities;

(2) new Shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST ("**Listing Manual**"); and

(3) any subsequent bonus issue, consolidation or subdivision of Shares;

(iii) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(iv) unless revoked or varied by the Company in general meeting, the authority conferred by this resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held, whichever is the earlier, except that the Directors shall be authorised to allot and issue Shares pursuant to any Instrument made or granted by the Directors while this resolution was in force notwithstanding that such authority has ceased to be in force at the time of issue of such Shares."
[See Explanatory Note (iv)]. **(Resolution 5)**

7. "**THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE**

That:-

(a) for the purposes of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Listing Manual**") and subject to the Companies Law (as amended) of the Cayman Islands (the "**Cayman Islands Companies Law**"), the exercise by the Directors of the Company (the "**Directors**") of all the powers of the Company to purchase or otherwise acquire issued ordinary shares fully paid in the capital of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as defined below), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:

(i) on-market purchase(s) ("**Market Purchase(s)**") on the SGX-ST transacted through the SGX-ST trading system and/or any other securities exchange on which the Shares may for the time being be listed and quoted (the "**Other Exchange**"); and/or

(ii) off-market purchase(s) ("**Off-Market Purchase(s)**") (if effected otherwise than on the SGX-ST or, as the case may be, the Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Cayman Islands Companies Law and the Listing Manual,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, the Other Exchange, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the conclusion of the next annual general meeting of the Company following the passing of this Resolution;

(ii) the date by which the next annual general meeting of the Company is required to be held;

(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; and

(iv) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in a general meeting,

(the "**Relevant Period**");

(c) in this Resolution:

"**Average Closing Price**" means:

(i) in the case of a Market Purchase, the average of the closing market prices of a Share over the five consecutive Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, the Other Exchange, immediately preceding the date of the Market Purchase by the Company; or

(ii) in the case of an Off-Market Purchase, the average of the closing market prices of a Share over the five consecutive Market Days on which the Shares are transacted on the SGX-ST or, as they case may be, the Other Exchange, immediately preceding the date of the making of the offer pursuant to the Off-Market Purchase,

and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action that occurs after the relevant five-day period;

"**date of the making of the offer**" means the date on which the Company makes an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase, 105.0% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120.0% of the Average Closing Price of the Shares; and

"**Prescribed Limit**" means that number of issued Shares representing 10.0% of the issued Shares excluding treasury shares and subsidiary holdings as at the date of the passing of this Resolution, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Cayman Islands Companies Law, at any time during the Relevant Period or within any one (1) financial year of the Company, whichever is the earlier, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered. Any of the Company's Shares which are held as treasury shares or subsidiary holdings will be disregarded for the purposes of computing the Prescribed Limit; and

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/ or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution."
[See Explanatory Note (v)]. **(Resolution 6)**

8. "**THE PROPOSED RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS**

That:-

(a) approval be and is hereby given for the purposes of Chapter 9 of the Listing Manual ("**Chapter 9**") of the SGX-ST, for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" (as that term is used in Chapter 9), or any of them to enter into any of the transactions falling within the types of Mandated Interested Person Transactions described in the Appendix to the Notice of Annual General Meeting dated 12 April 2019 (the "**Appendix**") with any party who is of the class of interested persons described in the Appendix, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;

(b) the approval given in paragraph (a) above (the "**IPT General Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company; and

(c) the Directors of the Company and/or any of them be and are and/or is hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution." **(Resolution 7)**

9. "**JINJIANG ENVIRONMENT PERFORMANCE SHARE PLAN**

That the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the provisions of the Jinjiang Environment Performance Share Plan ("**Plan**") and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Plan provided always that the aggregate number of shares to be issued pursuant to the Plan shall not exceed fifteen per cent. (15%) of the total issued share capital of the Company from time to time."
[See Explanatory Note (vi)]. **(Resolution 8)**

By Order of the Board of Directors

Zhang Chao
Executive Director and Chief Executive Officer
12 April 2019

Explanatory Notes:-

(i) Ms. Wang Yuanluo will, upon re-election continue as a member of the Nominating Committee.

(ii) Mr. Hee Theng Fong will, upon re-election continue as the Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual.

(iii) Mr. Tan Huay Lim will, upon re-election, continue as the Chairman of the Audit and Risk Management Committee and a member of the Nominating Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual.

(iv) The Ordinary Resolution 5 proposed in item 6. above, if passed, is to empower the Directors to issue shares in the capital of the Company and/or instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 5 (including shares to be issued in pursuance of instruments made or granted) shall not exceed fifty per cent. (50%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, with a sub-limit of twenty per cent. (20%) for shares issued other than on a pro-rata basis (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) to shareholders with registered addresses in Singapore. For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company will be calculated based on the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at the time of the passing of Resolution 5, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 5, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and (iii) any subsequent bonus issue, consolidation or subdivision of shares. The Company does not have any treasury shares or subsidiary holdings.

(v) The Ordinary Resolution 6 proposed in item 7. above, if passed, is to renew the Share Purchase Mandate which was approved by shareholders of the Company on 30 April 2018. Please refer to the Appendix to this Notice of Annual General Meeting for more details.

(vi) The Ordinary Resolution 8 proposed in item 9. above, if passed, is to authorise the Directors to offer and grant options in accordance with the provisions of the Jinjiang Environment Performance Share Plan ("**Plan**") and to allot and issue shares under the Plan up to an amount not exceeding fifteen per cent. (15%) of the total issued share capital of the Company from time to time.

Notes:-

1. A shareholder of the Company entitled to attend and vote at the AGM who is the holder of two or more shares in the capital of the Company ("**Shares**") is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.

2. Where a shareholder of the Company appoints more than one proxy, he/she must specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified the first named proxy may be treated as representing 100% of the Shareholding and any subsequent named proxy as an alternate to the earlier named.

3. The Depository or a relevant intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

4. The instrument appointing a proxy or proxies must be deposited with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 72 hours before the time appointed for the AGM. The sending of a Proxy Form by a shareholder does not preclude him from attending and voting in person at the AGM if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a shareholder attends the AGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM.

Personal data privacy:-

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, governmental or regulatory requirements, or guidelines or notices issued by any applicable governmental or regulatory authorities of any relevant jurisdiction, and/or complying with the Company's internal policies (collectively, the "**Purposes**"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents) (collectively, the "**Third Parties**"), the shareholder has each of the Third Party's authority to provide such Third Party's personal data to the Company, is validly acting on each of their behalf and has obtained the prior consent of such Third Party for the collection, use and disclosure by the Company (or its agents) of the personal data of such Third Party for the Purposes, (iii) warrants that all personal data that the shareholder provides to the Company is true, accurate and complete, and (iv) agrees that the shareholder will indemnify and at all times to keep the Company and its related corporations (together with their respective officers, employees and agents) (each an "**Injured Party**") indemnified against any penalties, liabilities, claims, demands, losses and damages which may be suffered or incurred by the Injured Party or asserted against the Injured Party by any person or entity (including the shareholder and the shareholder's employees, agents) whatsoever, in respect of any matter or event whatsoever arising out or, in the course of, by reason of or in respect of any shareholder's breach of warranty and/or any action or omission by the shareholder that causes the Company and/or any of its related corporations to be in breach of the Personal Data Protection Act 2012 and all subsidiary legislation related thereto.

锦江环境
JINJIANG ENVIRONMENT

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