



China Jinjiang Environment Holding Company Limited

POWERING THE FUTURE

Annual Report 2016



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CORPORATE PROFILE

China Jinjiang Environment Holding Company Limited ("Jinjiang Environment" or the "Company") is a forerunner and leading waste-to-energy ("WTE") operator in China's waste incineration power generation industry. In 1998, Jinjiang Environment constructed the first differential-density circulating fluidised bed waste incineration power plant in China. The Company is the first waste incineration power generation enterprise to develop and industrialise the differential-density circulating fluidised bed in China. The Company has an established track record in investment, construction, operations, and management, and is currently China's largest private operator in terms of waste treatment capacity.

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 waste incineration power generation enterprise to list in Singapore and the first Chinese-funded enterprise to list since 2011.

As at 31 December 2016, Jinjiang Environment operates 19 waste-to-energy facilities in 12 provinces, autonomous regions and centrally-administered municipalities in China, with a total waste treatment capacity of 27,430 tons/day and an installed electricity power generation capacity of 469MW. In 2016, the total amount of waste treated increased by 17.4% to 8.13 million tons, while the annual electricity generated increased by 16.6% to 2.3143 billion kWh. In addition, the Company has four waste-to-energy facilities currently undergoing construction, and has commenced preparatory work for another 15 projects for construction or further expansion, bringing the Company's total installed waste treatment capacity to approximately 47,490 tons/day.

公司简介

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。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。

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）。

截止2016年12月31日，锦江环境在中国12个省、自治区和直辖市拥有19个已投入运营的垃圾焚烧发电项目，垃圾处理能力累计27,430吨/天，装机容量达469MW。2016年全年垃圾处理量达813万吨，增长17.4%；全年的发电量为23.143亿千瓦时，增长16.6%。此外，公司还有4个在建垃圾焚烧发电厂项目，以及15个筹建项目，正按计划积极推进开工前各项准备工作。在所有筹建项目全部建成后，垃圾处理总能力将达47,490吨/天。

EXECUTIVE CHAIRMAN'S MESSAGE

主席致词



DEAR SHAREHOLDERS,

First and foremost, on behalf of China Jinjiang Environment Holding Company Limited, I would like to express my heartfelt gratitude to all the shareholders for your continued support.

Industry Outlook

The accelerated urbanisation in the PRC has led to a rise in solid waste generated in the cities, and the phenomenon of “city waste siege” is becoming an increasingly serious issue. As a result, there is an urgent demand for solutions on reduction of municipal solid waste, neutralising its toxicity as well as reusing or recycling it. Due to the favourable regulatory environment, support from the local government for the construction of waste-to-energy incineration power plants and the rising public knowledge and awareness of environment sustainability, waste-to-energy incineration has become one of the fastest growing businesses in China’s clean energy and environmental protection industry.

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各位股东对本公司一直以来的关心和支持表示衷心的感谢。

行业态势

随着中国城镇化进程的不断加速，城市固体废物的产生量不断上升，“垃圾围城”现象日益严重，致使城市对生活垃圾减量化、无害化、资源化处理解决方案的需求日趋迫切。由于监管环境有利，地方政府对垃圾焚烧发电厂建设的支持以及大众对环境可持续发展认识的提高，垃圾焚烧业务成为了中国清洁能源和环保产业发展最快的行业之一。

In 2016, the PRC released its “13th Five-Year Eco-environmental Protection Plan”, “13th Five-Year National Urban Solid Waste Treatment Facilities Construction Plan” as well as other important plans, quantifying the main objectives and indicators. The aforesaid plans seek to achieve zero use of landfills for the disposal of municipal solid waste in certain cities and municipalities by the end of 2020, and a harmless treatment incineration capacity of more than 50% of municipal solid waste for certain cities. The PRC’s environmental protection industry will continue to make advancements, following the achievements from the “12th Five-Year Plan” period. We foresee significant expansion in the scope and intensity of environmental governance, driving further growth of the market and the development of technical capabilities to a whole new level. This will ensure continued strong momentum for growth and development in the waste treatment industry in the PRC.

In 2016, with the implementation of the “One-Belt-One-Road” initiative, opportunities abound for Jinjiang Environment and its subsidiaries (“the Group”) in the international market. Besides being able to share our green ecological concept and expertise with the coastal regions of the country, the Group will also work towards strengthening its positioning as a leader in technology, turnkey equipment and services in the PRC’s environmental protection industry. The intensifying global competition continues to drive the enhancement of the Group’s skills, technology and general management. In particular, Southeast Asia is a potentially large and attractive market for the Group as the waste composition there is similar to that in the PRC.

The Year in Review

As the first private waste-to-energy incineration power generation operator in the PRC with the largest waste treatment capacity, Jinjiang Environment has always been positioned as an industry leader in the PRC. On 3rd August 2016, Jinjiang Environment marked a new milestone with its successful listing on the Mainboard of Singapore Exchange Securities Trading Limited (“SGX-ST”). It became the first waste-to-energy incineration power generation company to be listed on SGX-ST and this move is in line with the Group’s long-term development strategy. The listed status offers the Group an enhanced platform from which to advance into its next phase of growth and development.

2016年，中国陆续发布了《“十三五”生态环境保护规划》、《“十三五”全国城镇生活垃圾无害化处理设施建设规划》等重要规划方案，将主要目标及指标数据化，明确了到2020年底，具备条件的直辖市、计划单列市和省会城市（建成区）要实现原生垃圾“零填埋”，设市城市生活垃圾焚烧处理能力占无害化处理总能力的50%以上。中国环保产业将在延续“十二五”期间取得成果的基础上，将环境治理范围和力度提升到前所未有的高度，激发市场规模、技术水平进入一个全新阶段，垃圾发电行业也仍将呈强劲发展态势。

2016年，随着“一带一路”战略的实施，环保产业“走出去”面向国际市场也迎来重大发展机遇，不仅向沿线国家送去了绿色、生态的理念，树立了中国环保产业技术、成套设备以及服务的新形象，还在激烈的国际竞争中带动了企业自身的工艺、技术和管理水平的提高。特别是在南线的东南亚国家，有着与中国相似的垃圾特性与国情，市场潜力巨大。

公司回顾

作为中国第一家民营垃圾发电运营商，锦江环境拥有最大的垃圾处理运行能力，始终位于中国垃圾发电行业引领者的地位。2016年，根据公司长期发展战略，锦江环境于8月3日在新交所主板成功上市，成为新加坡市场首个上市的垃圾焚烧发电企业，平台的提升标志着公司站在一个全新的事业起点并进入新一轮的高速发展期。

EXECUTIVE CHAIRMAN'S MESSAGE

主席致词

As at 31 December 2016, Jinjiang Environment operates 19 waste-to-energy facilities in 12 provinces, autonomous regions and centrally-administered municipalities in China, with a total waste treatment capacity of 27,430 tons/day and an installed electricity power generation capacity of 469MW. During the year, the Company has completed the construction of Gaomi Lilangmingde WTE Facility, Songyuan Xinxiang WTE Facility, Qitaihe Green Energy WTE Facility and Hohhot New Energy WTE Facility. Trial production phase has commenced at the Songyuan Xinxiang WTE Facility and Gaomi Lilangmingde WTE Facility in August 2016 and January 2017 respectively. In addition, the Company has close to twenty projects that are currently undergoing construction, or has commenced preparatory work construction or further expansion.

In the face of a highly competitive market environment, the Group continued to achieve significant growth in its business by developing and implementing a comprehensive strategic plan and constantly strengthening its management system. The Group maintained strong operational growth in the financial year ended 31 December 2016 ("FY2016"), achieving outstanding performance in revenue and net profit based on audited financial results. In 2016, the total amount of waste treated increased by 17.4% to 8.13 million tons. Total revenue for FY2016 jumped by 35.9% to RMB2.6319 billion, and profit before and after tax improved by 29.0% and 32.3% respectively.

Riding on its public listing and the "One-Belt-One-Road" initiative, the Group is actively marking its footprints in India and the South-east Asia markets.

Looking Ahead

In the environmental industry, opportunities abound. Finding ways to harness them will lead us to reaching bigger goals in a shorter timeframe. Over the past two decades, the Company has upheld its vision to develop the environmental protection industry, actively promoted the domestic waste-to-energy incineration power generation technology and integrated and improved both the fluidised bed and moving-grate applications technology. The Company also achieved excellence in its operations management by delivering such strong growth in 2016 while maintaining its status as an industry leader.

截止2016年底，公司在中国的12个省、自治区和直辖市已运行了19家垃圾焚烧发电厂，运营日处理垃圾能力累计27,430吨，装机容量达469MW。基本完成山东高密、吉林松原、黑龙江七台河、内蒙古呼和浩特四个在建的垃圾发电项目建设任务，其中吉林松原项目已于2016年8月进入试运行阶段，山东高密项目也已于2017年1月建成并网试运营。更有近20个筹建项目正有序开展各项前期准备工作。

面对竞争激烈的市场环境，合理部署战略规划，不断强化管理机制，全面推进公司整体发展，根据已审计的年度报表，在收入及净利润方面均取得了卓越的成果，交上了一份亮眼的成绩单：实现了2016年全年垃圾处理量增长至813万吨，增幅达到了17.4%；实现了2016年全年总收入增长至人民币26.319亿元，增幅高达35.9%；实现了2016年税前利润和税后利润分别达到29.0%和32.3%的高增幅。

更是借助上市的东风，紧跟国家“一带一路”战略，在印度及东南亚市场积极布局，拓展成果初现。

前景展望

顺风而呼，声不加疾也；际高而望，目不加明也。近二十年来，正是因为公司秉承持之以恒发展环保产业的理念，坚持在国产化垃圾焚烧发电技术方面做推广者，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管理上做优秀者，才能在2016年保持业绩的强劲增长态势，才能一如既往地保持行业引领者的地位。

Moving forward, Jinjiang Environment will continue to work on expanding its market share. While the Group is actively promoting the adoption of its technology on a national level, it is also integrating the most cutting-edge technology used globally into its operations. The integration focuses on the comprehensive utilisation of resources from municipal solid waste and the efficient use of energy, based on the ecological cycle. Putting together the best of knowledge, technology and business culture, the Group strives to become a leading global one-stop environmental services provider. Riding on its status as a listed company on SGX-ST and its strong business foundation built in the PRC, the Group targets to expand into India, Southeast Asia and other developing countries and actively explore other overseas business opportunities. The Group also aims to invest and develop more environmental projects to make greater contributions to environmental protection and enhancement of economic and social development.

Based on the overall performance of the Group in FY2016, the Board has recommended a dividend of 5.05 Singapore cents per share to thank shareholders for their support.

In Appreciation

On behalf of the Board of Directors of China Jinjiang Environment Holding Company Limited, I would like to thank the management and staff for their efforts in FY2016 as well as the shareholders for your continued support. We will always be united and working towards a common goal. It is your support that has helped Jinjiang Environment achieve its results. Here's to another strong year ahead.

WANG YUANLUO

Executive Chairman and Chief Executive Officer

未来，锦江环境将继续扩大市场份额，在积极推广国有化技术的同时努力整合国际前沿技术，聚焦并实践城市固体废弃物的资源化综合利用和高效能源利用，以生态循环为基础，打造以智慧、科技、人文相结合的产业链，力争成为具有国际化专业水平的环境综合服务商。并以在新加坡上市为契机，立足国内并放眼东南亚地区和其他发展中国家，积极开拓海外业务市场，投资建设更多环保能源企业，为环境治理和经济社会发展作出更大贡献。

截止2016年的整体表现，董事局推荐了以每股新币5.05分派发股息，以答谢股东们的支持。

诚恳致谢

本人谨代表锦江环境董事局，感谢各管理层及员工于2016年所付出的努力，亦感谢各股东的不断支持。同心共济，始终如一。正是由于您的努力和支持，锦江环境才能取得今天的成绩，实现历史性的飞跃！再次感谢大家。

王元珞

执行主席和首席执行官



BUILDING ON OUR STRENGTHS

As the first private WTE operator in the PRC with the largest waste treatment capacity in operation, we strive to maintain our position as the leading WTE operator in the PRC, expanding waste treatment capacity of our existing facilities. We will also continue to strengthen our capabilities, adopting advanced pre-treatment technologies, enhancing operating efficiency and reducing emissions at our WTE facilities.



OPERATIONS AND FINANCIAL REVIEW

经营和财务回顾



The Company's Core Business

The accelerated urbanisation in China has led to the increasing generation of solid waste in the city. Due to the support from the local government for the construction of waste-to-energy incineration power plants and the public knowledge and awareness of environment sustainability, the waste-to-energy incineration business has become one of the fastest growing industries in China's clean energy and environmental protection industry.

Jinjiang Environment is in the business of waste-to-energy incineration power generation and energy management contracting.

The waste-to-energy incineration power generation business involves the construction and operation of waste-to-energy incineration power plants that deal with municipal solid waste. The Company signs long-term service concession agreements with the local governments, which involves the sale of electricity and steam generated during the waste incineration process. As at 31 December 2016, the Company operates 19 waste-to-energy facilities in 12 provinces, autonomous regions and centrally-administered municipalities in China, with a total waste treatment capacity of 27,430 tons/day and an installed electricity power generation capacity of 469MW. The Company has essentially completed the construction for Gaomi Lilangmingde WTE Facility, Songyuan Xinxiang WTE Facility, Qitaihe Green Energy WTE Facility and Hohhot New Energy WTE Facility. Trial production phase commenced at the Songyuan Xinxiang WTE Facility and Gaomi Lilangmingde WTE Facility in August 2016 and January 2017 respectively. In addition, the Group has commenced preparatory work for another fifteen projects for construction or further expansion. The Yinchuan Zhongke WTE Facility, Zhuji Bafang WTE Facility and Wenling Green Energy WTE Facility have commenced preparatory work for the expansion of their existing waste treatment capacity and are seeking the relevant approvals.

公司的主要业务

随着中国城镇化进程的加快，城市固体废物产生量上升，地方政府对垃圾焚烧发电厂建设的支持，以及大众对环境可持续发展认识的提高，垃圾焚烧业务成为中国清洁能源和环保产业发展最快的行业之一。

锦江环境的业务主要分为垃圾焚烧发电业务以及合同能源管理业务两大块。

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。截止2016年底，公司已在中国的12个省、自治区和直辖市已运行了19家垃圾焚烧发电厂，运营日处理垃圾能力累计27,430吨，装机容量达469MW。2016年公司基本完成内蒙古呼和浩特、黑龙江七台河、吉林松原和山东高密四个在建的垃圾发电项目建设任务，其中吉林松原项目已于2016年8月进入试运行阶段，山东高密项目也已于2017年1月建成并网试运营。截止2016年底公司有15个筹建项目正有序展开各项准备工作，其中银川垃圾电厂、诸暨八方垃圾电厂和温岭垃圾电厂均已启动扩建项目的前期筹备和审批工作。

OPERATIONS AND FINANCIAL REVIEW

经营和财务回顾

The energy management contracting business is complementary to the waste-to-energy incineration power generation business, which brings business and operational synergies to further enhance the company's management experience and expertise in the energy industry. At the same time, the energy management contracting business has a higher profit margin, helps to achieve business diversification, and repositions the Company to be a service provider. As at 31 December 2016, the Company has 19 energy management projects, out of which 16 are in operation, and the remaining three projects are expected to be operational in 2017. The Company has also completed 14 technical consultancy services contracts.

Goals and Strategies

The company's goal is to continue to expand its market share and consolidate its leading status in the waste-to-energy incineration power generation industry. At the same time, the Company may explore vertical integration in the waste-to-energy incineration power generation industry, and strive to become a one-stop comprehensive waste-to-energy service provider.

The Company hopes to achieve the above objectives with the following strategies and plans: to maintain its market leadership position through organic and inorganic growth opportunities; to improve its operational efficiency through further technological transformation; to extend the value chain of waste-to-energy incineration power generation; to expand energy management contracting and project management based on existing market position and experience; and to expand into the international market, focusing on Southeast Asia and other developing countries.

Environmental and National Policies

In recent years, with the public's growing awareness of environmental issues, the community is increasingly concerned about the waste treatment process. In 2016, a new environmental law became effective, and it requires all new and operational domestic waste-to-energy incinerators in the PRC to implement the pollutant emission limits under the "Municipal Solid Waste Incineration Pollution Control Standard" (GB18485-2014) ("New Standard"). The New Standard's requirements for conventional, dioxin and other pollutants are more stringent than the previous standards. This indicates the increasing demands imposed on the construction and operation of waste-to-energy incineration plants as well as on the emission pollutant indicators in the PRC.

合同能源管理业务是垃圾焚烧发电业务的有益补充，能够带来业务和运营协同效应，进一步增强公司在能源行业的管理经验和专长。同时，合同能源管理业务具有较高的盈利能力，有助于实现业务多元化，从投资和运营为主转变为服务为主。截止2016年底，已累计实施19个合同能源项目，其中16个项目已分享节能收益，3个项目预计2017年开始分享节能收益；已累计实施14个技术咨询服务项目。

目标和策略

公司未来的目标是继续扩大市场份额并巩固作为中国垃圾焚烧发电行业引领者的地位。同时，还会将业务垂直延伸至垃圾焚烧发电行业的其他领域，力争成为综合垃圾能源服务供应商。

公司希望通过以下战略和规划来实现上述目标：通过有机和无机增长机会保持市场领先地位；通过进一步技术改造提高运营效率；延伸垃圾焚烧发电价值链；利用已有的市场地位和经验扩大合同能源管理及委托管理业务；拓展国际市场，重点关注东南亚及其他发展中国家。

大环境及国家政策

近年来，随着人们对环境关注度的日益提高，社会对生活垃圾处理方式也日趋关注。2016年开始实施的新环保法，要求全国所有新建、已运行的生活垃圾焚烧炉必须执行新《生活垃圾焚烧污染控制标准》(GB18485-2014) (以下简称新标准) 的污染物排放限值。新标准对常规污染物、二恶英类污染物较之前标准都有更为严格的规定。这些都标志着国家对垃圾焚烧厂的建设及整体运营、排放指标的要求越来越高。

2016 marks the beginning of the “13th Five-Year” plan, the year where the top-level designs for environmental protection design projects were frequently introduced, together with the publication of related laws and regulations on environmental protection. In October 2016, four ministries jointly issued the “Opinions on Further Strengthening the Incineration of Municipal Solid Waste Treatment”. In December 2016, the State Council promulgated the “13th Five-Year Eco-environmental Protection Plan”, quantifying the main objectives and indicators, with significant expansion in the scope and bringing the intensity of environmental governance to a whole new level. This process will be accelerated during the “13th Five-Year” plan and will involve more segments in the industry. In December 2016, the National Development and Reform Commission and the Ministry of Housing and Urban Construction and the Ministry of Construction have issued a “13th Five-Year National Urban Solid Waste Treatment Facilities Construction Plan”, which seeks to achieve zero use of landfills for the disposal of municipal solid waste in certain cities and municipalities by the end of 2020, and a harmless treatment incineration capacity of more than 50% of municipal solid waste for certain cities.

During the “13th Five-Year” period, there will be major and profound changes in the environmental protection industry in China and the market size and technological advancement will be elevated to a whole new level.

In addition, with the implementation of the “One-Belt-One-Road” initiative, opportunities are aplenty for the Group in the international market and the industry will continue to register strong growth and development.

The Company's Performance in 2016

In 2016, the Company continued to maintain its growth momentum, and firmly rooted leading position in the industry. Total power generated increased by 16.6% to 2.3143 billion kWh, on-grid electricity increased by 15.1% to 1.7097 billion kWh, steam supply increased by 35.7% to 1.99 million tons, and total waste treated increased by 17.4% to 8.13 million tons, in line with increased municipal solid waste supply, and taking into consideration the existing and new waste-to-energy operating facilities and planning by the Group.

2016年是“十三五”的开局之年，也是环境保护顶层设计频频出台的一年，与环保相关的法规政策相继出台。2016年10月四部委出台了《关于进一步加强城市生活垃圾焚烧处理工作的意见》。2016年12月，国务院发布了《“十三五”生态环境保护规划》，将主要目标及指标数据化，将环境治理范围和力度提升到前所未有的高度，意味着“十三五”期间环境治理进程将加速，涉及的细分领域将更多。2016年12月，国家发展改革委会同住房城乡建设部又发布了《“十三五”全国城镇生活垃圾无害化处理设施建设规划》，规划中明确，到2020年底，具备条件的直辖市、计划单列市和省会城市（建成区）实现原生垃圾“零填埋”，设市城市生活垃圾焚烧处理能力占无害化处理总能力的50%以上。

“十三五”期间，中国环保产业将发生重大而深刻的变化，市场规模、技术水平均将进入一个全新阶段。

此外，随着国家“一带一路”战略的实施，环保产业“走出去”面向国际市场也迎来重大发展机遇，本行业仍将呈强劲发展态势。

公司2016年的表现

2016年，公司继续保持良好的发展态势，在行业中始终占据优势地位。发电量增加16.6%达到23.143亿千瓦时，上网电量增加15.1%至17.097亿千瓦时，供汽量增加35.7%至199万吨，垃圾处理量增长17.4%达到813万吨，符合增加城市固体废物供应直至WTE设施及新设施能开始营运并由集团掌握的计划。

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Revenue increased by 35.9% year-on-year ("y-o-y") to RMB2.6319 billion. Revenue from waste-to-energy incineration power generation business increased by 20.9% to RMB1.621 billion, BOT revenue increased by 126.2% to RMB728 million, and project technical and management services and EMC business increased by 3.6% to RMB283 million. Revenue growth is mainly due to: (1) an increase in the supply of municipal solid waste to our WTE facilities, resulting in an increase in sales of electricity; (2) the commencement of commercial operation of the Suihua Green Energy WTE Facility and Zibo Green Energy WTE Facility;; (3) an increase in the electricity supply fee for the Zibo Jinjiang WTE Facility, Zibo Green Energy WTE Facility, Jilin Xinxiang WTE Facility, Wuhan Jinjiang WTE Facility and Yinchuan Zhongke WTE Facility to RMB0.65 per kWh pursuant to the release of the Batch Six Renewable Energy Electricity Price Subsidies Catalogue by the authorities and the receipt by the Jilin Xinxiang WTE Facility and Yinchuan Zhongke WTE Facility of retrospective payments arising from increases in electricity supply fee FY2015 in FY2016; (4) the acquisition of the Zhuji Bafang WTE Facility and the Wenling Green Energy WTE Facility; and (5) BOT construction revenue recognised for Songyuan Xinxiang WTE Facility and the Gaomi Lilangmingde WTE Facility.

Profit attributable to owners of the Company increased by 34.7% to RMB598 million. The rise in revenue and the effective cost control contributed to the increased net profit y-o-y.

Although the Company does not have a fixed dividend policy, the Board recommended a dividend of 5.05 Singapore cents per share based on the overall performance for 2016. This is approximately 50% of the net profit attributable to shareholders.

As at 31 December 2016, the Group recorded total assets of RMB9.73 billion, reflecting an increase of 25.3% or growth of RMB1.966 billion, compared to RMB7.764 billion as at the end of 2015. Non-current assets increased by RMB1.403 billion and current assets increased by RMB563 million. The main reasons for the increase in total assets were: (1) The progress of the implementation of the BOT project construction services of the new project, the increase of fixed assets, intangible assets and concession receivables respectively; (2) The proceeds raised by IPO; (3) the increase in the sales of waste power generation business resulting in increased trade receivables.

收入方面同比增长35.9%至26.319亿元，其中垃圾焚烧发电业务产生的收入增加20.9%至人民币16.21亿元，BOT收入增加126.2%至人民币7.28亿元，项目技术与管理服务和EMC业务增加3.6%至2.83亿元。收入的增长主要来自于：①垃圾供应量增加，从而供电供汽量增加引起收入增加；②淄川及绥化由试运营转入正式运营等原因引起的垃圾焚烧发电业务收入增加；③淄博2家电厂、银川电厂、长春电厂、武昌电厂扩建进入国家第六批可再生能源补贴名录，本年按照0.65元确认电费收入，同时长春电厂、银川电厂同时收到以前年度的电费差价，并在本年度确认了收入；④诸暨八方垃圾电厂及温岭垃圾电厂的成功收购也同比大幅增加了本年及上年同期的产量及收入规模；⑤松原、高密的新BOT项目的建造实施也大幅增加了本年的收入。

利润方面，归属于股东的净利润5.98亿元，同比增长34.7%，收入的增长以及对成本费用的有效控制，确保了净利润的同比增加。

本公司虽然没有固定的股息分配制度，但对于截止2016年的整体表现，董事局推荐了以每股新币5.05分的股息。这大概是归属于股东净利润的50%。

截止2016年12月31日，集团总资产97.30亿元，较2015年末77.64亿元增长19.66亿元，增长幅度25.3%。其中非流动资产增加14.03亿元和流动资产增加5.63亿元。总资产上升主要原因：①新项目的BOT项目建造服务实施进度分别确认的固定资产，无形资产及特许权应收款的增加；②IPO募集资金；③垃圾发电业务销售增加、新投运企业数量增加引起贸易应收款增加。

The Company's short-term borrowings increased by RMB456 million from RMB534 million as at 31 December 2015 to RMB990 million as at 31 December 2016, due to borrowings for new projects that commenced repayments within one year. Non-current borrowings decreased from RMB1.806 billion as at 31 December 2015 to RMB1.370 billion as at 31 December 2016, a decrease of RMB436 million, due partly to loan repayments as well as loans reclassified to short-term borrowings. Finance leases increased from RMB560 million as at 31 December 2015 to RMB905 million as at 31 December 2016, an increase of RMB345 million, due to finance leases obtained for Xiaoshan, Hankou, Wuchang and Lianyungang WTE Facilities.

For FY2016, the net cash flow from operating activities amounted to RMB492 million, representing a decrease of RMB146 million by 22.9% from RMB638 million in the corresponding period for FY2015. The decrease in net cash flow from operating activities was mainly attributable to the BOT project investments which does not receive any payments during the construction phase. Net cash flow from investing activities was RMB1.375 billion, representing an increase of RMB399 million or 40.88% from RMB976 million in the corresponding period in FY2015. The increase in net cash flow from investing activities was mainly due to the acquisition of the Zhuji Bafang WTE Facility and Wenling Green Energy WTE Facility and payment for property, plant and equipment and intangible assets. The net cash flow from financing activities was RMB1.043 billion, representing an increase of RMB558 million from RMB485 million in the corresponding period in FY2015. The increase in net cash flow from financing activities was mainly due to the issuance of shares during the IPO. As of 31 December 2016, the Group's cash position remained stable at RMB541 million.

Awards and Accolades

Jinjiang Environment continued to be ranked in the top ten influential enterprises in China solid waste industry, top ten investors in China's waste-to-energy incineration power generation PPP project, meritorious investors in China's waste-to-energy incineration power generation PPP project, and integrity and reliable award for China's waste-to-energy incineration power generation PPP in 2016.

In March 2016, Zhejiang University, Jinjiang and other third parties jointly completed the "combustion process field parameters for real-time detection, online diagnosis and optimisation of control technology" project and won the first prize conferred by the Zhejiang Province Science and Technology Progress Award.

截止2016年12月31日，公司短期借款从2015年末的5.34亿增长至2016年12月31日的9.90亿元，增长4.56亿元，主要是部分新项目贷款在一年内开始进行偿还；一年以上银行借款从2015年末的18.06亿降至2016年12月31日的13.70亿元，降低4.36亿元，主要为部分贷款的偿还以及部分贷款需在一年内偿还转入流动负债；应付融资租赁款从2015年末的5.60亿增长至2016年12月31日的9.05亿元，增长3.45亿元，主要是萧山、汉口、武昌、连云港电厂新增融资租赁所致。

2016年全年，经营活动所得现金净流量为人民币4.92亿元，较2015年同期6.38亿元减少1.46亿元，降幅22.9%。经营活动净现金流的减少主要原因是BOT项目实施投资及未来应收特许权收益确认在经营活动现金流分类中，减少实际经营现金流；投资活动所支出现金净流量为人民币13.75亿元，较2015年同期9.76亿元增加3.99亿元，增幅40.88%。投资活动净现金流的增加主要是由于收购八方、温岭电厂以及固定与无形资产的投资所致；融资活动所得现金净流量为人民币10.43亿元，较2015年同期4.85亿增加5.58亿元。融资活动净现金流的增加主要由于IPO的发行所致。截止2016年12月31日，本集团现金状况维持稳健，保持在5.41亿人民币。

奖项与荣誉

2016年度锦江环境相继获得中国固废行业十大影响力企业，中国垃圾焚烧发电PPP项目十大投资商、中国垃圾焚烧发电PPP项目功勋投资商、中国垃圾焚烧发电PPP项目诚信守诺奖。

2016年3月，浙江大学联合锦江环境等共同完成的《燃烧过程的场参数实时检测、在线诊断和优化控制技术》项目获2016浙江省科技进步奖一等奖。

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In April 2016, the China Ministry of Housing and Urban and Rural Construction organised the harmless rating assessment for the national solid waste fluidised bed incineration plant. Jinjiang Environment's Xiaoshan Jinjiang WTE plant, Hankou Jinjiang WTE plant and Yunnan Energy WTE plant obtained all the three awards designated for the highest level: the "AAA" level. Jinjiang Environment's five other waste-to-energy incineration power plants were rated at the "AA" or "A" level.

In October 2016, the National Development and Reform Commission approved the launch of the national engineering laboratory for the construction of waste incineration technology and equipment, jointly applied by Zhejiang University, Jinjiang Environment and other environmental protection companies. The laboratory will focus on the entire optimisation process, including the quality of the source of waste, waste advanced combustion, waste pyrolysis gasification and hazardous waste incineration. It also researches into energy efficiency usage, especially the efficient use of heat and the low emissions of pollutants, including but not limited to, flue gas purification, controlled and on-line detection for dioxin emission and ash disposal.

Jinjiang Environment has accumulated close to 20 years of experience as a provider of waste incineration in the PRC and played a deep-seated role in promoting the industry's progress and development. In 2016, the Company edited the national product standards on the "Domestic Waste Fluidized Bed Incinerator", participated in the preparation of industry standards and norms for "Waste Incineration Plant Signage Specification", "Waste Incineration Plant Operational Evaluation Standards", "Municipal Solid Waste Incineration Plant Preparation, Maintenance and Safety Technical Regulations", "Waste Incineration Treatment Engineering Technical Specifications" and "Waste Plant Fly Ash Disposal Specifications".

Talent Development

A strong talent pool is not only a strategic resource, it is also a key driver for the Company's future growth. In 2016, the Company continued to implement the project rotation and training system (management and staff undergo rotation at different waste incineration power plants) to broaden the management and staff expertise and core skills. The Company focuses on staff holding key positions to carry out technical training, including training to new staff. They have to pay special attention to the cohesion building amongst the staff and to strengthen the corporate cultures, so that environmental protection can become a lifelong career.

2016年4月，在中国住房和城乡建设部组织的全国生活垃圾流化床焚烧厂无害化等级评定中，锦江环境下属的萧山锦江垃圾焚烧发电厂、汉口锦江垃圾焚烧发电厂和云南能源垃圾焚烧发电厂包揽了本次评定结果中三个唯一的最高等级——“AAA”级，本公司的另外五个垃圾焚烧发电厂获得了“AA”或者“A”级。

2016年10月，国家发改委复函批准启动浙江大学与锦江环境等环保单位联合申请建设的垃圾焚烧技术与装备国家工程实验室。该实验室将主要针对全过程优化，主要包括垃圾源头提质、垃圾先进燃烧、垃圾热解气化、危险废物焚烧；能量高效利用，主要是指热能的高效利用；污染物超低排放，包括烟气净化、二噁英控制排放控制和在线检测、灰渣安全处置等研究方向进行。

近20年的垃圾焚烧发电行业从业经验使锦江环境成为了中国最富经验的垃圾焚烧服务提供商，对行业的进步和发展均有不可磨灭的推动作用，在2016年度里，公司主编国家产品标准《生活垃圾流化床焚烧锅炉》；参与编制行业标准、规范等，如《生活垃圾焚烧厂标牌标识规范》、《生活垃圾焚烧厂运行评价标准》、《生活垃圾焚烧厂运行维护与安全技术规程》、《生活垃圾焚烧处理工程技术规范》、《生活垃圾厂飞灰处置运营规范》等。

人才培养

强大的人才储备不仅是一项战略资源，也是公司未来增长的关键推动力。在2016年，公司持续实施了项目轮换和培训体系（管理层和员工在不同的垃圾焚烧发电厂轮换），以拓宽管理层和员工的专业知识与核心技能。公司注重对关键职位的员工开展技术培训，开展新进员工培训，还特别注重员工的团队凝聚力建设，旨在强化企业文化，把环保当成一项终身事业来做。

New Projects, Acquisitions, Expansion

In 2016, the Company actively managed existing planned schedules so that project companies achieved milestones and progress toward ramping up operations. The Henan Linzhou waste incineration power generation project (1,000 tons/day) has signed the service concession agreement, Jilin Baishan project (1,000 tons/day) and Shijiazhuang resource-based project (500 tons/day) has also signed the service concession agreement. The Company has also pushed forward with the preparatory work for other projects. Both the Shandong Linzi and Hunan Yueyang projects obtained the environmental impact assessment approval while the Hebei Tangshan and Hebei Shijiazhuang projects has received the approval certificate. Shaanxi Yulin waste incineration power generation project has received the approval to commence study.

One of the Company's marketing development strategies is to have existing projects management teams, especially in the local or medium sized towns, to reach out to the surrounding local governments and look for additional waste treatment opportunities. Some of these expansions include an investment in Shandong Zhangqiu for the construction of a waste dry sorting project (600 tons/day), and signing with Zichuan District sanitation department the "Zichuan District Waste Sorting Project Cooperation Letter of Intent", as well as an investment in Zichuan District for the largest waste transfer station (400 tons/day). A service concession agreement for a waste recycle project (500 tons/day) was also signed with Gaoqing County People's Government. The waste that has undergone pre-treatment for the above three plants produce SRF fuel to be transported to Zibo WTE Facility or the soon-to-be completed Linzi WTE Facility for incineration. The investment in waste pre-treatment in Kunshan's Zhou town (160 tons/day) will result in output that can be transported to the Wuhu power plant for incineration.

In December 2016, the Company successfully completed the acquisition of Zhejiang Zhuji Bafang Thermal Power Co., Ltd. (1,050 tons/day) and Wenling Green New Energy Co., Ltd (800 tons/day), as committed during the listing process. This increased the total waste treatment capacity by 1,850 tons / day.

In 2016, the Company also completed the expansion for Zhuji Bafang power plant (400 tons/day), Tianjin Sunrise power plant (500 tons / day), Lianyungang Sunrise power plant (700 tons / day) and Wuhu Jinjiang power plant (1,000 tons / day). This increased the total waste treatment capacity by 2,600 tons / day.

新项目，收购，扩充

公司在2016年内积极促进已注册项目公司的项目落地工作，中标河南林州垃圾焚烧发电项目（1,000吨/日）并签订特许经营协议，签署吉林白山垃圾焚烧发电项目（1,000吨/日）及石家庄无极资源化项目（500吨/日）特许经营权协议。积极推进原有筹建项目的相关审批工作，其中，山东临淄项目和湖南岳阳项目双双取得了核准批复与环评批复，河北唐山项目和河北石家庄项目顺利取得了核准证书，取得陕西榆林垃圾焚烧发电项目的可研批复。

围绕中小城镇的固废处理市场，以现有的企业作为辐射点，向周边区域进行延伸潜在的市场。在山东章丘投资建设垃圾干化分选项目（600吨/日）；与淄川区环卫部门签署了《淄川区生活垃圾分类处置项目合作意向书》，在淄川区最大的垃圾中转站投资新建垃圾分选装置，投资建设淄川垃圾资源化项目（400吨/日）；与高青县人民政府签订了垃圾资源化项目的特许经营协议（500吨/日）；将上述三地预处理后的垃圾制成类SRF燃料运送至淄博电厂或即将建成的临淄电厂焚烧处理；在昆山投资周市镇垃圾预处理项目（160吨/日），将处理后的垃圾运送至芜湖电厂焚烧处理。

2016年12月，公司顺利完成了上市时承诺的对浙江诸暨八方热电有限公司（1,050吨/日）和温岭绿能新能源有限公司（800吨/日）收购的全部工作。新增垃圾处理量1,850吨/日。

2016年，公司按计划完成了诸暨八方电厂（400吨/日）、天津电厂（500吨/日）、连云港电厂（700吨/日）和芜湖电厂（1,000吨/日）的扩建。新增垃圾处理量2,600吨/日。

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The Company also upgraded and improved the existing assets of certain plants in order to improve their respective waste treatment capacity. As a result, the total waste treatment capacity in Yinchuan Zhongke power plant, Zheji Bafang power plant, Lianyungang Sunrise power plant, Yunnan Energy power plant, Zhengzhou Xingjin power plant, Wuhu Jinjiang power plant and Suihua Green Energy power plant have increased by varying degrees.

The Company also stepped up its pace to “explore beyond”, especially the Southeast Asia market. The Company acquired Ecogreen Energy Private Limited in India which will be used to develop the waste incineration power generation projects and to participate in future waste treatment projects bidding.

The Company's Environmental Risk and Competition

The market competition was very intense for the past year. The implementation of new environmental standards, and the perfecting of the regulatory system, has caused some impact and reshuffling in the environmental protection industry.

Certain negative views of the public on waste incineration power generation projects may have adversely affected the corporate business of the companies in the industry. To break out of the “proximity effect”, we need to firstly strengthen our own internal supervision and be forthcoming when disclosing and publicising environmental data and information. We can set up a shared space and facilities with residents, which includes greenery, sports and leisure facilities. Implementing preferential water supply, heating, power supply services and arranging for workers who stay nearby to be employed, can fundamentally change the negative perception and allow for harmonious coexistence.

For instance, the waste incineration power plants operated by Jinjiang Environment has published the operating conditions of the incinerator and there is an on-line monitoring data of the main pollutants displayed electronically at the entrance to the factory. The local environmental protection department can monitor the pollutant emission targets and the operating conditions online for the power plants. The enterprise must take the initiative to disclose the information truthfully and allow government departments to supervise and monitor, which will be acceptable to the surrounding residents and local government. On 19 December 2016, the company disclosed the environmental management protection information. This includes its operating waste power generation project's online environmental monitoring emission indicators (such as particulate matter, nitrogen oxides, sulfur dioxide, hydrogen chloride, carbon monoxide and other information as well as emission limits required by the environmental protection department), regular dioxin emission test data, project environmental impact assessment approval and environmental acceptance documents. The data is also published on the Company's official website, under the environmental publicity management column.

盘活现有已运行电厂的存量资产，争取垃圾增量，在银川电厂、八方电厂、连云港电厂、西山电厂、荥阳电厂、芜湖电厂、绥化电厂均取得了不同程度的垃圾增量。

加快“走出去”步伐，大力开拓东南亚市场，将按照计划收购印度Ecogreen公司，作为以后在印度开发垃圾电项目的全资子公司，参与印度多个垃圾发电项目的招投标。

公司的风险和竞争环境

在过去的一年里，市场竞争十分激烈，随着环保新标发布实施、监管体系日益完善，给环保行业带来了新的冲击与洗牌。

公众对于垃圾焚烧发电项目的一些负面看法可能会对行业内企业的公司业务产生不利影响，想要打破“邻避效应”，只有首先加强自身监管，用数据说话，通过环境信息公示，通过面向周边居民设立共享区域，因地制宜配套绿化、体育和休闲设施，实施优惠供水、供热、供电服务，安排群众就近就业等，这样才能从根本上变“邻避”为“邻利”，和谐共处。

一直以来，锦江环境旗下运营的垃圾焚烧发电厂在厂区门口的电子显示公示屏上公布焚烧炉运行工况和主要污染物在线监测数据，所在地的环保部门也对电厂的污染物排放指标和运行工况通过在线联网的方式进行监测，通过企业自觉地如实公开和政府职能部门的监督两种方式接受周边民众和政府的监督和检查。2016年12月19日，公司宣布对外公布环境管理保护信息，包括旗下运营垃圾发电项目日在线环保监测排放指标（含颗粒物、氮氧化物、二氧化硫、氯化氢、一氧化碳等信息的数值以及环保部门要求的排放限值等数据）、定期二噁英排放检测数据，项目环境影响评价审批和环保验收文件等，并在公司官方网站的环境公示管理栏目实现。

Jinjiang Environment takes on the responsibility to “protect the environment for the benefit of the community”, and regularly organises public site visits to the waste incineration power generation plants and conducts on-site technical exchanges and dialogues. The visitors can better appreciate and understand the Company and help to improve its transparency. The Company also actively publicises and promotes environmental education to primary and secondary school students and the public to popularise the concept of ecological civilisation, disseminate knowledge on environmental science and promote energy conservation and environmental protection of life. The Company received about 480 batches of inspection groups, totalling more than 8,000 participants in 2016. Several project companies have been designated as the local environment’s education base.

China’s waste incineration power generation industry is highly competitive as the country has a large number of service providers. In order to compete in this huge market with increasingly stiff competition, industry companies have to enhance their own technology and scale up their operations to get a bigger market share, and the bidding strategies are becoming more aggressive. With regards to Jinjiang Environment, competition does exist while expanding into new markets but for those places where the Company currently has the operational rights, it definitely has significant first-mover advantage. Although the company is focused on the development of new market areas, it is also expanding through merger and integration for projects located at the current project areas and expanding the operations of the existing waste incineration power generation in order to enhance the processing capacity. The Company is vigorously promoting SRF or RDF (solid recovered fuel or refused derived fuel) system and facilitating the construction of fuel resource projects. This serves to expand the coverage area which leads to an enhanced energy conversion rate. The efficient and effective operation of the projects not only helps to generate operating income, it enables the Company to expand and consolidate its existing market share and provides collective benefits to the project areas. Other companies will face a much higher barrier to entry in these project areas.

Future Developments

In 2017, Jinjiang Environment plans to complete the construction of Gaomi Lilangmingde projects (800 tons/day), Qitaihe Green Energy project (1,000 tons/day), Hohhot New Energy project (1,000 tons/day), Linzi project (2,000 tons/day) and the expansion of Yinchuan Zhongke power plant (1,000 tons/day), Zhuji Bafang power plant (500 tons/day). The construction and expansion can increase the total waste treatment capacity by 6,300 tons/day. Considering the above, the company hopes to maintain its leading market position with a total waste treatment capacity of 33,730 tons/day.

锦江环境以“保护环境、造福社会”为己任，定期为社会公众人士安排垃圾焚烧发电项目实地参观及现场技术交流，增加参观者的现场感受，提高透明度。并积极推动环保宣传教育，向大中小學生和社会公众普及生态文明理念，传播环保科学知识，倡导节能环保的生活方式。2016年接待的社会考察团体约480批次，合计人数超8,000人，公司的多个项目公司被指定为当地的环保教育基地。

中国的垃圾焚烧发电行业竞争激烈，在国内有着为数众多的服务提供商，面对巨大的市场及日趋激烈的竞争，行业内公司均纷纷提升自身的技术及规模优势，垃圾焚烧发电行业已经进入跑马圈地、低价竞争的阶段。对于锦江环境而言，竞争确实存在于新市场开拓发展的过程中，但对于公司已取得经营权的项目地区而言，已取得明显的先发优势。公司在注重开拓新地区、新市场的同时，通过并购整合已有地区的垃圾焚烧发电项目、改扩建已有的垃圾焚烧发电运营电厂以提升处理量、大力推进SRF或RDF（垃圾回收燃料或垃圾衍生燃料）制备系统以利于兴建燃料资源化项目扩大辐射范围提升能源转化率、通过已运营项目的高运营水平获得收益等策略，以此来进一步扩大市场占有率并形成集合效益。后续其他企业将很难进入该地区。

未来的发展

2017年，锦江环境将按计划完成高密项目（800吨/日）、七台河项目（1,000吨/日）、呼和浩特项目（1,000吨/日）、临淄项目（2,000吨/日）的建设和银川电厂（1,000吨/日）、八方电厂（500吨/日）的扩建，建设完成投运后将新增垃圾处理能力6,300吨/日。公司总运行处理能力将达到33,730吨/日，继续保持行业领先地位。

OPERATIONS AND FINANCIAL REVIEW

经营和财务回顾



Based on the status of approval and financing for the projects under planning, the Company expects to begin construction for Yueyang Sunrise project (1,000 tons/day), Linzhou Jiasheng project (1,000 tons/day), Yulin Green Energy project (1,000 tons/day), Shijiazhuang Jiasheng project (3,000 tons/day), Tangshan Jiasheng project (1,000 tons/day) and Kunshan project (160 tons/day) in 2017. These six projects, once completed, can increase the total waste treatment capacity by 7,160 tons/day.

The company will continue to add new potential projects and has established good relationships with the local authorities at Shanxi Luliang, Shandong Yucheng, Hebei Xinglong, Heilongjiang Tonghe, Heilongjiang Shangzhi, etc.

The Company will complete the acquisition of the wholly-owned subsidiary, Ecogreen Energy Private Limited, and continue to expand into the Indian and Southeast Asian markets. It plans to continue to explore mergers and acquisitions and waste incineration power generation project bidding opportunities.

In summary, Jinjiang Environment is actively pushing ahead in both the domestic and international markets as planned. Taking into consideration the projects under construction, to be constructed or expanded and new potential projects, the Group can achieve a total waste treatment capacity of 52,690 tons/day when these projects are completed.

Looking forward, Jinjiang Environment will continue to strive to expand its scale of operations and generate good returns, to continue to play a leading role in China's waste incineration industry and to bring forth technology to the world. At the same time, Jinjiang Environment can move towards vertical integration into other areas of the waste treatment/power generation industry and strive to become a world-class integrated one-stop environmental service provider.

根据项目审批及资金筹措情况，公司预计2017年将有岳阳项目（1,000吨/日）、林州项目（1,000吨/日）、榆林项目（1,000吨/日）、石家庄项目（3,000吨/日）、唐山项目（1,000吨/日）、昆山项目（160吨/日）共计六个项目陆续开工建设，完工后将为公司新增垃圾处理能力7,160吨/日。

公司还将不断的增加新的储备项目，目前已在山西吕梁、山东禹城、河北兴隆、黑龙江通河、黑龙江尚志等地县级市区域建立了良好的政企关系。

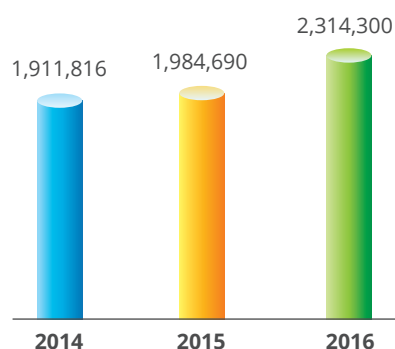
公司将依托将完成收购的全资子公司印度 Ecogreen 公司，继续大力开拓印度及东南亚市场，加大收购、并购与垃圾焚烧发电项目的招投标。

综上所述，锦江环境正按计划积极推进国内与国际市场拓展的各项工作。届时，所有上述在建、筹建和储备项目全部建成后，本集团的垃圾焚烧日处理总能力将达 52,690 吨。

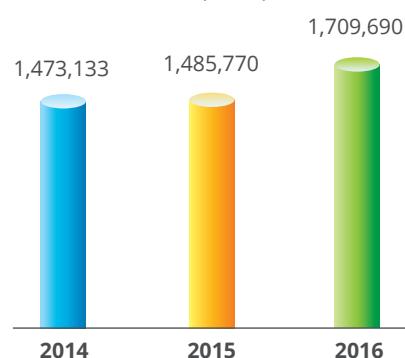
展望未来，锦江环境将不断努力，扩大规模，创造良好业绩，继续在中国垃圾焚烧行业起到引领作用并将技术推向全世界。同时，锦江环境还会将业务垂直延伸至垃圾发电行业的其他领域，力争成为国际一流的环境综合服务商。

OPERATIONS AND FINANCIAL HIGHLIGHTS

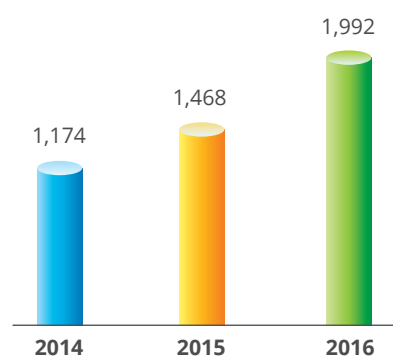
ELECTRICITY GENERATED (MWh)



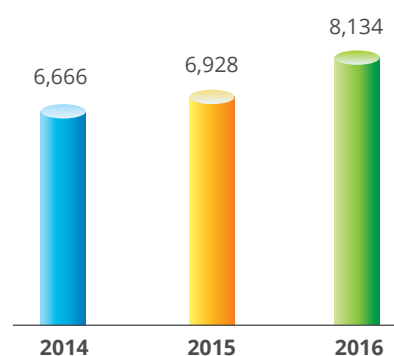
ON-GRID ELECTRICITY (MWh)



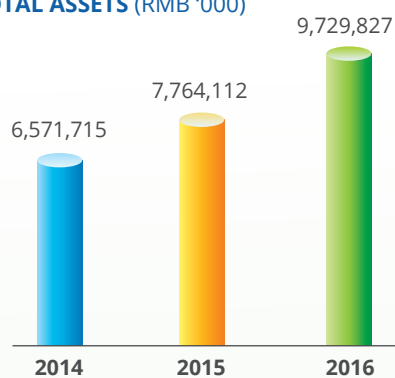
STEAM SUPPLY ('000 tons)



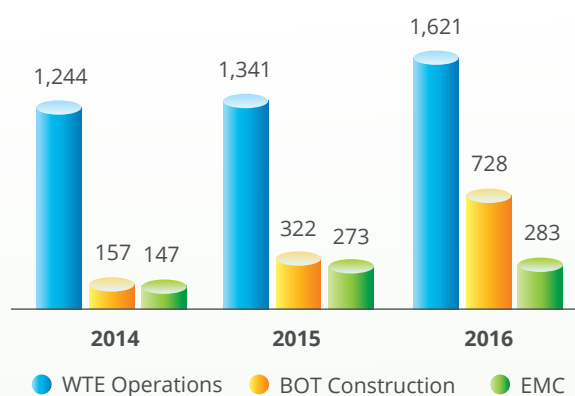
WASTE TREATMENT ('000 tons)



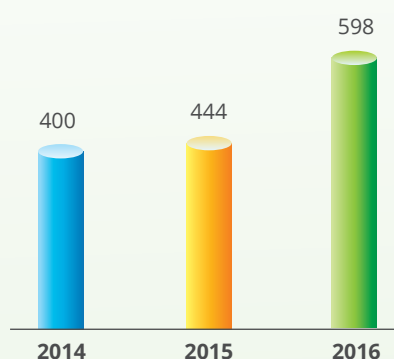
TOTAL ASSETS (RMB '000)



REVENUE (RMB million)



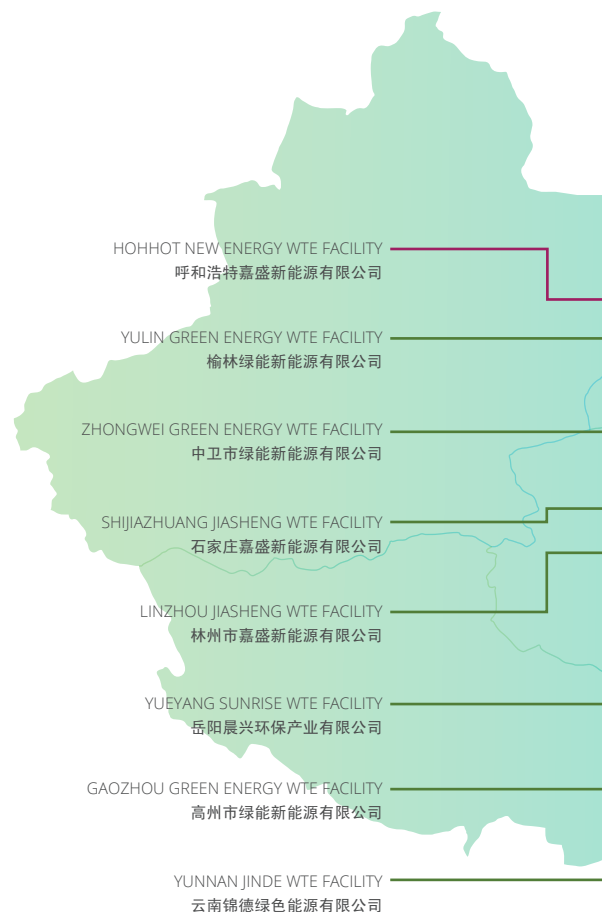
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (RMB million)

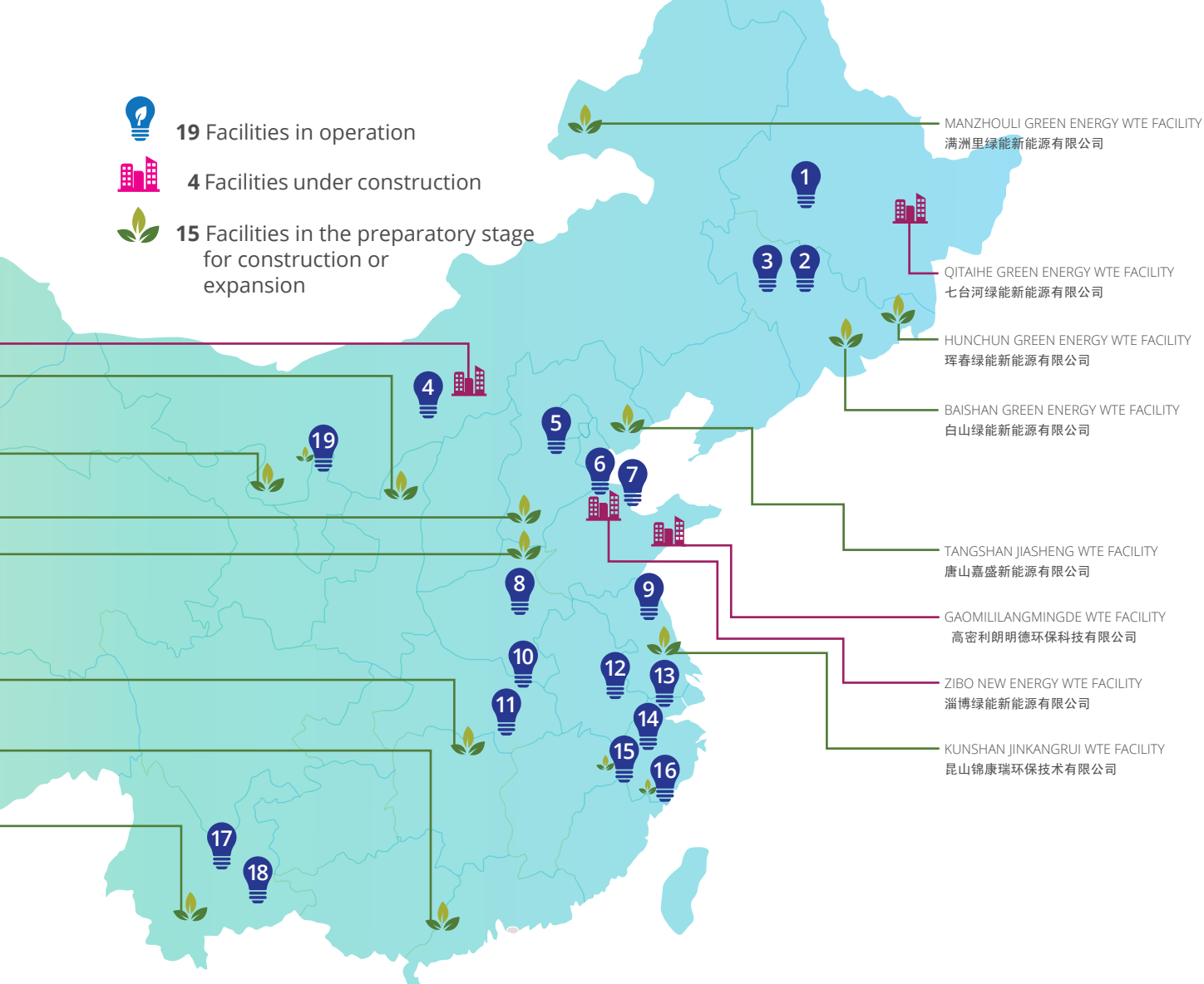


OUR NETWORK

GROWING CAPABILITIES AND STRENGTHS

With 19 WTE facilities already in operations and more so 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.





STRATEGISING TO GROW OUR BUSINESS

We have in place a set of strategic plans to diversify our business in the WTE value chain by expanding into related areas of business, as well as grow our EMC and third party project management businesses. Apart from diversification, we look to expand internationally, building our network of facilities to focus on Southeast Asia and other developing countries to enhance our brand image and gain international recognition.



BOARD OF DIRECTORS



WANG Yuanluo (王元璐)

*Executive Chairman and
Chief Executive Officer*

WANG Yuanluo (王元璐) is the Executive Chairman and Chief Executive Officer of our Company. Ms. Wang is responsible for overall strategic planning, major investment, distribution of human resources and financial management of our Group. Ms. Wang was involved in the management of the Jinjiang Group's green energy business 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 ("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 covering various areas including real estate, infrastructure construction and the construction of BOT 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 Hangzhou Jinjiang Group Co., Ltd ("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



WANG Wuzhong (王武忠)

*Executive Director and
Deputy General Manager*

WANG Wuzhong (王武忠) is an Executive Director and Deputy General Manager of our Company and is responsible for environmental protection, safety, daily operation and research and development of our Group and assisting our Chief Executive Officer in overall strategic planning. Mr. Wang joined the 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 the 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 the 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 the 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 the 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 the Jinjiang Group. From March 2001 to August 2001, he served as a manager in the operations department of the Jinjiang Group. He then served as general manager of the Yuhang thermal power plant of the Jinjiang Group from September 2001 to May 2002 and general manager of the Qiaosi power plant of the Jinjiang Group from June 2002 to June 2005. From July 2005 to March 2013, he served as the general manager of group operations in the Jinjiang Group. Since March 2013, Mr. Wang has also been the executive vice-president of Green Energy Hangzhou.

Mr. Wang is registered as a senior certified electrical engineer (国际注册电气工程师(高级)) and an expert engaged by the China Association of Comprehensive Resource Utilisation (中国资源综合利用协会). Mr. Wang completed his Executive Master of Business Administration at the Zhejiang University (浙江大学) in March 2006. He has also been taking a distance learning course in electromechanical integration technology (机电一体化技术) at Shandong University (山东大学) for a college diploma since March 2014.



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 15 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 the 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 Aluminum Co., Ltd. (浙江华东铝业有限公司), a non-ferrous metal smelting and processing company and a subsidiary of the 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.



Roy Edwin CAMPBELL II

Non-Executive Director

Roy Edwin CAMPBELL II is a Non-Executive Director of our Company. Mr. Campbell was appointed as a director of our Company in November 2012. Mr. Campbell is currently a Managing Director of Fortress Real Estate (HK) Limited, an investment firm, where he is responsible for corporate debt and special situations investing across Asia.

Mr. Campbell has more than 20 years of management and investment experience. Prior to joining Fortress Real Estate (HK) Limited in October 2015, he successively took up several positions, including analyst, vice president, and executive director, at Morgan Stanley & Co. from August 1995 to April 2004, where he was mainly responsible for managing investments in performing corporate credit, sub-debt and NPLs in the US, Asia and Europe. From May 2004 to June 2010, Mr. Campbell successively served as co-head of NPL portfolio investing, managing director and head of private finance in the European Special Situations Group (ESSG) at Goldman Sachs International in London, where he was mainly responsible for corporate private equity, NPL and sub-debt investments across Europe. He worked for affiliates of Mount Kellett Capital Management LP from July 2010 to October 2015 first as head of corporate investing in Europe and more recently as co-head of Asia, where he focused on private corporate investing and portfolio management.

BOARD OF DIRECTORS



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 public listed companies, Cosco Corporation (Singapore) Limited and China Aviation Oil (Singapore) Corporation Limited. He also serves as a Non-Executive Director of two non-listed companies, Tuas Power Ltd and 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. Mr. Hee is an Independent Non-Executive Director of several public listed companies, including Datapulse Technology Limited, First Resources Limited, Delong Holdings Limited, YHI International Limited, Tye Soon Limited and Straco Corporation Limited.

Mr. Hee has handled more than one hundred cases in civil litigation and 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. His arbitration appointments include being a Fellow of the Chartered Institute of Arbitrators (UK) and the Singapore Institute of Arbitrators (SIArb). He is also on the panel of arbitrators of the Singapore International Arbitration Centre (SIAC), Beijing Arbitration Commission (BAC), China International Economic and Trade Arbitration Commission (CIETAC), Shanghai International Arbitration Centre (SHIAC), CIETAC Hong Kong Arbitration Centre, Tianjin International Economic and Financial Arbitration Centre of CIETAC, Asia-Pacific Regional Group (APRAG), Kuala Lumpur Regional Centre for Arbitration (KLRC) and Hong Kong International Arbitration Centre (HKIAC).

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). He holds a Diploma in PRC Law. 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 also serves as a director of Business China, Chinese Development Assistance Council (CDAC) and Singapore Chinese Culture Center. He is also the Deputy Chairman of Singapore Medishield Life Council, a member of the resource panel of Singapore Press Holdings Limited (Chinese Press) and Chairman of Citizenship Committee of Inquiry (ICA).

He was awarded the Public Service Medal (BBM) in 2015.



TAN Huay Lim

Independent Director

TAN Huay Lim is an Independent Director 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, transport, shipping, mining and oil and gas.

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 Committee of Hong Leong Asia Ltd., a listed company and Dasin Retail Trust Management Pte Ltd, a manager of Dasin Retail Trust, a listed business trust and Ren Ci Hospital, a charitable organisation. Mr. Tan is also an Independent Non-Executive Director and Lead Independent Director of Auric Pacific Group Limited, a listed company.

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.

KEY MANAGEMENT

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 the 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.

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.

YAO Xiaodong (姚晓东)

Deputy General Manager

YAO Xiaodong (姚晓东) is a Deputy General Manager of our Company and is responsible for the market promotion of our Group. He joined our Group as project manager and deputy general manager of Zhengzhou Xingjin Green Environment Energy Co., Ltd in March 2002. From July 2002 to February 2007, he served as general manager and deputy project manager of Wuhu Lüzhou Environment Energy Co., Ltd. From March 2007 to January 2008, Mr. Yao was the general manager of Hangzhou Xiaoshan Jinjiang Green Energy Co., Ltd. From January 2008 to January 2013, he served as general manager in Wuhan Hankou Green Energy Co., Ltd. He has been the deputy general manager of Green Energy Hangzhou since February 2013.

Mr. Yao has over 13 years of industry experience. Prior to joining our Group, he successively took up several positions at the Tongguanshan Chemical Plant of the Tongling Chemical Industry Group (铜陵化学工业集团公司铜官山化工总厂) from July 1984 to November 1992, including plant technician, assistant engineer, supervisor of thermal power station and director of the technical department. He then served as the public works director in the engineering department at the Tongling Chemical Engineering Research and Design Institute (铜陵化工研究设计院) from December 1992 to June 2001. From August 2001 to February 2002, Mr. Yao served as the deputy plant manager of production at Heze Jinjiang Environmental Protection Co., Ltd. (菏泽锦江环保能源有限公司), a subsidiary of the Jinjiang Group.

Mr. Yao is a registered utility engineer (注册动力工程师) accredited by Tongling Personnel Bureau (铜陵市人事局) in June 2000. He graduated from Anhui University (安徽大学) with a diploma in law in June 1994 and completed a part-time course in electrical engineering at Southeast University (东南大学) in July 1995. He also completed a part-time course in Business Administration Advanced Research Class at Zhejiang University (浙江大学) in March 2005.

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 finance and tax functions including financial management, budget management, capital management, establishing internal control systems and risk control systems, ensuring the safeguarding of funds 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.

POWERING THE FUTURE

The prospects of the WTE industry looks to be bright, with the PRC government closely looking into the developments. Thus China Jinjiang will be able to leverage on the strong government backing to ride on the huge growth potential, tapping opportunities that can further our sustainability and position in the industry to provide a better environment for all areas where we have a presence in.



SUSTAINABILITY REPORT

可持续报告

Leading Technology

Our technical team participated in and edited the national standard for “Domestic Waste Fluidised Bed Incineration Boiler”, the industry standard for “Standard for the Benchmark of Domestic Waste Incineration Plant” and “Operation, Maintenance and Safety Procedures of Domestic Waste Incineration Plant”, as well as “Engineering and Technical Guidelines for Domestic Waste Fluidised Bed Incineration Plant”, and “Technical Evaluation Guidelines for Domestic Waste Fluidised Bed Incineration Plant”.

Together with Zhejiang University, we have successfully applied, and obtained approval from the National Development and Reform Commission, at the national level, to be the sole engineering laboratory in the field of waste incineration technology and equipment.

Health and Work Safety

We are committed to reducing the health and safety risks of our employees working at the construction site by providing them with a safe construction environment to work in. We adhere strictly to the national and local occupational health and safety laws and regulations. During the facility construction phase, we strictly enforce the “Three Simultaneous” system which provides adequate staff protection and adequate implemented measures to ensure their safety during the construction of the facility.

We provide employees with adequate protection equipment and a safe and healthy working environment in accordance with applicable laws and regulations. Adequate measures are implemented to ensure their safety during business operations. The Company rolls out and implements various safety management systems, which are designed to better manage our waste-to-energy incineration plants, reduce the number of accidents and improve the efficiency of our response when any accidents or disasters occur.



技术引领

我们的技术团队参与制定《生活垃圾流化床焚烧锅炉》国家标准、编制《生活垃圾焚烧厂标牌标识标准》行业标准，编制《生活垃圾焚烧厂运行维护与安全技术规程》行业标准、《生活垃圾流化床焚烧厂工程技术导则》、《生活垃圾流化床焚烧厂评价技术导则》。

我们与浙江大学联合申请成立垃圾焚烧技术与装备国家工程实验室，获国家发改委批准。这是在垃圾焚烧领域唯一的国家级工程实验室。

健康与工作安全

我们锐意为员工提供安全的建设施工环境，减低他们在施工场所承担的健康安全风险。我们严格按照国家及地方的职业健康安全法律法规，在项目建设期间严格执行环境保护设施的“三同时”制度，为员工提供充足的保障和实施足够措施，确保他们在项目施工运作期间的安全。

我们按照适用法例及法规，为员工提供充足的保护装备和安全健康的工作环境，并实施足够措施，确保他们在工作期间的安全。公司推出和实施多项安全管理制度，旨在更好的管理我们的垃圾焚烧发电厂，减少事故发生，并提高我们在事故发生时应对的效率。



SUSTAINABILITY REPORT

可持续报告

Operational safety is an important cornerstone and pre-requisite for the Company's sustainable development. We believe that education and training are the most effective way to instill health and safety messages to employees. We regularly carry out health and safety seminars, organise hands-on exercises on the safe and proper use of equipment installation and fire drills. With enhanced safety awareness, employees will then be able to master the response procedures in an emergency, and also assist in reviewing and improving operational safety procedures.

Employees' health and safety is of utmost importance to the Company. Every year, we provide physical examinations and occupational health checks for all employees.

Staff Training

Employees are important assets of the Company. As we place great emphasis on having equal opportunities, we will not be affected by factors such as gender, marital status, race, religion, age, nationality, disability and family status. We provide our employees with a safe, fair, anti-discriminatory, diverse and harmonious working atmosphere as well as an ideal working environment.

We are committed to create a fair and professional environment that is conducive for the personal development of our employees. The key element to propel the Company's growth going forward lies in the employees' sustained development. The Company thus provides internal and external training courses and a series of vocational and technical training to equip employees with the necessary professional skills and product knowledge. We focus on the employee's personal development and provide them with the opportunity to compete for job rotation within the Company. This enables the employees to learn new skills, knowledge and gain experience in any new position.

安全操作是企业可持续发展的基石和先决条件。我们相信教育与培训是向员工灌输健康安全讯息最有效的方式。我们定期举行健康安全知识培训讲座，组织安装设备实习和消防演习，提升员工的安全意识，掌握在紧急情况下所需要应对的程序，从中检讨不足并作出改善。

我们一直将员工的健康与安全置于首位，每年为所有雇员提供身体检查及职业健康检查。

员工培养

员工是公司的重要资产，我们十分重视平等机会，绝不会因为员工的性别、婚姻状况、种族、宗教、年龄、国籍、残疾及家庭状况等因素而有所影响。我们为员工提供安全、公平、反歧视、多元和谐的工作氛围及理想的工作环境。

我们致力为所有员工提供公平、专业的个人发展空间，员工的不断成长是公司得以持续发展的主要元素。因此，公司提供内部培训课程及户外培训等一系列职业技术培训，协助员工取得工作所需的专业技能及知识。我们注重员工的个人发展规划，亦给予员工内部竞聘的机会，帮助员工开拓视野，让他们在新的职务中吸取新的知识和经验。





We are supportive when our employees participate in relevant external courses or pursue professional qualifications to enhance their management skills. These qualifications include Zhejiang University's senior business management seminar, Zhejiang University's MBA, etc. On a regular basis, we arrange overseas study and research for our employees so as to improve innovative management capabilities and thereby enhance the level of scientific research.

The Company places an emphasis on training and also focuses on knowledge transfer. As such, we introduced the management trainee program to attract new employees with excellent management potential. The Company selects experienced management staff to take on the role of a business mentor, and to provide training and guidance for these new employees, so as to lay a solid foundation and progression for their career.

In order for employees to have an enriching life-after-work hours, the Company creates an environment that promotes work-life balance. Our project companies regularly organises a number of leisure activities including community service, sports day, outreach activities, basketball tournament, soccer tournament, etc. Employees can participate in these activities, which serve to relieve work pressure, allow employees to build team spirit, achieve work-life balance and develop a sense of belonging to the Company.

Environment and Natural Resources

As a pioneer in the solid waste industry, we uphold the belief that environmental protection and perseverance comes from the heart. We create synergy between green technology and the environmental protection industry to effectively reduce solid waste, making the best use of recycled waste and detoxification of waste, thereby creating a cleaner and more natural environment for the people.

我们支持员工参与工作相关的外部课程或专业资格课程以提升技术骨干的管理水平。这些培训包括浙江大学高级工商管理研修班、浙江大学管理人员工商管理硕士教育等。公司定期安排员工到海外进行考察调研，观摩学习，以提高创新管理能力，提升技术科研水平。

公司重视人才培养，注重知识传承，因此我们开展管理【实习/培训】生计划。公司筛选经验丰富的管理人员作为企业导师，针对素质较高、具备优秀管理潜能的新员工，有系统地进行全面且深入的培训和指导，为其职业生涯【奠定/打下】坚实基础。

为了丰富员工的业余生活，营造“快乐工作、健康生活”的工作氛围，我们的项目公司定期举办休闲活动如公益毅行、员工运动会、外展活动、篮球比赛、足球比赛等，舒缓员工工作压力，培养员工彼此间的团队合作精神，使员工在工作与生活之间取得平衡，加大员工对公司的归属感。

环境与自然资源

作为固废行业的先锋企业，我们秉持着“心系环保、持之以恒”的发展理念，将绿色科技与环保产业完美结合，真正实现垃圾处理减量化、资源化、无害化，为百姓创造清新自然的生活环境。

SUSTAINABILITY REPORT

可持续报告



As an environmental protection and new energy business organisation, we are an avid advocate for disclosure and transparency of environmental management information. Gas emission monitoring systems are installed at the Company's waste incineration power generation facilities, and the operational and emission monitoring data are publicly displayed at the entrance to the facilities. The local environmental protection departments also monitor the operations of the facilities through an online network. In December 2016, we started to provide data for the environmental monitoring of the operating waste incineration power generation facilities on a daily basis. This information is made public via the Company's official website at www.jinjiang-env.com.

In line with the green development concept, we have treated approximately 8.13 million tons of garbage in 2016, generating approximately 2.3143 billion kwh of green electricity, which can meet the electricity demand for 1.75 million households. This translates to savings of approximately 1.23 million tons of standard coal, reducing the emissions of approximately 2.94 million tons of carbon dioxide, and reducing the need for landfill of approximately 27,000 mu of land.

Social Contributions

China Jinjiang Environment's social duty is to protect the environment for the benefit of the community, and its obligatory commitment to environmental protection. We organise regular visits to the facilities and on-site technical exchanges for students and the public, so as to enhance their experience and increase the awareness for environmental protection. In addition, many of our project companies have been designated to be used as a base to actively promote environmental education to primary and secondary school students, to popularise the ecological civilization concept, to disseminate knowledge on environmental science, and to promote a lifestyle for energy conservation and environmental protection. In 2016, we hosted about 480 study groups, totalling more than 8,000 people.

作为一家经营环保及新能源业务的控股公司，环境管理信息公开、透明是我们一直以来的主张。公司各垃圾焚烧发电项目均安装气体排放监测系统，并在厂区门口的电子显示公示屏上公布运行情况及排放监测数据，所在地的环保部门也对各电厂通过在线联网的方式进行监测。2016年12月，我们实现了按日均值对外公布各运营垃圾发电项目的环保监测数据，并在公司的官方网站www.jinjiang-env.com的环境公示管理栏目进行公示。

秉承绿色发展的理念，2016年我们全年累计处理了813万吨生活垃圾，产生了近23.143亿千瓦时绿色电力，在满足175万户家庭生活用电需求的同时，相当于节约标煤123万吨，减少294万吨二氧化碳的排放，并可为国家节约2.7万亩土地。

社会贡献

锦江环境以“保护环境、造福社会”为己任。我们定期为学生及社会公众人士安排项目实地参观及现场技术交流，增加参观者的现场感受，提高社会大众的环保意识。此外，我们多个项目公司被指定为环保教育基地，积极推广环保宣传教育，向中小學生和社会公众推广生态文明理念，传播环保科学知识，倡导节能环保的生活方式。2016年，我们接待的社会考察团体约480批次，合计人数超8,000人。





As a socially responsible organisation, we assist the local government to burn and destroy counterfeit goods, and cooperate with the government to crack down on the illegal acts of selling counterfeit goods. We jointly raise the awareness against counterfeit goods and create a safe and balanced consumer society.

We are committed to building a harmonious and long-term relationship with the surrounding communities and to improve the social environment of the residents. We invite the residents to visit our facilities, to raise their awareness of environmental protection, and to maintain close interaction with them, in order to establish a relationship based on trust. We are active in building up the neighbourhood facilities so as to create a beautiful green living environment and to achieve sustainable development.

Since it was founded, China Jinjiang Environment has always supported social welfare work to enhance social well-being and to show love and warmth from Jinjiang Environment. We have a harmonious and long-term relationship with the surrounding communities, and strive to create a more stable and clean living environment for the people. We actively promote charitable activities such as volunteer work, environmental education and disaster relief, to help strengthen community integration. Our project companies are engaged in charity activities, providing help to the people and improving the lives of the disadvantaged groups.

1. We visited the elderly in the nursing home, and delivered daily necessities and supplies.
2. We set up a Love Fund to provide financial support, love and care for employees with difficulties.
3. We visit children who are critically ill and provide funding for those in financial difficulties so that these children can be positively encouraged through our care and concern.

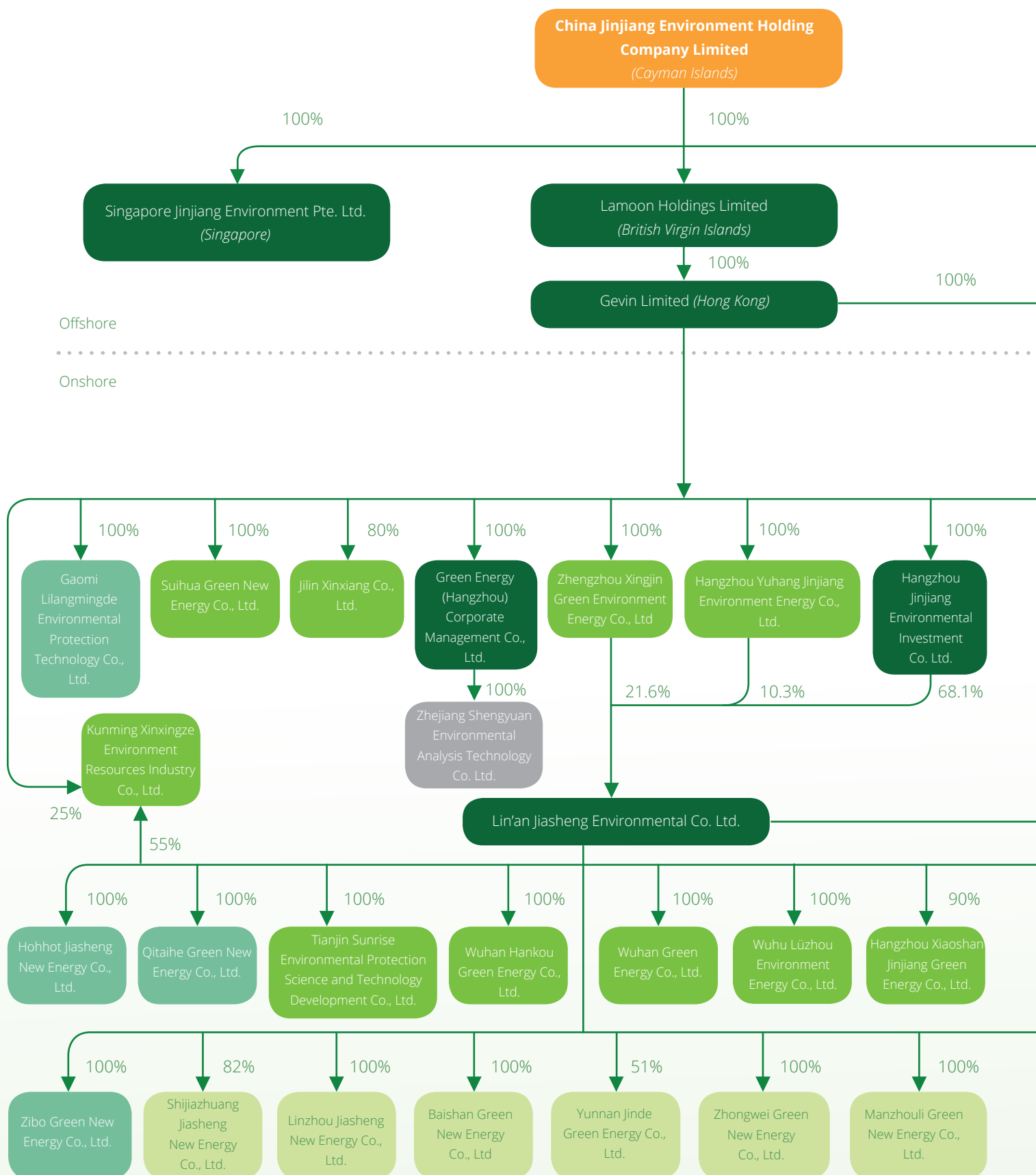
作为肩负社会责任的企业，我们协助地方政府焚烧销毁假冒伪劣的商品，配合政府打击销售假冒伪劣商品的违法行为，共同提高社会的打假意识，营造“健康、安全、和谐”的消费社会。

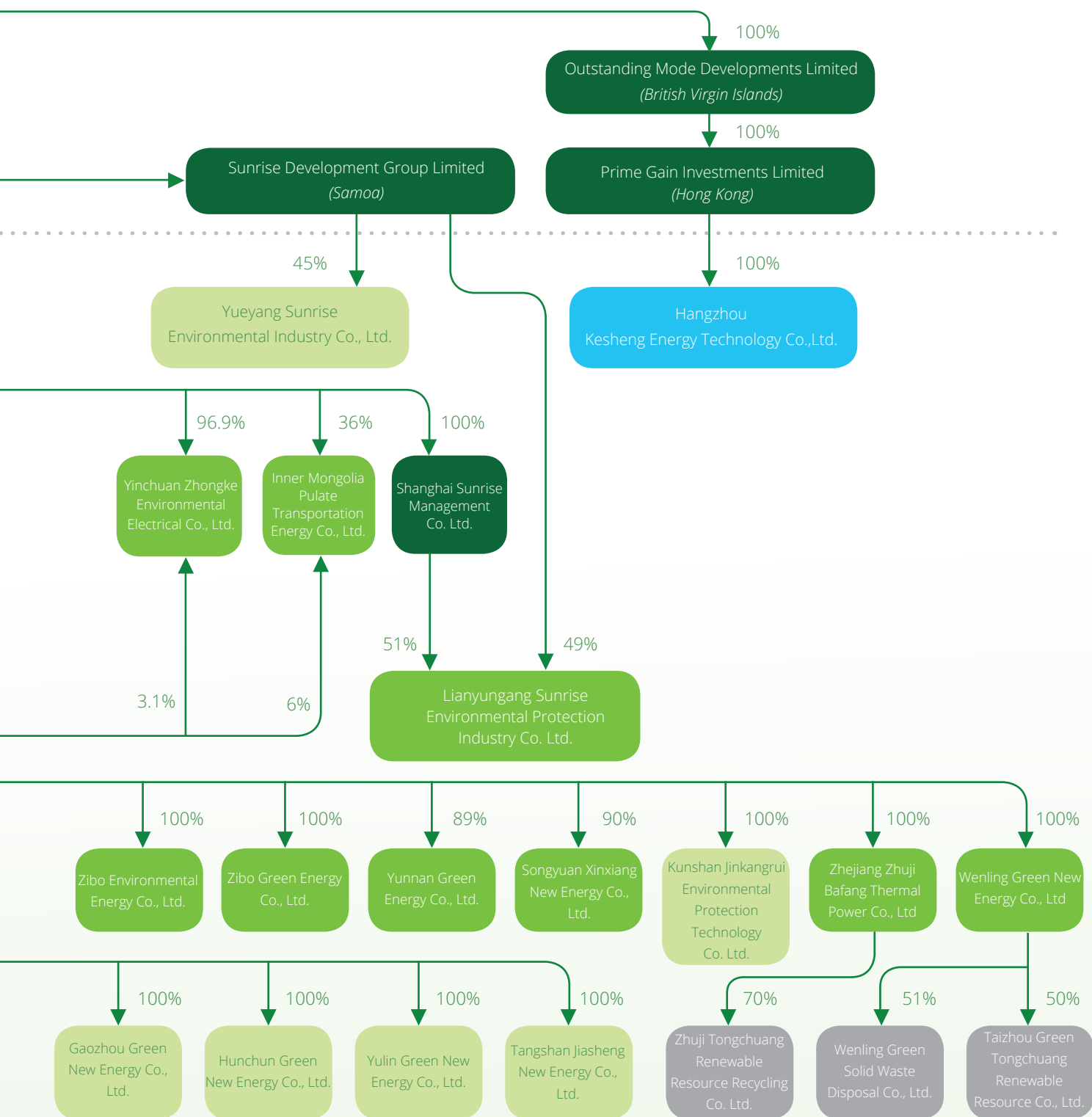
我们致力与周边社区建立和谐、长久的关系，改善周边社区居民的生活环境。我们邀请周边社区居民实地参观项目，提高公众的环保意识，并与他们保持密切的互动交流，建立双方的信赖关系。我们积极构建邻利型服务设施，为他们创造美好绿色的生活环境，实现可持续共享发展。

自创立以来，锦江环境始终支持社会公益事业，增进社会福祉，汇聚点滴爱心，传递锦江温情。我们与周边邻近社区建立长久、和谐的关系，尽力为居民打造更加稳定清洁的生活环境。我们积极推动义务劳动，环保教育，灾难救济等慈善活动，加强与社区的融合交流。我们的项目公司在各地展开爱心公益活动，为社区居民提供能力所及的帮助，改善弱势社群的生活。

- 1、我们前往敬老院，探望孤寡老人，为他们送上生活用品和问候，用爱心传递温暖。
- 2、我们成立爱心基金，为遇上困难的员工提供资金援助，送上爱心和关怀，情暖员工。
- 3、我们探望患病儿童，尽绵薄之力提供资助，传递正能量，让孩子们感受社会关怀与温暖。

CORPORATE STRUCTURE





CORPORATE INFORMATION

BOARD OF DIRECTORS

Wang Yuanluo
(Executive Chairman and Chief Executive Officer)
Wang Wuzhong (Executive Director and Deputy General Manager)
Wang Ruihong (Executive Director and Deputy General Manager)
Roy Edwin Campbell II (Non-Executive Director)
Ang Swee Tian (Lead Independent Director)
Hee Theng Fong (Independent Director)
Tan Huay Lim (Independent Director)
Ni Mingjiang (Independent Director)

AUDIT COMMITTEE

Tan Huay Lim (Chairman)
Roy Edwin Campbell II (Member)
Ang Swee Tian (Member)
Hee Theng Fong (Member)

NOMINATING COMMITTEE

Ang Swee Tian (Chairman)
Wang Yuanluo (Member)
Roy Edwin Campbell II (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))
Chan Poh Kuan (FCIS)

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

111 Hushu South Road, Level 19, Jinjiang Building, Hangzhou City
Zhejiang Province, PRC

LEGAL ADVISER TO THE COMPANY AS TO SINGAPORE LAW

Rajah & Tann Singapore LLP
9 Battery Road #25-01
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: Dr. Ernest Kan Yaw Kiong
(Member of the Institute of Singapore Chartered Accountants)
Date of appointment: 11 October 2016

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（执行总裁兼首席执行官）
王武忠（执行董事和副总经理）
王瑞红（执行董事和副总经理）
Roy Edwin Campbell II（非执行董事）
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）

审计委员会

陈怀林（主席）
Roy Edwin Campbell II（会员）
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）
Roy Edwin Campbell II（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）
洪啟騰（法学学士（荣誉））
曾宝娟（新加坡注册秘书）

注册办公室

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Cayman Islands

主要业务地点

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公司的新加坡法律事务法律顾问

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百得利路9号, #25-01,
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

德勤有限责任公司制
珊顿大道6号
OUE Downtown 2, 33楼
新加坡邮区 068809

合伙负责人: Dr. Ernest Kan Yaw Kiong
(新加坡特许会计师协会会员)
委任日期: 2016年10月11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
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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 2012 (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 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 recommends 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 (the “**AC**”), 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:

	AC	NC	RC
Wang Yuanluo		Member	
Roy Edwin Campbell II	Member	Member	
Ang Swee Tian	Member	Chairman	Member
Hee Theng Fong	Member		Chairman
Tan Huay Lim	Chairman	Member	
Ni Mingjiang		Member	Member

CORPORATE GOVERNANCE REPORT

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 Committees meetings held for the financial year ended 31 December ("FY") 2016 and the attendance of each Director where relevant is as follows:

Directors' Attendance at Board and Committee Meetings in 2016

	Board	AC	NC	RC
Number of meetings held in 2016	3	3	NA	NA
Name of Director	Number of meetings attended in 2016			
Wang Yuanluo	3	2 ^	NA	NA
Wang Wuzhong	3	2 ^	NA	NA
Wang Ruihong	3	2 ^	NA	NA
Roy Edwin Campbell II	2	2	NA	NA
Ang Swee Tian	3	3	NA	NA
Hee Theng Fong	3	3	NA	NA
Tan Huay Lim	3	3	NA	NA
Ni Mingjiang	2	1 ^	NA	NA

^ : by invitation

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 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;
- the results of the Company, the annual report, significant changes in accounting policies or practices, and the Group's risk and control processes and corporate governance arrangements; and
- documentation to be put forth to Shareholders at a general meeting.

The AC, NC and RC evaluate and report to the Board on other specific matters including, the non-competition agreement entered into by the Group's 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.

CORPORATE GOVERNANCE REPORT

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 Company Director 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 8 Directors: 1 executive Director and Chairman, 2 executive Directors, 1 non-executive Director 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
Wang Yuanluo	58	08 Sep 2010	Executive Chairman and Chief Executive Officer
Wang Wuzhong	44	16 Dec 2014	Executive Director and Deputy General Manager
Wang Ruihong	51	23 Dec 2010	Executive Director and Deputy General Manager
Roy Edwin Campbell II	43	05 Nov 2012	Non-Executive Director
Ang Swee Tian	68	29 Jun 2016	Lead Independent Director
Hee Theng Fong	62	29 Jun 2016	Independent Director
Tan Huay Lim	60	29 Jun 2016	Independent Director
Ni Mingjiang	67	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 and the Chief Executive Officer is the same person, independent Directors make up 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.

CORPORATE GOVERNANCE REPORT

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 Executive Chairman and CEO of the Group. Ms Wang 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. Ms Wang 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 and the Chief Executive Officer is the same person, 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 2016. The Lead ID has also held discussions with the other independent Directors without the presence of the Executive Chairman or management.

Principle 4: Board Membership

NC Composition and Role

Three out of five 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.

CORPORATE GOVERNANCE REPORT

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 that 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 six.

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 general meeting for FY2016, all the 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 they be nominated for re-appointment at the forthcoming annual general meeting ("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/or other principal commitments; and
- the composition requirements of the Board and Board Committees.

CORPORATE GOVERNANCE REPORT

Key Information on Directors

The following depicts the present and past directorships of the Directors in other listed companies, group and related companies and major appointments in other companies.

Name	Present	Past
Wang Yuanluo (王元珞)	Directorships	Directorships
	<u>Group Companies</u>	<u>Group Companies</u>
	Lamoon Holdings Limited Gevin Limited Outstanding Mode Developments Limited Prime Gain Investments Limited (鸿盈投资有限公司) Sunrise Development Group Limited	-
		<u>Other Companies</u>
	Hangzhou Xiaoshan Jinjiang Green Energy Co., Ltd. (杭州萧山锦江绿色能源有限公司)	Zhejiang Huadong Aluminium Co., Ltd. (浙江华东铝业有限公司)
	Hangzhou Yuhang Jinjiang Environmental Protection Energy Co., Ltd. (杭州余杭锦江环保能源有限公司)	Beijing Jinjiang Huaxue Business Consulting Co., Ltd. (北京锦江华学商务顾问有限公司)
	Lin'an Jiasheng Environmental Protection Co., Ltd. (临安嘉盛环保有限公司)	Jinjiang International Media Co., Ltd. (锦江国际传媒有限公司)
	Green Energy (Hangzhou) Enterprise Management Co., Ltd. (绿能(杭州)企业管理有限公司)	Jinjiang International Advertising Co., Ltd. (锦江国际广告有限公司)
	Zhengzhou Xingjin Green Environment Energy Co., Ltd. (郑州荣锦绿色环保能源有限公司)	Zhejiang Central Desulphurisation Co., Ltd. (浙江中环脱硫除尘有限公司)
	Wuhu Lüzhou Environmental Protection Energy Co., Ltd. (芜湖绿洲环保能源有限公司)	Inner Mongolia Liancheng Light Alloy Co., Ltd (内蒙古联晟轻合金股份有限公司)
	Wuhan Green Energy Co., Ltd. (武汉市绿色环保能源有限公司)	Anji Xiannanyuan Property Development Co., Ltd. (安吉县南苑房地产开发有限公司)
	Wuhan Hankou Green Energy Co., Ltd. (武汉汉口绿色能源有限公司)	Hangzhou Jinjiang Group Co., Ltd. (杭州锦江集团有限公司)
	Kunming Xinxingze Environment Resources Industry Co., Ltd. (昆明鑫兴泽环境资源产业有限公司)	Zhejiang University Jinjiang Environmental Energy Development Co., Ltd. (浙江大学锦江环保能源开发有限公司)
	Yunnan Green Energy Co., Ltd. (云南绿色能源有限公司)	Hangzhou Jinjiang Engineering Research Co., Ltd. (杭州锦江工程设计研究有限公司)
	Zibo Environmental Energy Co., Ltd. (淄博环保能源有限公司)	Zhejiang East China Aluminium Co., Ltd. (浙江华东铝业股份有限公司)
	Zibo Green Environmental Energy Co., Ltd. (淄博绿能环保能源有限公司)	Zhejiang Zhuji Thermal Power Development Co., Ltd. (浙江诸暨热电发展有限公司)
	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)	Sanmenxia Green Energy Environmental Protection Energy Co., Ltd. (三门峡绿能环保能源有限公司)
	Shanghai Sunrise Management Co., Ltd. (上海晨兴企业管理有限公司)	Wuhan Jinhongde Biological Energy Co., Ltd. (武汉锦弘德生物能源有限公司)
	Yinchuan Zhongke Environmental Electrical Co., Ltd. (银川中科环保电力有限公司)	Guangxi Tiandong Jinsheng Chemical Engineering Co., Ltd. (广西田东锦盛化工有限公司)
	Inner Mongolia Pulate Transportation Energy Co., Ltd. (内蒙古普拉特交通能源有限公司)	Guangxi Tiandong Jinxi Chemical Engineering Co., Ltd. (广西田东锦鑫化工有限公司)
	Hohhot Jiasheng New Energy Co., Ltd. (呼和浩特嘉盛新能源有限公司)	Shanxi Rongguang Energy Co., Ltd (山西荣光能源有限公司)
	Lianyungang Sunrise Environmental Protection Industry Co., Ltd. (连云港晨兴环保产业有限公司)	Shanxi Heguang Energy Co., Ltd. (山西和光能源有限公司)
	Jilin Xinxiang Co., Ltd. (吉林省鑫祥有限责任公司)	Kuitun Jinjiang Thermoelectricity Co., Ltd. (奎屯锦疆热电有限公司)
	Songyuan Xinxiang New Energy Co., Ltd. (松原鑫祥新能源有限公司)	Kuitun Jinjiang Chemical Co., Ltd. (奎屯锦疆化工有限公司)
	Suihua Green New Energy Co., Ltd. (绥化市绿能新能源有限公司)	Inner Mongolia Jinlian Aluminum Co., Ltd. (内蒙古锦联铝材有限公司)
	Qitaihe Green New Energy Co., Ltd. (七台河绿能新能源有限公司)	Inner Mongolia Jinlian Coal Mining Co., Ltd. (内蒙古霍煤锦联矿业有限责任公司)
	Yunnan Jinde Green Energy Co., Ltd. (云南锦德绿色能源有限公司)	Inner Mongolia Kaiyuan Ecological Aluminum Co., Ltd (内蒙古开元生态铝业有限公司)
	Zhongwei Green New Energy Co., Ltd (中卫市绿能新能源有限公司)	Guizhou Huajin Aluminum Co., Ltd. (贵州华锦铝业有限公司)
	Gaozhou Green New Energy Co., Ltd. (高州市绿能新能源有限公司)	Shenyang Jieshen Environmental Energy Technology Co., Ltd. (沈阳洁神环境能源科技有限公司)
	Baishan Green New Energy Co., Ltd. (白山绿能新能源有限公司)	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)
		Zhejiang Private Enterprise Joint Investment Co., Ltd. (浙江民营企业联合投资股份有限公司)

CORPORATE GOVERNANCE REPORT

Name	Present	Past
	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)	Anji Jingxin Property Development Co., Ltd. (安吉景欣房地产开发有限公司) Jiande Jinjiang Comprehensive Coal Utilisation Co., Ltd. (建德锦江石煤综合利用有限公司)
	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) 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) Manzhouli Green New Energy Co., Ltd. (满洲里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) 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)	Hangzhou Hailu Heavy Industry Co., Ltd. (杭州海陆重工有限公司) Sanmenxia Sanlian Thermal Power Co., Ltd. (三门峡市三联热电有限公司)
	<u>Other Companies</u> China Green Energy Limited China Green Energy Jiande Limited Grand Energy Co., Ltd.	
Wang Wuzhong (王武忠)	Directorships <u>Group Companies</u> Lamoon Holdings Limited Gevin Limited 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 Energy Co., Ltd. (杭州余杭锦江环保能源有限公司) Green Energy (Hangzhou) Enterprise Management Co., Ltd. (绿能(杭州)企业管理有限公司) Hangzhou Kesheng Energy Technology Co., Ltd. (杭州科晟能源技术有限公司) Zhengzhou Xingjin Green Environmental Energy Co., Ltd. (郑州荣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 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) 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) Inner Mongolia Pulate Transportation Energy Co., Ltd. (内蒙古普拉特交通能源有限公司) 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) Linzhou Jiasheng New Energy Co., Ltd. (林州市嘉盛新能源有限公司)	Directorships <u>Group Companies</u> - <u>Other Companies</u> Changxing Jinlong Mining Co., Ltd. (长兴锦龙矿业有限公司) 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) Shenyang Jieshen Environmental Energy Technology Co., Ltd. (沈阳洁神环境能源科技有限公司) 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) Baotou Green Energy Jincheng Environmental Protection Co., Ltd. (包头市绿能锦城环保有限责任公司)

CORPORATE GOVERNANCE REPORT

Name	Present	Past
	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) Yulin Green New Energy Co., Ltd. (榆林绿能新能源有限公司) 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) Manzhouli Green New Energy Co., Ltd. (满洲里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) 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) <u>Other Companies</u> -	
Wang Ruihong (王瑞红)	Directorships <u>Group Companies</u> 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 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 Environmental Energy Co., Ltd. (郑州荥锦绿色环保能源有限公司) Wuhu Lúzhou 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 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) 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) Inner Mongolia Pulate Transportation Energy Co., Ltd. (内蒙古普拉特交通能源有限公司) 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)	Directorships <u>Group Companies</u> - <u>Other Companies</u> Xinjiang Kuitun Jinjiang Chemical Co., Ltd. (新疆奎屯锦疆化工有限公司) Zhejiang Huadong Aluminum Co., Ltd. (浙江华东铝业有限公司) Henan Jinrong Cement Co., Ltd. (河南锦荣水泥有限公司) Zhejiang East China Aluminium Co., Ltd. (浙江华东铝业有限公司) 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 Jinhongde Biological Energy 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 Investment 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) 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)

CORPORATE GOVERNANCE REPORT

Name	Present	Past
	Qitaihe Green New Energy Co., Ltd. (七台河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) Linzhou Jiaosheng New Energy Co., Ltd. (林州市嘉盛新能源有限公司) Zhongwei Green New Energy Co., Ltd. (中卫市绿能新能源有限公司) Tangshan Jiaosheng 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) 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) Manzhouli Green New Energy Co., Ltd. (满洲里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) 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) <u>Other Companies</u> China Green Energy Limited	
Roy Edwin Campbell II	Directorships <u>Group Companies</u> - <u>Other Companies</u> China Green Energy Limited Medplus Health Services Pvt Ltd Mount Kellett Capital (Hong Kong) Limited	Directorships <u>Group Companies</u> Lin'an Jiaosheng Environmental Protection Co., Ltd. (临安嘉盛环保有限公司) <u>Other Companies</u> MKCP Mauritius Master Holdings Ltd. MKCP Direct Investments (Mauritius) I Ltd. MKCP Direct Investments (Mauritius) III Ltd. MKCP Direct Investments (Mauritius) IV Ltd MKCP Direct Investments (Mauritius) V Ltd MKCP Direct Investments (Mauritius) VI Ltd MKCP Direct Investments (Mauritius) VII Ltd MKCP Institutional Investor (Mauritius) III Ltd. Radec XIX Ltd Radec XVI Ltd MKCP Mauritius Master Holdings II Ltd. MKCP Institutional Investor (Mauritius) II Ltd. Lantau Mauritius Master Holdings Ltd. Lantau Institutional Investor (Mauritius) Ltd. Vista Institutional Investor (Mauritius) Ltd. Vista Mauritius Master Fund Holdings Ltd Lantau Direct Investments (Mauritius) III Ltd. MKCP Mauritius Master Holdings III Ltd. MKCP Institutional Investor (Mauritius) III-A Ltd. Lantau Direct Investments (Mauritius) V Ltd. Lantau Direct Investments (Mauritius) VI Ltd. Lantau II VC Investments (Mauritius) Ltd Lantau Direct Investments (Mauritius) IV Ltd. MKCP Direct Investments (Mauritius) II-B Ltd. MKCP VC Investments (Mauritius) II Ltd. Lantau Direct Investments (Mauritius) I Ltd. Lantau Direct Investments (Mauritius) II Ltd.

CORPORATE GOVERNANCE REPORT

Name	Present	Past
		Lantau VC Investments (Mauritius) Ltd. MKCP Direct Investments (Mauritius) I-B Ltd. MKCP Direct Investments (Mauritius) III-B Ltd. MKCP Direct Investments (Mauritius) II Ltd. MKCP VC Investments (Mauritius) I Ltd. Mount Kellett Capital Management (Mauritius) Ltd Mount Kellett Capital Management India Private Limited Tospur Real Estate Consulting Ltd Largo Limited * Educomp Solutions Limited Bit Cash Inc.
Ang Swee Tian	Directorships <u>Group Companies</u> – <u>Other Companies</u> * Cosco Corporation (Singapore) Limited * China Aviation Oil (Singapore) Corporation Ltd ICE Singapore Holdings Pte Ltd ICE Futures Singapore Pte Ltd ICE Clear Singapore Pte Ltd Tuas Power Ltd Tuas Power Generation Pte Ltd TP Utilities Pte Ltd Amare-Greenland Hospitality Investments (AGHI) Pte Ltd	Directorships <u>Group Companies</u> – <u>Other Companies</u> Galaxy Futures Brokers Company Limited
Tan Huay Lim	Directorships <u>Group Companies</u> – <u>Other Companies</u> * Hong Leong Asia Ltd. * Auric Pacific Group Limited Ren Ci Hospital Dasin Retail Trust Management Pte. Ltd. [a manager of *Dasin Retail Trust] Singapore Hokkien Huay Kuan ⁽¹⁾ Singapore Chinese Chamber of Commerce and Industry ⁽²⁾	Directorships <u>Group Companies</u> – <u>Other Companies</u> KPMG LLP ⁽³⁾ Ren Ci Hospital & Medicare Centre ⁽⁴⁾ Singapore Chinese Chamber of Commerce and Industry ⁽⁵⁾ Singapore Chinese Chamber of Commerce Foundation ⁽⁶⁾ The Financial Board of the Singapore Chinese Chamber of Commerce ⁽⁷⁾ Sun Yat Sen Nanyang Memorial Hall Company Limited Tan Kah Kee Foundation ⁽⁸⁾ The Hokkien Foundation ⁽⁹⁾ Yunnan Realty Pte Ltd Singapore Hokkien Huay Kuan Cultural Academy Pte Ltd
Hee Theng Fong	Directorships <u>Group Companies</u> – <u>Other Companies</u> Business China Chinese Development Assistance Council Singapore Chinese Cultural Centre	Directorships <u>Group Companies</u> – <u>Other Companies</u> NTUC Fairprice Co-operative Limited NTUC Fairprice Foundation Ltd. RHTLaw Taylor Wessing LLP ⁽¹⁰⁾

CORPORATE GOVERNANCE REPORT

Name	Present	Past
	* Datapulse Technology Limited * First Resources Ltd * Delong Holdings Limited * YHI International Limited * Tye Soon Limited * Straco Corporation Limited 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 ⁽¹⁾	RHT Corporate Advisory Pte. Ltd. Htf Management Pte. Ltd. * Sinomem Technology Limited
Ni Mingjiang (倪明江)	Directorships <u>Group Companies</u> - <u>Other Companies</u> Zhejiang University Jinjiang Environmental Protection Energy Development Co., Ltd. (浙江大学锦江环保能源开发有限公司)	Directorships <u>Group Companies</u> - <u>Other Companies</u> -

Notes:

*: denotes public listed companies

- (1) Mr. Tan is a member of the Board of Singapore Hokkien Huay Kuan.
- (2) Mr. Tan is an honorary council member of the Council of the Singapore Chinese Chamber of Commerce and Industry.
- (3) Mr. Tan was a partner of KPMG LLP.
- (4) Mr. Tan was a member of the Management Committee of Ren Ci Hospital & Medicare Centre.
- (5) Mr. Tan was a member of the Council of the Singapore Chinese Chamber of Commerce and Industry.
- (6) Mr. Tan was a member of the Board of the Singapore Chinese Chamber of Commerce Foundation.
- (7) Mr. Tan was a member of the Financial Board of the Singapore Chinese Chamber of Commerce.
- (8) Mr. Tan was a member of the Board of the Tan Kah Kee Foundation.
- (9) Mr. Tan was a member of the Board of the Hokkien Foundation.
- (10) Mr. Hee was a partner of RHTLaw Taylor Wessing LLP.
- (11) Mr. Hee is an honorary council member of the Council of the Singapore Chinese Chamber of Commerce and Industry.

Additional information on the Directors of the Company can be found under the **"Board of Directors"** section as well as the **"Notice of AGM"** section for Directors proposed for re-appointment.

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.

CORPORATE GOVERNANCE REPORT

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 is used by the NC in consultation with the Executive 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 meeting agenda and the relevant papers prior to the meetings. Complete, adequate and timely information is provided to allow proper deliberation on issues during the meetings. Draft agendas 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 input 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 take independent professional advice at the expense of the Company, in the furtherance of their duties and when circumstances warrant the advice.

CORPORATE GOVERNANCE REPORT

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 management. The RC has reviewed the contracts for executive Directors and management and such contracts contain fair and reasonable termination clauses.

The RC oversees and administers the Jinjiang Environment Performance Share Plan ("**Jinjiang PSP**"). It has the power to make or vary arrangements or guidelines for the implementation and administration of the Jinjiang PSP. As at the date of this report, no share awards have been granted under the Jinjiang PSP.

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.

CORPORATE GOVERNANCE REPORT

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 promotes long-term success of the Company.

The Jinjiang PSP is a longer-term incentive plan in the form of shares awarded 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. Share awards granted under the Jinjiang PSP are subject to a vesting schedule of three years. The Group encourages but does not require the employees to hold on to the shares upon vesting.

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 PSP). There were no termination, retirement and post-employment benefits granted to Directors and management in FY2016.

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

Remuneration for Directors and Management

The remuneration for the Directors of the Company for FY2016 is set out below:

Name	Salary %	Variable Bonus %	Directors' Fees ¹ %	Benefits in Kind %	Total %
Executive Directors					
From S\$250,001 and up to S\$500,000					
Wang Yuanluo	46	54	–	–	100
Wang Wuzhong	40	60	–	–	100
Wang Ruihong	40	60	–	–	100
Non-Executive Directors					
Up to S\$250,000					
Roy Edwin Campbell II	–	–	–	–	–
Ang Swee Tian ²	–	–	100	–	100
Hee Theng Fong ²	–	–	100	–	100
Tan Huay Lim ²	–	–	100	–	100
Ni Mingjiang ²	–	–	100	–	100

1 The Directors' fees for FY2016 are subject to approval by shareholders as a lump sum at the AGM.

2 The Directors' fees for the Non-Executive Directors are pro-rated as they were appointed on 29 June 2016.

CORPORATE GOVERNANCE REPORT

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 FY2016.

Accountability and Audit

Principle 10: Accountability

The Board provides shareholders with quarterly and annual financial results. Results for the first, second and third quarters are released to shareholders within 45 days from 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 ("**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.

CORPORATE GOVERNANCE REPORT

The AC 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 in some of the Group's subsidiaries in China and management action plans are being developed to address these weaknesses. The external auditors, Deloitte & 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 AC 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 FY2016. Based on the above audits and the written assurance from management, the Board and the AC 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 2016.

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 Committee

Composition of AC

The AC comprises four non-executive Directors. Three out of four members of the AC, including the chairman, are independent. Three members, including the AC chairman, possess the relevant accounting or related financial management expertise and experience. With the current composition, the AC 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 AC

The AC is authorised by the Board to review and investigate any matters it deems appropriate within its terms of reference. The AC had full access to and co-operation of the management and external auditors. To facilitate discussions, the AC can invite any Director or management of the Group and external and internal auditors to attend its meetings. In addition, the AC 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 AC is to assist the Board in maintaining a high standard of corporate governance. The AC 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 AC'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;

CORPORATE GOVERNANCE REPORT

- (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 AC; 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 AC is scheduled to meet at least four times a year. During the year under review, the AC 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 AC meets 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 AC 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 AC meetings and the board evaluation checklist.

CORPORATE GOVERNANCE REPORT

External Auditors

The AC undertook a review of the independence of DT and gave careful consideration to the Group's relationship with DT during 2016. In determining the independence, the AC reviewed the Group's relationship with DT and considered the nature and fees of non-audit services supplied by DT. The AC 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 AC 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 RMB8,556,000 to the external auditor for its audit services, including for its listing application in Singapore. The amount of non-audit fees paid to the external auditor is approximately RMB1,538,000.

In reviewing the nomination of DT for re-appointment for FY2017, the AC 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 AC 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 AC's recommendation to nominate DT for re-appointment as external auditors of the Company at the forthcoming AGM.

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**"). As such Interested Persons Transactions may occur at any time, and to allow the Group to undertake such transactions in a expeditious manner, shareholders' approval will be sought at the Extraordinary General Meeting to be held following the conclusion or adjournment of the AGM for the renewal of the IPT Mandate.

The AC 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 obtained, 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.

CORPORATE GOVERNANCE REPORT

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 of all interested person transactions from the listing date to 31 December 2016 (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:		
Ningbo Daxie Deran Trading Co., Ltd.	–	6,358
Construction services contracts awarded to:		
Zhejiang Jinxin Construction Engineering Co., Ltd.	–	15,867
	–	22,225
Project technical and management services provided to:		
Shanxi Fusheng Aluminium Industry Co., Ltd.	–	1,151
Cayman (Shanxian) Energy Comprehensive Utilisation Co., Ltd.	–	2,264
Kuitun Jinjiang Chemical Engineering Co., Ltd.	–	1,321
Kuitun Jinjiang Thermal Electricity Co., Ltd.	–	1,321
Guangxi Tiandong Jinsheng Chemical Engineering Co., Ltd.	–	2,910
Zhejiang Jiyang Thermal Power Co., Ltd.	–	1,521
Henan Jinrong Cement Co., Ltd.	–	26,973
Baotou Green Energy Jincheng Environmental Protection Co., Ltd.	5,661	–
Wuhan Jinhongde Biological Energy Co., Ltd.	585	–
	6,246	37,461
Energy management contracting services provided to:		
Shanxi Xiaoyi Xing'an Chemical Co., Ltd.	–	98,738
Cayman (Shanxian) Energy Comprehensive Utilisation Co., Ltd.	–	3,618
Zhongning Jinning Aluminium Magnesium New Material Co., Ltd.	–	1,152
Guangxi Tiandong Jinsheng Chemical Engineering Co., Ltd.	–	339
	–	103,847
Total	6,246	163,533

Material Contracts

Apart from those transactions disclosed under the Interested Person Transactions, 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.

CORPORATE GOVERNANCE REPORT

Use of Proceeds from Initial Public Offering

The gross proceeds from the issuance of new shares in the Company amounted to approximately S\$195.1 million. After deducting an aggregate of approximately S\$12.8 million in underwriting and placement commissions and other offering expenses, the net proceeds amounted to approximately S\$182.3 million.

The net proceeds from the Offering and Cornerstone Tranche have been completely utilised as follows:

Use of Net Proceeds	Estimated amount allocated (\$ million)	Amount utilised (\$ million)	Balance (\$ million)
Investment in certain of the Group's WTE facilities under construction:			
Qitaihe Green Energy WTE Facility	10.3	10.3	-
Hohhot New Energy WTE Facility	10.3	10.3	-
Gaomi Lilangmingde WTE Facility	12.4	12.4	-
Investment in technical alterations to the Group's existing WTE facilities in relation to the pre-treatment of municipal solid waste.	18.3	18.3	-
Technical upgrading works at the Group's existing WTE facilities	8.2	8.2	-
Sub-Total	59.5	59.5	-
The acquisition of Zhuji Bafang and Wenling Green Energy	88.2	88.2	-
Repayment of borrowings of the Group	14.4	14.4	-
Working capital and general corporate purposes	20.2	20.2	-
Total	182.3	182.3	-

The amount of proceeds allocated under working capital and general corporate purposes have been utilised for purchases of equipment for the Zibo Green New Energy WTE Facility via letter of credit.

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 effectiveness 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 AC Chairman, with an administrative line of reporting to the CEO of the Company. The AC reviews and approves the engagement, removal, evaluation and compensation of KPMG to which the internal audit is outsourced. The AC 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 AC 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 AC reviews and approves the internal audit plan and reviews the reports from KPMG for its adequacy and effectiveness, at least on an annual basis. The internal audit is conducted two to three times yearly, including audits at different 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.

CORPORATE GOVERNANCE REPORT

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 apprised 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 is 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 the 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 is currently developing its corporate website.

Shareholders are encouraged to attend the Company's general meetings where the Chairmen of the Board and the respective 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 years ended 31 December 2016 and ending 31 December 2017, the Company intends to recommend and distribute dividends amounting to 50% of the net profit after tax attributable to Shareholders (excluding exceptional items). Considering the financial performance for 2016, the Board recommended a dividend payment of 5.05 Singapore cents per share for the financial year ended 31 December 2016.

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 AC, 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 Listing Manual, all resolutions proposed at the AGM and at any adjournment thereof shall be put to a 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.

CORPORATE GOVERNANCE REPORT

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 regard 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 2016.

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 68 to 138 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 2016, 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	(Appointed on 8 September 2010)
Wang Wuzhong	(Appointed on 16 December 2014)
Wang Ruihong	(Appointed on 23 December 2010)
Roy Edwin Campbell II	(Appointed on 5 November 2012)
Ang Swee Tian	(Appointed on 29 June 2016)
Hee Theng Fong	(Appointed on 29 June 2016)
Tan Huay Lim	(Appointed on 29 June 2016)
Ni Mingjiang	(Appointed on 29 June 2016)

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

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.

The directors' interest in the shares and debentures of the Company at 21 January 2017 were the same at 31 December 2016.

4 SHARE OPTIONS

(a) Options to take up unissued 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 shall continue 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

DIRECTORS' STATEMENT

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. No shares have been issued under the Plan during the current financial year.

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 COMMITTEE

The Audit 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, Mr Ang Swee Tian, the lead independent director and Mr Roy Edwin Campbell II, a non-executive director. The Audit Committee has met 4 times since the listing of the Company on 3 August 2016 and up to the date of this report 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 financial statements 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.

The Audit 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 Committee.

The Audit 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.

DIRECTORS' STATEMENT

6 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Wang Yuanluo

Wang Wuzhong

31 March 2017

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 2016, 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 68 to 138.

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 2016, 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

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.

This could mean that for service concession arrangements within the scope of IFRIC 12, the Group may inappropriately recognise the consideration received from the local government authorities in exchange for the construction services as financial asset and/or intangible asset.

Our Audit Procedures Performed and Responses Thereon

Our audit approach included both evaluating the design and implementation of the relevant internal controls and the performance of substantive procedures as follows:

- a. Determination of 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.

INDEPENDENT AUDITOR'S REPORT

To the members of China Jinjiang Environment Holding Company Limited

Key Audit Matters

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 these agreements includes complex calculations and significant estimations are required such as discounts rates, future cash flows, estimated gross margin and budgeted construction costs 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 15 and 17 to the financial statements.

Impairment review of property, plant and equipment

As at 31 December 2016, the Group's property, plant and equipment of RMB5.5 billion represents a significant portion of 57% 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.

The key assumptions to the impairment test is disclosed in Note 4 to the financial statements.

Our Audit Procedures Performed and Responses Thereon

b. 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 used by comparing against relevant market interest rates;
- We tested the costs of constructions incurred on sampling basis and challenged the reasonableness of the budgeted costs approved by management 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.

Where indicators of impairment have been identified, we further evaluated and challenged the key assumptions used by management in assessing the recoverable amount. These procedures included:

- compared the historical performance of the WTE plants with original forecasts 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 company 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.

We have also evaluated the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the members of China Jinjiang Environment Holding Company Limited

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.

INDEPENDENT AUDITOR'S REPORT

To the members of China Jinjiang Environment Holding Company Limited

- 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 Kan Yaw Kiong.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

31 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
Revenue	7	2,631,888	1,936,282
Cost of sales		(1,582,483)	(1,117,293)
Gross profit		1,049,405	818,989
Other income and other losses	8	145,714	106,247
Administrative expenses		(205,402)	(157,849)
Finance costs	9	(159,731)	(124,080)
Profit before tax		829,986	643,307
Income tax expense	10	(240,023)	(197,435)
Profit for the year, representing total comprehensive income for the year	11	<u>589,963</u>	<u>445,872</u>
Profit and total comprehensive income for the year:			
Attributable to:			
Owners of the Company		597,583	443,653
Non-controlling interests	30	(7,620)	2,219
		<u>589,963</u>	<u>445,872</u>
Earnings per share:			
- Basic and Diluted (RMB cents)	12	<u>54.85</u>	<u>44.37</u>

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016

Notes	GROUP			COMPANY	
	31 December 2016	31 December 2015	1 January 2015	31 December 2016	31 December 2015
	RMB'000	RMB'000 (Restated)	RMB'000 (Restated)	RMB'000	RMB'000
Assets					
Non-current assets					
Property, plant and equipment	13	5,525,788	4,942,525	4,234,952	-
Prepaid leases	14	251,915	261,781	252,865	-
Intangible assets	15	1,550,546	1,006,655	653,834	-
Investment in an associate	16	43,804	43,804	-	-
Service concession receivables	17	320,438	201,530	133,535	-
Other receivables	19	228,565	61,995	-	-
Investment in subsidiaries	37	-	-	1,790,640	1,790,640
Total non-current assets		7,921,056	6,518,290	5,275,186	1,790,640
Current assets					
Inventories	18	42,171	38,394	43,093	-
Prepaid leases	14	11,330	11,109	10,398	-
Service concession receivables	17	34,421	18,799	9,399	-
Trade and other receivables	19	679,679	438,360	465,303	6,761
Other tax recoverable	20	90,573	87,249	77,301	-
Amounts due from related parties	35	69,132	260,050	402,435	-
Amounts due from subsidiaries	38	-	-	619,667	-
Amounts due from non-controlling interests	30	19,641	11,350	9,889	-
Pledged bank deposits	21	320,970	-	45,000	251,189
Bank balances and cash	21	540,854	380,511	233,711	30,089
Total current assets		1,808,771	1,245,822	1,296,529	900,945
Total assets		9,729,827	7,764,112	6,571,715	2,691,585
Current liabilities					
Trade and other payables	22	930,190	671,032	649,135	6,007
Amounts due to related parties	35	364,384	174,751	597,755	-
Amounts due to subsidiaries	38	-	-	-	1,947
Income tax liabilities		90,321	99,034	82,445	-
Other tax liabilities	23	52,762	29,890	22,151	-
Dividends payable	26	1,397	1,397	9,283	-
Borrowings	24	989,650	534,388	843,542	-
Obligations under finance leases	25	267,138	115,931	-	-
Deferred grant	28	4,776	34,649	2,480	-
Total current liabilities		2,700,618	1,661,072	2,206,791	7,954
Net current (liabilities) assets		(891,847)	(415,250)	(910,262)	892,991
Total assets less current liabilities		7,029,209	6,103,040	4,364,924	2,683,631

(Continued)

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2016

	Notes	GROUP			COMPANY	
		31 December 2016	31 December 2015	1 January 2015	31 December 2016	31 December 2015
		RMB'000	RMB'000 (Restated)	RMB'000 (Restated)	RMB'000	RMB'000
Non-current liabilities						
Borrowings	24	1,369,796	1,806,320	1,029,504	-	-
Obligations under finance leases	25	637,819	443,712	-	-	-
Deferred tax liabilities	27	327,261	237,883	186,933	-	-
Deferred grant	28	92,665	112,104	46,874	-	-
Provision for major overhauls	17	10,363	8,200	3,840	-	-
Total non-current liabilities		2,437,904	2,608,219	1,267,151	-	-
Net assets		4,591,305	3,494,821	3,097,773	2,683,631	1,789,901
Capital and reserves						
Share capital	29	81	67	67	81	67
Reserves		4,422,611	3,310,489	2,817,341	2,683,550	1,789,834
Equity attributable to owners of the Company		4,422,692	3,310,556	2,817,408	2,683,631	1,789,901
Non-controlling interests	30	168,613	184,265	280,365	-	-
Total equity		4,591,305	3,494,821	3,097,773	2,683,631	1,789,901

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Attributable to owners of the Company					Non-controlling interests	Total
	Share capital	Share premium	Other reserves	Retained earnings	Subtotal		
	RMB'000 (Note 29)	RMB'000	RMB'000 (Note 39)	RMB'000	RMB'000	RMB'000	RMB'000
GROUP							
At 1 January 2015 (as previously reported)	67	748,000	498,307	1,291,018	2,537,392	277,982	2,815,374
Adjustment on acquisition of subsidiaries under common control (Note 1(9))	-	-	198,000	82,016	280,016	2,383	282,399
At 1 January 2015 (Restated)	67	748,000	696,307	1,373,034	2,817,408	280,365	3,097,773
Profit and total comprehensive income for the year	-	-	-	443,653	443,653	2,219	445,872
Transactions with owners, recognised directly in equity							
Capital contribution from owners	-	-	47,530	-	47,530	2,900	50,430
Disposal of partial equity interest in a subsidiary	-	-	1,965	-	1,965	35	2,000
Liquidation of a subsidiary (Note 39)	-	-	(158,495)	158,495	-	(94,087)	(94,087)
Appropriation to other reserves	-	-	31,488	(31,488)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	(7,167)	(7,167)
At 31 December 2015	67	748,000	618,795	1,943,694	3,310,556	184,265	3,494,821
Profit and total comprehensive income for the year	-	-	-	597,583	597,583	(7,620)	589,963
Capital contribution from non-controlling interests	-	-	-	-	-	32,530	32,530
Transactions with owners, recognised directly in equity							
Issue of shares	14	963,572	-	-	963,586	-	963,586
Share issue costs	-	(35,512)	-	-	(35,512)	-	(35,512)
Acquisition of partial equity interest in a subsidiary (Note 1(7))	-	-	26,187	-	26,187	(38,887)	(12,700)
Acquisition of subsidiaries under common control (Note 1(9))	-	-	(259,290)	(180,418)	(439,708)	-	(439,708)
Appropriation to other reserves	-	-	67,524	(67,524)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	(1,675)	(1,675)
At 31 December 2016	81	1,676,060	453,216	2,293,335	4,422,692	168,613	4,591,305

(Continued)

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2016

	Share capital	Share premium	Other reserves	Accumulated losses	Total
	RMB'000 (Note 29)	RMB'000	RMB'000 (Note 39)	RMB'000	RMB'000
<u>COMPANY</u>					
At 1 January 2015	67	748,000	1,057,112	(14,353)	1,790,826
Loss for the year, representing total comprehensive loss for the year	-	-	-	(925)	(925)
At 31 December 2015	67	748,000	1,057,112	(15,278)	1,789,901
Loss for the year, representing total comprehensive loss for the year	-	-	-	(34,344)	(34,344)
Transactions with owners, recognised directly in equity					
Issue of shares	14	963,572	-	-	963,586
Share issue costs	-	(35,512)	-	-	(35,512)
At 31 December 2016	81	1,676,060	1,057,112	(49,622)	2,683,631

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	2016 RMB'000	2015 RMB'000 (Restated)
Operating activities		
Profit before tax	829,986	643,307
Adjustments for:		
Finance costs	159,731	124,080
Interest income	(23,037)	(21,872)
Depreciation of property, plant and equipment	276,487	213,500
Amortisation of prepaid leases	11,330	11,109
Amortisation of intangible assets	28,666	15,526
Loss on disposal of property, plant and equipment	-	11
Impairment losses recognised on		
- Trade receivables	31,391	-
- Property, plant and equipment	3,120	-
Deferred grant recognised	(80,769)	(34,716)
Operating cash flows before movements in working capital	1,236,905	950,945
(Increase) Decrease in trade and other receivables	(250,709)	50,296
Increase in service concession receivables	(134,530)	(56,326)
Increase in other tax recoverable	(3,324)	(9,905)
(Increase) Decrease in inventories	(3,777)	4,708
Increase in intangible assets	(572,557)	(271,734)
Increase in trade and other payables	147,394	81,401
Increase in other tax liabilities	22,872	7,739
Decrease in amounts due from related parties (Note 35(b))	188,971	22,778
Increase in amount due from non-controlling interests	(743)	(394)
Increase (Decrease) in amounts due to related parties (Note 35(b))	20,786	(10,254)
Cash generated from operations	651,288	769,254
Income tax paid	(159,358)	(131,500)
Net cash from operating activities	491,930	637,754

(Continued)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2016

	2016 RMB'000	2015 RMB'000 (Restated)
Investing activities		
Interest received	3,433	1,994
Payments for property, plant and equipment	(795,715)	(919,968)
Proceeds from disposal of property, plant and equipment	171	4
Payment for prepaid leases	(1,685)	(20,736)
Net cash outflows arising from acquisition of subsidiaries (Note 32)	(439,494)	(47,726)
Consideration payables for acquisition of a subsidiary (Note 22)	(56,220)	(35,000)
(Increase) Decrease in pledged bank deposits	(85,112)	45,000
Net cash used in investing activities	(1,374,622)	(976,432)
Financing activities		
Proceeds from issue of shares	963,586	-
Payment for share issue costs	(35,512)	-
Proceeds from borrowings	1,005,262	1,360,517
Proceeds from obligations of finance leases	500,995	515,690
Repayment of borrowings	(986,524)	(892,855)
Repayment of obligations under finance leases	(152,253)	(22,076)
Payment of finance costs	(172,046)	(130,570)
Increase in pledge bank deposits for borrowings	(235,858)	-
Dividends paid	(1,675)	(15,053)
Capital contributions from non-controlling interests	32,530	50,430
Acquisition of non-controlling interests in subsidiaries	(12,700)	-
Advances (Repayment) from related parties (Note 35(b))	490,204	1,865,812
Advances (Repayment) to related parties (Note 35(b))	(384,431)	(2,284,445)
Deferred grants	31,457	132,115
Repayment to non-controlling interests for discontinued operation	-	(94,087)
Net cash from financing activities	1,043,035	485,478
Net increase in cash and cash equivalents	160,343	146,800
Cash and cash equivalents at beginning of the year	380,511	233,711
Cash and cash equivalents at end of the year represented by bank balances and cash	540,854	380,511

Non-cash transaction

Note A:

In 2015, the Group acquired an associate for a consideration of RMB43,804,000 (Note 16). The amount was paid on behalf by a company in which the controlling shareholder has control over and was offset against the amounts due from related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. GENERAL INFORMATION

China Jinjiang Environment Holding Company Limited (formerly known as “China Green Energy Holding Company Limited” and “Green Energy 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”) and his spouse Ms Wei Xuefeng.

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 are disclosed in Note 37 to the consolidated financial statements.

The Company underwent the following exercises to rationalise the structure of the Company and its subsidiaries, prior to and subsequent to the listing of the Company on SGX-ST.

(1) Share Repurchase

On 20 June 2016, China Green Energy Limited (“China Green Energy”), the Company’s parent company, entered into a share repurchase agreement with Win Charm Limited (wholly owned by Mr Dou and his spouse) (“Win Charm”) (the “Share Repurchase Agreement”). Under the Share Repurchase Agreement, China Green Energy repurchased 4,651,446 ordinary shares in China Green Energy held by Win Charm (the “Share Repurchase”), representing approximately 36.8% of the total number of ordinary shares in China Green Energy before the Share Repurchase. The consideration for the Share Repurchase was satisfied through the transfer by China Green Energy to Win Charm of 2,757,145 shares in the Company held by China Green Energy, representing approximately 27.6% of the total shares as at the date of the Share Repurchase which was calculated on the basis of maintaining the shareholding percentage Win Charm would have held in the Company on a fully-diluted basis immediately prior to the Listing of the Company if the Share Repurchase had not been carried out. The aforementioned basis of satisfying the consideration for the Share Repurchase was agreed upon between the relevant shareholders, including Radec XIX Ltd and AEP Investments (Mauritius) Limited which had subscribed for Series A redeemable preferred shares in the capital of China Green Energy (“Series A Preferred Shares”) in 2010. The 4,651,446 repurchased ordinary shares in China Green Energy were cancelled.

The transactions under the Share Repurchase Agreement were completed on 20 June 2016, prior to the Share Split (as defined below) and the Investor Share Swap (as defined below).

Upon the completion of the Share Repurchase, the resultant shareholding in China Green Energy was as follows:

- (i) Mr. Dou and Win Charm held 4,000,000 and 3,999,999 ordinary shares in China Green Energy, respectively, each representing approximately 50.0% of the total number of ordinary shares and approximately 30.8% of the total number of issued shares (including Series A Preferred Shares) in China Green Energy; and
- (ii) Radec XIX Ltd and AEP Investments (Mauritius) Limited held 3,611,111 and 1,388,889 Series A Preferred Shares, respectively, representing approximately 27.8% and 10.7% of the total number of issued shares (including Series A Preferred Shares) in China Green Energy, respectively.

Upon the completion of the Share Repurchase, China Green Energy and Win Charm held 7,242,856 and 2,757,145 shares in the Company, respectively, representing approximately 72.4% and 27.6% of the total number of shares in the Company, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. GENERAL INFORMATION (continued)

(2) Share Split

On 29 June 2016, the 10,000,001 shares in the Company were sub-divided into 1,000,000,100 shares (the "Share Split").

(3) Investor Share Swap

On 29 September 2010, Mr. Dou, Win Charm, China Green Energy, Hangzhou Jinjiang Group Co. Ltd. (杭州锦江集团有限公司) ("Jinjiang Group") (company in which Mr Dou and his spouse have control over), Radec XIX Ltd, AEP Investments (Mauritius) Limited and the Company entered into a share subscription and rights agreement, as amended by supplemental agreements dated 29 September 2013, 30 June 2014 and 13 June 2016, respectively (the "Share Subscription and Rights Agreement") to regulate, among other things, their respective rights and obligations in relation to the subscription by Radec XIX Ltd and AEP Investments (Mauritius) Limited for 3,611,111 and 1,388,889 Series A Preferred Shares in China Green Energy, respectively. Under the Share Subscription and Rights Agreement:

- (i) all the Series A Preferred Shares in China Green Energy held by Radec XIX Ltd and AEP Investments (Mauritius) Limited, respectively, shall be redeemed; and
- (ii) 180,620,574 and 69,469,451 shares in the Company, representing approximately 18.1% and 6.9% of the total number of shares in the Company (after adjusting for the Share Split), shall be transferred by China Green Energy to Radec XIX Ltd and AEP Investments (Mauritius) Limited, respectively,

prior to the Listing (the "Investor Share Swap").

The aforementioned number of shares to be transferred to each of Radec XIX Ltd and AEP Investments (Mauritius) Limited was determined pursuant to the terms of the Share Subscription and Rights Agreement. The Share Subscription and Rights Agreement, including the respective supplemental agreements dated 29 September 2013, 30 June 2014 and 13 June 2016 was negotiated and entered into by the Company on an arm's length basis and on normal commercial terms. The Investor Share Swap was completed on 20 July 2016, following the Share Repurchase and the Share Split.

Following the completion of the Share Repurchase, the Share Split and the Investor Share Swap, the resultant shareholding in the Company and China Green Energy was as follows:

- (i) China Green Energy, Win Charm, Radec XIX Ltd and AEP Investments (Mauritius) Limited held 474,195,575, 275,714,500, 180,620,574 and 69,469,451 shares, respectively, representing approximately 47.4%, 27.6%, 18.1% and 6.9% of the total number of shares in the Company, respectively; and
- (ii) Mr. Dou and Win Charm held 4,000,000 and 3,999,999 ordinary shares in China Green Energy, respectively, each representing approximately 50.0% of the total number of ordinary shares in China Green Energy.

(4) Acquisition of Tianjin Sunrise

In December 2013, Sunrise Environmental Group Company Limited (晨兴环保集团有限公司), an independent third party, and Mr. Zhang Erxian, an independent third party, transferred 60% and 40% of the equity interest, respectively, in Tianjin Sunrise Environmental Protection Science and Technology Development Co., Ltd (天津市晨兴力克环保科技有限公司) ("Tianjin Sunrise") to Lin'an Jiasheng Environmental Co., Ltd. (临安嘉盛环保有限公司) ("Lin'an Jiasheng"), an indirect wholly-owned subsidiary of the Group, for a consideration of RMB30,000,000 and RMB20,000,000, respectively, which was determined based on the registered and paid-up capital of Tianjin Sunrise of RMB50,000,000 at the relevant time. Upon completion of the aforementioned transfers, Lin'an Jiasheng held 100% of the equity interest in Tianjin Sunrise, and Tianjin Sunrise became an indirect non-wholly-owned subsidiary of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. GENERAL INFORMATION (continued)

(5) Acquisition of Gaomi Lilangmingde

In September 2015, Hong Kong Lilangmingde Environmental Protection Technology Co., Ltd., an independent third party, agreed to transfer 100% of the equity interest in Gaomi Lilangmingde Environmental Protection Technology Co., Ltd. (高密利郎明德环保科技有限公司) ("Gaomi Lilangmingde") to Gevin Limited ("Gevin"), an indirect wholly-owned subsidiary of the Group, for a consideration of RMB103,990,000, which was determined based on the registered capital of Gaomi Lilangmingde of US\$16,500,000 at the relevant time. Upon completion of the aforementioned transfer in December 2015, Gevin held 100% of the equity interest in Gaomi Lilangmingde, and Gaomi Lilangmingde became an indirect wholly-owned subsidiary of the Company.

(6) EMC Business Injection

Business Restructuring Agreement

On 31 March 2014, Hangzhou Kesheng Energy Technology Co., Ltd. (杭州科晟能源技术有限公司) ("Hangzhou Kesheng"), which was then a wholly-owned subsidiary of Win Charm, entered into a business restructuring agreement (the "Business Restructuring Agreement") with Jinjiang Group. The purpose of the Business Restructuring Agreement was to consolidate the EMC business of Jinjiang Group under Hangzhou Kesheng in preparation for the Group's acquisition of the EMC business.

Pursuant to the Business Restructuring Agreement, Jinjiang Group agreed to transfer the rights and obligations under (i) two EMC contracts entered into by Jinjiang Group as service provider and (ii) the employment contracts with certain employees of Jinjiang Group to Hangzhou Kesheng at nil consideration. The nil consideration was agreed between the parties on the basis that various costs associated with the initial investment and establishment of Jinjiang Group's EMC business had been borne by Hangzhou Kesheng prior to the Business Restructuring Agreement. The various transactions pursuant to the Business Restructuring Agreement had been completed as of 1 June 2014.

Following the completion of the Outstanding Mode Share Purchase Agreement (as defined below) on 30 June 2014 pursuant to the EMC Business Injection, Hangzhou Kesheng became an indirect wholly-owned subsidiary of the Company.

Outstanding Mode Share Purchase Agreement

On 30 June 2014, the Company entered into a share purchase agreement with (i) China Green Energy, (ii) Win Charm, and (iii) Grand Energy Co., Ltd. ("Grand Energy"), a company incorporated under the laws of the British Virgin Islands and wholly-owned by Ms. Jennifer Wei, the daughter of Mr. Dou (the "Outstanding Mode Share Purchase Agreement"). Outstanding Mode Developments Limited ("Outstanding Mode") in turn indirectly held 100% of the equity interest in Hangzhou Kesheng, which was the holding company for the EMC business of Jinjiang Group.

Under the Outstanding Mode Share Purchase Agreement, China Green Energy acquired the entire issued share capital of Outstanding Mode from Win Charm, and the Company thereafter acquired the entire issued share capital in Outstanding Mode from China Green Energy. The transactions under the Outstanding Mode Share Purchase Agreement were completed on the same day. Accordingly, through the Outstanding Mode Share Purchase Agreement, the Group acquired the EMC business of Jinjiang Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. GENERAL INFORMATION (continued)

(7) Acquisition of 1.0% of the shares in Lin'an Jiasheng from Radec XIX Ltd by Gevin

In December 2010, pursuant to the Share Subscription and Rights Agreement and as part of the security package for Radec XIX Ltd and AEP Investments (Mauritius) Limited, 1.0% of the equity interest in Lin'an Jiasheng Environment Co., Ltd. ("Lin'an Jiasheng") was acquired by Radec XIX Ltd for a consideration of RMB2.7 million, which was determined based on the registered and paid-up capital of Lin'an Jiasheng of RMB270.0 million at the relevant time. Lin'an Jiasheng is an investment holding company incorporated in the PRC and the Company indirectly owned a 99% equity interest in Lin'an Jiasheng before June 2016. In connection with the listing of the Company on the SGX-ST, the relevant parties had agreed in the Share Subscription and Rights Agreement (as amended) to effect the transfer of 1.0% of the equity interest in Lin'an Jiasheng held by Radec XIX Ltd to the Group.

On 13 June 2016, Gevin, an indirect wholly-owned subsidiary of the Group, entered into a share transfer agreement with Radec XIX Ltd for the transfer of 1.0% of the equity interest in Lin'an Jiasheng to Gevin for a consideration of RMB2.7 million, which was provided for under the Share Subscription and Rights Agreement as the equivalent amount of consideration paid by Radec XIX Ltd at the time of acquisition in December 2010. Upon completion of the aforementioned transfer, Lin'an Jiasheng became the Company's indirect wholly-owned subsidiary. The aforementioned share transfer agreement was negotiated and entered into by the Group on an arm's length basis and on normal commercial terms but is not an interested person transaction.

(8) Initial Public Offering and Listing

On 1 August 2016, the Company issued 204,819,300 shares pursuant to its initial public offering, which were listed on the main board of SGX-ST on 3 August 2016. On 1 September 2016, the Over-allotment Option was partially exercised, in respect of 12,004,800 shares, which were issued by the Company on 5 September 2016.

As a result of the above share offering, the total number of issued shares by the Company increased from 1,000,000,100 shares to 1,216,824,200 shares.

(9) Acquisition of Zhuji Bafang and Wenling Green Energy

On 5 October 2016, Gevin, an indirect wholly-owned subsidiary of the Company, entered into conditional sale and purchase agreements with Jinjiang Group for the acquisition of the entire equity interest in Zhejiang Zhuji Bafang Thermal Power Co., Ltd. (浙江诸暨八方热电有限责任公司) ("Zhuji Bafang") and Wenling Green New Energy Co., Ltd. (温岭绿能新能源有限公司) ("Wenling Green Energy") for a consideration of RMB304,494,000 and RMB135,000,000, respectively.

On 29 December 2016, the Group completed the acquisition of Zhuji Bafang and Wenling Green Energy and fully settled the aggregate consideration payable.

Basis of preparation of the consolidated financial statements

The Group resulting from the above rationalisation of group structure as well as the acquisition of Zhuji Bafang and Wenling Green Energy is regarded as a continuing entity during the years ended 31 December 2016 and 2015, as the Group is ultimately controlled by the common shareholder both before and after the rationalisation/acquisition. The consolidated financial statements of the Group for the years ended 31 December 2016 and 2015 have been prepared using the principles of merger accounting on the basis that the rationalisation/acquisition transfers the equity interest in the consolidated entities under common control to the Company has been effected as at 1 January 2015 presented in these consolidated financial statements, or since their respective dates of establishment whichever is the shorter period.

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 2016 were authorised for issue by the Board of Directors on 31 March 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

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 January 1, 2016.

The adoption of these new/revised IFRSs does not result in changes to the Group's and Company's accounting policies and 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 9	<i>Financial Instruments</i> ¹
IFRS 15	<i>Revenue from Contracts with Customers</i> ¹
IFRS 16	<i>Leases</i> ²
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to IAS 7	<i>Disclosure Initiative</i> ⁴
Amendments to IAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i> ⁴

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for annual periods beginning on or after 1 January 2017

Consequential amendments were also made to various standards as a result of these new/revised standards. 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 9 *Financial Instruments*

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9 that may be relevant to the Group and the Company:

- all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- in relation to the 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 an entity 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. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

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

IFRS 9 Financial Instruments (continued)

On the initial application of IFRS 9, management anticipates that the Group will need to account for expected credit losses and expect to use historical experience, modified by any future change such as credit risk of the customers. Additional disclosures may be made with respect of loans and receivables, including any significant judgement and estimation made. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's consolidated financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In April 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Group recognises revenue from the following major resources:

- Sales of electricity and steam;
- Waste treatment services;
- Service income arising from project technical and management service and energy management contracting ("EMC") business; and
- Construction services and financial income under service concession arrangement arising from build-operate-transfer ("BOT") projects.

The directors of the Company have preliminarily assessed that the sales of electricity and steam and provision of waste treatment services each represents a separate performance obligation, and accordingly, revenue will be recognised for each of these performance obligations when control over the corresponding goods and services is transferred to the customers. This is similar to the current identification of separate revenue components under IAS 18. The timing of revenue recognition of each of the revenue streams are also expected to be consistent with current practice.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

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

IFRS 15 Revenue from Contracts with Customers (continued)

With regard to the project technical and management service and EMC business, the directors have preliminarily assessed that these performance obligations are satisfied over the service period and that the method currently used to measure the progress towards complete satisfaction of these performance obligations will continue to be appropriate under IFRS 15.

With regard to the construction of BOT projects, the directors have specifically considered IFRS 15's guidance on contract obligations, contract modifications arising from variable considerations, and the assessment of whether there is a significant financing component in the contracts, particularly taking into account the reason for the difference between the transfer of control of goods and services to the customer and the timing of the related payments. The directors have preliminarily assessed the construction revenue under BOT projects should be recognised over time during the course of construction by the Group and the financial income should be recognised over the contract period. Furthermore, the directors consider that the method currently used to measure the progress towards complete satisfaction of these performance obligations will continue to be appropriate under IFRS 15.

Management anticipates that the initial application of the new IFRS 15 may not result in material changes to the accounting policies relating to revenue recognition. Additional disclosures may be made with respect of revenue recognition. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's consolidated financial statements in the period of initial application as the management has yet to complete its detailed assessment. The management does not plan to early adopt the new IFRS 15.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified assets is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measure at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirement in IAS 17, and continues to require a lessor to classify a lease either an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

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

IFRS 16 *Leases* (continued)

As at 31 December 2016, the Group has non-cancellable operating lease commitments of RMB 13.2 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 33. 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 and the directors are currently assessing its potential impact.

In contrast, for finance leases where the Group is a lessee, as the Group has already recognised an asset and a related finance lease liability for the lease arrangement. The directors of the Company do not anticipate that the application of IFRS 16 will have a significant impact on the amounts recognised in the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements has 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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.

All significant intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

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 are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations

Acquisitions of 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.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, 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.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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 in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value 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.

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.

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

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.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates 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 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. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), 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.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, 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 IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in associates (continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or when the investment is classified as held for sale. When the Group retains an interest in the former associate 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 IAS 39. The difference between the carrying amount of the associate 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 is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate 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 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 of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from the provision of waste treatment services, project management, technical consulting and advisory services, Energy management contracting ("EMC") business and operating services under service concession arrangements are recognised based on agreed rates when the relevant services are rendered.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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 statements 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 the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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 temporary differences between the carrying amounts of assets and liabilities in the consolidated 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. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax 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 assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary differences arises from the initial recognition of goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, 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.

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.

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 - 7.50%
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.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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%
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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 28 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets other than goodwill (continued)

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.

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 IAS 11 Construction Contracts. 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 and borrowing rates. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Service concession arrangements (continued)

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

Where the outcome of a construction contract, including construction or upgrade services of the infrastructure under a service concession arrangement, can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity 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.

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.

Financial assets

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.

Cash and cash equivalents

Cash and cash equivalents 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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

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 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 the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables, dividends payables and amounts due to related parties and subsidiaries are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method with interest expense recognised on an effective yield basis, unless the effect of discounting would be immaterial, in which case they are stated at cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities (continued)

Interest-bearing borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

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.

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.

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgements in applying the Group's accounting policies (continued)

Service concession arrangements (continued)

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.

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.

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 intangible assets and financial receivables arising from service concession arrangements at the end of the reporting period is disclosed in Notes 15 and 17 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% (2015: 10.9%) which is estimated by management based on prevailing market rate applicable to construction services rendered by comparable companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

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 reflects 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 13 to the consolidated financial statements.

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. The recoverable amounts have been determined based on the higher of the fair value less costs of disposal and value in use calculations. These calculations require the use of estimates, such as discount rates, future profitability and growth rates.

Management has performed certain sensitivity analysis on the value-in-use calculation and based on the expected range of reasonably possible outcomes within the next financial year, management is of the view that no impairment allowance is necessary except as disclosed in Note 13 to the consolidated financial statements.

The carrying amount of property, plant and equipment is disclosed in Note 13 to the consolidated financial statements.

Allowance for doubtful debts

The Group makes allowance for doubtful debts based on an assessment of the recoverability of trade and other receivables, amounts due from non-controlling interests and amounts due from related parties taking into consideration the estimation of future cash flows. The allowance is measured as the difference between the carrying amount of the assets and the present value of estimated future cash flows. Allowances are applied to these receivables where the actual future cash flows are less than expected and where events or changes in circumstances indicate that the balances may not be recoverable.

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 19, 30, 35 and 38 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 2015.

The capital structure of the Group consists of net debts, which includes the borrowings disclosed in Notes 24 and 25 less cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

6. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	GROUP		COMPANY	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Financial assets</i>				
Bank balances and cash	861,824	380,511	281,278	141
Loans and receivables	1,064,535	950,341	619,667	6,761
	<u>1,926,359</u>	<u>1,330,852</u>	<u>900,945</u>	<u>6,902</u>
<i>Financial liabilities</i>				
Amortised cost	<u>4,510,405</u>	<u>3,737,716</u>	<u>7,954</u>	<u>7,641</u>

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 all of its revenue in RMB and incurs most of its expenditures in RMB. Bank balances and cash of the Group are mainly denominated in RMB, United States Dollar ("USD"), Singapore Dollars ("SGD") 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 monetary assets 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:

	At 31 December	
	2016	2015
	RMB'000	RMB'000
<i>Financial assets</i>		
USD	267,348	1,552
SGD	24,947	-
EUR	<u>71,095</u>	<u>-</u>

The Group does not have any liabilities denominated in foreign currencies as at 31 December 2016 and 2015.

Sensitivity analysis

The following table details the Group'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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

6. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

(1) Foreign currency risk – continued

If the relevant foreign currency weakens/strengthens by 10% against the functional currency of each group entity, profit before tax will increase/decrease by:

	2016	2015
	RMB'000	RMB'000
USD	26,735	155
SGD	2,495	–
EUR	7,110	–

(2) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to fair value interest rate risk relates primarily to its fixed-rate borrowings (Note 24) and obligations under finance leases (Note 25). The Group's exposure to cash flow interest rate risk relates primarily to its variable-rate borrowings (Note 24).

The Group currently does 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 monitors fair value interest rate risk exposure by closely monitoring the fair value interest rate risk profile and will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

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 impact on profit before tax will be:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Decrease/Increase in profit before tax	9,727	8,464

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

6. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

(2) Interest rate risk - continued

Credit risk - continued

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 environmental sectors 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 a significant non-trade receivable from a subsidiary amounting to RMB618,118,000 as at 31 December 2016. This represents advances made to the subsidiary for purpose of capital expenditure fundings and working capital to other subsidiaries of the Group. There are no significant receivables in the Company as at 31 December 2015.

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.

As at 31 December 2016, the Group has net current liabilities of RMB891,847,000 (2015: RMB415,250,000). This exposes the Group to liquidity risk if the Group could not fulfil its financial obligations. Management is satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due within the next twelve months from the end of the reporting period due to the following:

- (1) Jinjiang Group (杭州锦江集团有限公司), Company in which Mr Dou has control over (see Note 1) has agreed not to demand for repayment of RMB269,667,000 due to them after offsetting arrangement as at end of the reporting period (2015: RMB130,990,000), until such time when the Group has the financial ability to do so;
- (2) Net cash inflows generated from the Group's operating activities in 2016 and 2015; and
- (3) As at 31 December 2016, the Group has available unutilised bank loan facilities of RMB579,963,000 (2015: RMB542,226,000).

Liquidity and interest risk tables

The following table details the Group'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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

6. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

(2) Interest rate risk - continued

Liquidity and interest risk tables - continued

	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
<u>31 December 2016</u>						
Non-derivative financial liabilities						
Trade and other payables	-	880,221	-	-	880,221	880,221
Amounts due to related parties	-	364,384	-	-	364,384	364,384
Dividends payable	-	1,397	-	-	1,397	1,397
Borrowings	5.32	1,093,992	1,149,434	464,989	2,708,415	2,359,446
Obligations under finance leases	7.11	326,439	698,504	-	1,024,943	904,957
		<u>2,666,433</u>	<u>1,847,938</u>	<u>464,989</u>	<u>4,979,360</u>	<u>4,510,405</u>

31 December 2015

Non-derivative financial liabilities

Trade and other payables	-	661,217	-	-	661,217	661,217
Amounts due to related parties	-	174,751	-	-	174,751	174,751
Dividends payable	-	1,397	-	-	1,397	1,397
Borrowings	6.25	630,244	1,619,273	444,017	2,693,534	2,340,708
Obligations under finance leases	7.86	153,710	505,208	-	658,918	559,643
		<u>1,621,319</u>	<u>2,124,481</u>	<u>444,017</u>	<u>4,189,817</u>	<u>3,737,716</u>

The Company's financial liabilities are repayable on demand or due within one year from the end of the reporting period.

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.

Management considers the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

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.

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 and EMC business
 - Comprise of service income

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segment.

For the year ended 31 December 2016

	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	2,348,571	283,317	2,631,888
Inter-segment revenue	–	59,410	59,410
	2,348,571	342,727	2,691,298
Elimination	–	(59,410)	(59,410)
Revenue	2,348,571	283,317	2,631,888
Segment profit	828,464	220,941	1,049,405
Government grants and value added tax refund	160,925	327	161,252
Other income and other losses			(15,538)
Administrative expenses			(205,402)
Finance costs			(159,731)
Profit before tax			829,986

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

7. REVENUE AND SEGMENT INFORMATION (continued)

For the year ended 31 December 2015 (restated)

	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	1,662,908	273,374	1,936,282
Inter-segment revenue	–	24,222	24,222
	1,662,908	297,596	1,960,504
Elimination	–	(24,222)	(24,222)
Revenue	1,662,908	273,374	1,936,282
Segment profit	604,172	214,817	818,989
Government grants and value added tax refund	88,770	–	88,770
Other income and other losses			17,477
Administrative expenses			(157,849)
Finance costs			(124,080)
Profit before tax			643,307
Segment assets and liabilities			

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

As at 31 December 2016

	Waste- to-energy project construction and operation	Project technical and management service and EMC business	Total
	RMB'000	RMB'000	RMB'000
Segment assets	8,475,644	288,456	8,764,100
Unallocated			965,727
Consolidated total assets			9,729,827
Segment liabilities	4,335,306	61,808	4,397,114
Unallocated			741,408
Consolidated total liabilities			5,138,522

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

7. REVENUE AND SEGMENT INFORMATION (continued)

Segment assets and liabilities - continued

As at 31 December 2015 (restated)

	Waste-to-energy project construction and operation	Project technical and management service and EMC business	Total
	RMB'000	RMB'000	RMB'000
Segment assets	6,859,793	428,830	7,288,623
Unallocated			475,489
Consolidated total assets			7,764,112
Segment liabilities	3,709,240	33,768	3,743,008
Unallocated			526,283
Consolidated total liabilities			4,269,291

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 2016

	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	288,695	27,788	316,483
Additions to non-current assets (Note)	1,405,907	31,377	1,437,284

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

7. REVENUE AND SEGMENT INFORMATION (continued)

Other segment information

For the year ended 31 December 2015 (restated)

	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	219,610	20,525	240,135
Additions to non-current assets (Note)	1,279,282	30,890	1,310,172

Note: Non-current assets excluded those relating to financial instruments.

Revenue from major products and services

	2016	2015
	RMB'000	RMB'000 (Restated)
Sales of electricity ⁽¹⁾	942,899	782,768
Sales of steam ⁽¹⁾	253,197	191,715
Revenue from waste treatment ⁽¹⁾	424,700	366,650
Service income	283,317	273,374
Revenue from construction services provided under service concession arrangements (Notes 15 and 17)	708,171	301,897
Financial income under service concession arrangements ⁽²⁾ (Note 17)	19,604	19,878
	<u>2,631,888</u>	<u>1,936,282</u>

⁽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 RMB194,317,000 (2015: RMB112,702,000).

⁽²⁾ Effective interest applied ranges from 7.7% to 11.0% (2015: 7.7% to 11.0%).

Geographical information

The Group's revenue is solely generated from sales and rendering services in the PRC based on where goods are sold or services are rendered, and all of the Group's identifiable assets and liabilities are located in the PRC.

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 2016, no single customer accounted for 10% or more of the Group's revenue. In 2015, a customer accounted for approximately 11.1% of the Group's revenue.

Project technical and management services and EMC business

In 2016, no single customer accounted for 10% or more of the Group's revenue. In 2015, a customer accounted for approximately 11.4% of the Group's revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

8. OTHER INCOME AND OTHER LOSSES

	Group	
	2016	2015
	RMB'000	RMB'000 (Restated)
Other income:		
Government grant (Note i)	84,000	39,130
Value added tax refund	77,252	49,640
Bank interest income	3,433	1,994
Gain on sales of scrap materials	13,216	15,350
Others	2,375	1,029
	<u>180,276</u>	<u>107,143</u>
Other losses:		
Foreign exchange losses	(51)	(885)
Loss on disposal of property, plant and equipment	-	(11)
Impairment losses recognised on		
- Trade receivables (Note 19)	(31,391)	-
- Property, plant and equipment (Note 13)	(3,120)	-
	<u>(34,562)</u>	<u>(896)</u>
Total	<u>145,714</u>	<u>106,247</u>

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 2016, government grants included: (a) the incentive for waste-to-energy business development to enterprises established in the PRC which amounted to RMB78,038,000 (2015: RMB35,583,000); and (b) the subsidies received on acquisition of properties, plant and equipment amortised to profit or loss which amounted to RMB5,962,000 (2015: RMB3,547,000).

9. FINANCE COSTS

	Group	
	2016	2015
	RMB'000	RMB'000 (Restated)
Interest on borrowings	123,373	121,952
Interest on obligations under finance leases (Note 25)	45,244	15,303
Total interest expenses	168,617	137,255
Less: capitalised interest	(8,886)	(13,175)
	<u>159,731</u>	<u>124,080</u>

For the year ended 31 December 2016, borrowing costs capitalised are calculated by applying a capitalisation rate of 5.47% (2015: 6.26%) per annum to expenditure on property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

10. INCOME TAX EXPENSE

	Group	
	2016	2015
	RMB'000	RMB'000 (Restated)
Current tax:		
PRC Enterprise Income Tax	162,853	150,181
Over provision in the prior years	(19,687)	(2,092)
	143,166	148,089
Deferred tax (Note 27)		
Current year charges	89,378	49,346
Withholding tax	7,479	-
Income tax expense	240,023	197,435

No provision for income tax has been made for the Company (incorporated in the Cayman Islands), Lamoon Holdings (incorporated in the BVI) and Sunrise Development (incorporated in Samoa) as they are not subject to any income tax.

No provision for Hong Kong's profit tax has been made for the group entities, as there is no taxable income derived from Hong Kong.

- (1) Kunming Xinxingze Environment Resources Industry Co., Ltd. ("Kunming Jinjiang") was entitled to an exemption from PRC enterprise income tax for three years starting from 2008, followed by a 50% tax relief for the next three years. Subsequently, Kunming Jinjiang was entitled to a 40% tax relief for seven years starting from 2014. Accordingly the applicable income tax rate was 15% for the year ended 31 December 2016 (2015: 15%).
- (2) Wuhan Hankou Green Energy Co., Ltd. is regarded as qualified environmental protection enterprise by the local government authorities and entitled to an exemption from PRC enterprise income tax for three years starting from 2010, followed by a 50% tax relief for the next three years, according to the relevant tax rules. Accordingly the applicable tax rate was 25% for the year ended 31 December 2016 (2015: 12.5%).
- (3) Wuhan Green Energy Co., Ltd. is regarded as qualified environmental protection enterprise by the local government authorities and was entitled to an exemption from PRC enterprise income tax for three years starting from 2010, followed by a 50% tax relief for the next three years. Accordingly, the applicable tax rates was 25% for the year ended 31 December 2016 (2015: 12.5%).
- (4) Suihua Green New Energy Co., Ltd. ("Suihua New Energy") is regarded as a qualified environmental protection enterprise by the local government authorities and is entitled to an exemption from PRC enterprise income tax for three years starting from 2015, followed by a 50% tax relief for the next three years, according to the relevant tax rules. Accordingly, Suihua New Energy was entitled to tax exemption in 2016 and 2015.
- (5) Lianyungang Sunrise Environmental Protection Industry Co., Ltd. is regarded as a qualified environmental protection enterprise by the local government authorities and was entitled to an exemption from PRC enterprise income tax for three years starting from 2010, followed by a 50% tax relief for the next three years, according to the relevant tax rules. Accordingly the applicable tax rate was 25% for the year ended 31 December 2016 (2015: 12.5%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

10. INCOME TAX EXPENSE (continued)

- (6) Yunnan Green Energy Co., Ltd. is regarded as a qualified environmental protection enterprise by the local government authorities and was entitled to an exemption from PRC enterprise income tax for three years starting from 2012, followed by a 50% tax relief for the next three years, according to the relevant tax rules. Accordingly, the applicable tax rate was 12.5% for the year ended 31 December 2016 (2015: 12.5%).
- (7) Yinchuan Zhongke Environmental Electrical Co., Ltd. ("Yinchuan Zhongke") is regarded as a qualified environmental protection enterprise by the local government authorities and is entitled to an exemption from PRC enterprise income tax for three years starting from 2014, followed by a 50% tax relief for the next three years, according to the relevant tax rules. Accordingly, Yinchuan Zhongke was entitled to tax exemption in 2016 and 2015.
- (8) Other subsidiaries of the Group located in the PRC were all taxed at 25% for the PRC enterprise income tax.

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statements of comprehensive income as follows:

	Group	
	2016	2015
	RMB'000	RMB'000
		(Restated)
Profit before tax	829,986	643,307
Tax at domestic tax rate of 25%	207,497	160,827
Tax effect of expenses not deductible for tax purposes	14,942	940
Over provision in respect of prior years	(19,687)	(2,092)
Tax effect of tax losses/deductible temporary differences not recognised	38,004	56,209
Utilisation of tax losses/deductible temporary differences previously not recognised	(25,233)	(14,223)
Withholding tax arising from the dividends distributed by PRC subsidiaries	7,479	-
Effect of tax exemptions granted to PRC subsidiaries	(12,858)	(4,226)
Deferred tax recognised in current year arising from temporary differences associated with undistributed earnings of PRC subsidiaries	29,879	-
Income tax expense	240,023	197,435

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

11. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting) the following items:

	Group	
	2016	2015
	RMB'000	RMB'000
		(Restated)
Personnel costs (including directors' emoluments):		
- Salaries and other benefits	185,944	145,565
- Retirement benefits scheme contributions	12,463	9,601
Total personnel costs	198,407	155,166
Depreciation of property, plant and equipment	276,487	213,500
Amortisation of prepaid leases	11,330	11,109
Amortisation of intangible assets	28,666	15,526
Total depreciation and amortisation	316,483	240,135
Impairment loss recognised on		
- Trade receivables	31,391	-
- Property, plant and equipment	3,120	-
Cost of inventories recognised as expense	338,065	320,351
Loss on disposal of property, plant and equipment	-	(11)
Foreign exchange loss	(51)	(885)
One-off professional fees incurred in relation to the IPO (including audit and non-audit fees ¹)	27,014	-
Audit fees (including IPO fees):		
- paid to auditors of the Company ¹	2,501	-
- paid to member firms of the auditors of the Company ¹	5,264	1,288
- paid to other auditors	1,528	848
Total audit fees	9,293	2,136
Non-audit fees (including IPO fees):		
- paid to auditors of the Company ¹	693	-
- paid to member firms of the auditors of the Company	707	-
- paid to other auditors	462	325
Total non-audit fees	1,862	325

¹ Excludes audit fees paid to auditors and member firms of the auditors of the Company amounting to RMB266,000 and RMB525,000 respectively and non-audit fees amounting to RMB138,000 during the current financial year recorded as part of share issue costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

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:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000 (Restated)
Earnings (RMB'000)		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	597,583	443,653
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,089,492*	1,000,000

* Based on the number of ordinary shares following the Share offering and exercise of Over-allotment Option.

For comparative purposes, the number of ordinary shares used for the calculation of earnings per share for the year for the ended 31 December 2015 is based on the number of shares immediately prior to the listing of the Company.

	Year ended 31 December	
	2016	2015
		(Restated)
Basic and diluted earnings per share	54.85	44.37

The fully diluted earnings per share and basic earnings per share are the same as there is no dilutive potential shares outstanding at the end of the financial years ended 31 December 2016 and 2015.

13. PROPERTY, PLANT AND EQUIPMENT

	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
Group						
COST						
At 1 January 2015 (restated)	1,487,213	2,993,823	15,134	14,646	785,324	5,296,140
Additions	8,662	31,936	6,961	1,838	871,691	921,088
Transfer	318,028	539,363	-	-	(857,391)	-
Disposals	-	-	-	(302)	-	(302)
At 31 December 2015 (restated)	1,813,903	3,565,122	22,095	16,182	799,624	6,216,926
Additions	20,998	63,945	5,970	3,207	768,921	863,041
Transfer	200,355	589,271	-	-	(789,626)	-
Disposals	(115)	-	(197)	(339)	-	(651)
At 31 December 2016	2,035,141	4,218,338	27,868	19,050	778,919	7,079,316

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	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
Group (continued)						
ACCUMULATED DEPRECIATION						
At 1 January 2015 (restated)	(291,453)	(755,302)	(6,386)	(5,642)	–	(1,058,783)
Depreciation for the year	(55,468)	(153,745)	(2,206)	(2,081)	–	(213,500)
Disposals	–	–	–	287	–	287
At 31 December 2015 (restated)	(346,921)	(909,047)	(8,592)	(7,436)	–	(1,271,996)
Depreciation for the year	(68,905)	(201,564)	(3,317)	(2,701)	–	(276,487)
Disposals	20	–	176	284	–	480
At 31 December 2016	(415,806)	(1,110,611)	(11,733)	(9,853)	–	(1,548,003)
ACCUMULATED IMPAIRMENT						
At 1 January 2015 and 31 December 2015	–	(2,405)	–	–	–	(2,405)
Impairment losses recognised	–	(3,120)	–	–	–	(3,120)
At 31 December 2016	–	(5,525)	–	–	–	(5,525)
CARRYING VALUES						
At 31 December 2016	1,619,335	3,102,202	16,135	9,197	778,919	5,525,788
At 31 December 2015 (restated)	1,466,982	2,653,670	13,503	8,746	799,624	4,942,525

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 RMB706,764,000 as at 31 December 2016 (2015: RMB578,485,000) (Note 24).

As at 31 December 2016, certain plant and machinery of the Group with an aggregate carrying amount of RMB 852,223,000 (2015: RMB563,473,000) are held under finance leases (Note 25).

As at 31 December 2016, property certificates in respect of land on which buildings with a carrying amount of RMB586,303,000 (2015: RMB772,634,000) are located have not been obtained. The Group is in the process of applying for the property certificates and such certificates will be obtained in due course. 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 year ended 31 December 2016, impairment on certain plant and machinery amounting to RMB3,120,000 was recorded under administrative expenses in profit or loss as such plant and machinery is no longer in use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

14. PREPAID LEASES

	Group At 31 December	
	2016	2015
	RMB'000	RMB'000 (Restated)
<u>The Group</u>		
The carrying value of land use rights comprised:		
Leasehold land in the PRC		
under medium-term lease	263,245	272,890
Analysed for reporting purposes as:		
Current asset	11,330	11,109
Non-current asset	251,915	261,781
	263,245	272,890

Prepaid lease payments represent land use rights located in the PRC and are amortised over the lease term of 30-50 years.

As at 31 December 2016, certain of the Group's borrowings were secured by the Group's prepaid lease with aggregate carrying amount of RMB121,427,000 (2015: RMB70,094,000) (Note 24).

As at 31 December 2016, land use right certificates in respect of prepaid lease with a carrying amount of RMB76,094,000 (2015: RMB80,977,000) have not been obtained. The Group is in the process of applying for the land use right certificates and such certificates will be obtained in due course.

15. INTANGIBLE ASSETS

	Software	Service concession arrangement	Total
	RMB'000	RMB'000	RMB'000
<u>Group</u>			
Cost			
At 1 January 2015 (restated)	5,899	679,187	685,086
Additions	8,047	360,301	368,348
At 31 December 2015 (restated)	13,946	1,039,488	1,053,434
Additions	813	571,744	572,557
At 31 December 2016	14,759	1,611,232	1,625,991
Amortisation			
At 1 January 2015	(185)	(31,068)	(31,253)
Amortisation	(835)	(14,691)	(15,526)
At 31 December 2015	(1,020)	(45,759)	(46,779)
Amortisation	(1,327)	(27,339)	(28,666)
At 31 December 2016	(2,346)	(73,098)	(75,444)
Carrying amounts			
At 31 December 2016	12,412	1,538,134	1,550,546
At 31 December 2015 (restated)	12,926	993,729	1,006,655

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

15. INTANGIBLE ASSETS (continued)

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 28 years to 30 years, starting from the commencement date of commercial operation.

Service concession construction revenue (as detailed in Note 7) recorded in 2016 and 2015 represents the revenue recognised during the construction stage of the service concession period.

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 RMB262,682,000 as at 31 December 2016 (2015: RMB269,198,000) were pledged as collaterals against general loan facilities granted to the Group (Note 24).

16. INVESTMENT IN AN ASSOCIATE

	At 31 December	
	2016	2015
	RMB'000	RMB'000
		(Restated)
Cost of investment in an associate	43,804	43,804

In October 2015, the Group has acquired 45% equity interest in Yueyang Sunrise Environmental Protection Industry Co., Ltd. (“Yueyang Sunrise”) for a consideration of RMB43,804,000, which was based on the fair value of Yueyang Sunrise at the date of acquisition, from an independent party. Yueyang Sunrise is involved in the operation of waste-to-energy plant and sales of steam in the PRC. As at 31 December 2016, Yueyang Sunrise is still undergoing construction and the profit or loss for the financial year ended 31 December 2016 was insignificant.

The Group’s interest in Yueyang Sunrise 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 Yueyang Sunrise:

	At 31 December	
	2016	2015
	RMB'000	RMB'000
Current assets	86,538	94,510
Non-current assets	16,324	16,092
Current liabilities	5,520	13,260
Net assets	97,342	97,342
Proportion of Group’s ownership	45%	45%
Carrying amount of the Group’s interest in Yueyang Sunrise	43,804	43,804

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

17. SERVICE CONCESSION RECEIVABLES

	Group At 31 December	
	2016	2015
	RMB'000	RMB'000 (Restated)
Service concession receivables	354,859	220,329
Less: Amounts due within one year shown under current assets	(34,421)	(18,799)
Service concession receivables due after one year	320,438	201,530

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 At 31 December	
	2016	2015
	RMB'000	RMB'000
At beginning of the year	8,200	3,840
Provision made during the year	2,163	4,360
At end of the year	10,363	8,200

18. INVENTORIES

	Group At 31 December	
	2016	2015
	RMB'000	RMB'000 (Restated)
Coal	22,087	23,372
Spare parts and other raw materials	20,084	15,022
	42,171	38,394

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	At 31 December		At 31 December	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
	(Restated)			
Trade receivables	470,785	345,474	-	-
Less: Allowances for doubtful debts	(32,155)	(764)	-	-
Bills receivables	70,186	9,690	-	-
Total trade and bills receivables	508,816	354,400	-	-
Advances to suppliers (Note i)	272,342	22,967	-	-
Other receivables				
- Staff advances	3,897	8,683	-	-
- Refundable deposits	35,168	20,580	-	-
- Deposits paid under long-term finance leases	59,598	61,995	-	-
- Others	13,424	12,954	-	-
Sub-total of other receivables	112,087	104,212	-	-
Prepaid expenses	14,999	18,776	-	6,761
Total trade and other receivables	908,244	500,355	-	6,761
Analysed for reporting purposes as:				
Current asset	679,679	438,360	-	6,761
Non-current assets	228,565	61,995	-	-
	908,244	500,355	-	6,761

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.

As at 31 December 2016, the balances due from 4 customers (2015: 4) who individually accounted for 5% or more of the total balance of trade receivables amounted to RMB189,871,000 (2015: RMB193,069,000).

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 (2015: 60 to 120 days).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

19. TRADE AND OTHER RECEIVABLES (continued)

The following is an aged analysis of trade receivables and bills receivable at the end of the reporting period, net of allowance for doubtful debts:

	Group At 31 December	
	2016	2015
	RMB'000	RMB'000 (Restated)
Trade and bills receivables		
Not past due and not impaired (i)	432,644	311,348
Past due but not impaired (ii)	52,985	43,052
	485,629	354,400
Impaired receivables – individually assessed (iii)	55,342	764
Less: Provision for impairment	(32,155)	(764)
	23,187	–
Total trade and bills receivables, net	508,816	354,400

(i) There has been no significant change in credit quality of the trade and bill receivables that are not past due and not impaired.

(ii) Aging of trade and bills receivables which are past due but not impaired:

	Group At 31 December	
	2016	2015
	RMB'000	RMB'000 (Restated)
Within 60 days	37,417	7,356
60 days to 90 days	9,333	2,455
90 days to 120 days	4,750	1,812
Over 120 days	1,485	31,429
	52,985	43,052

Trade and other receivables are mainly amounts due from local electrical power bureaus and local government sectors for the sale of electricity and waste treatment. Management considered that such balances were not impaired and the amounts are considered recoverable by reference to historical payment pattern of the counterparties. The Group does not hold any collateral over these balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

19. TRADE AND OTHER RECEIVABLES (continued)

(iii) These amounts are stated before any deduction for impairment losses.

Movement in the allowance for doubtful debts:

	Group At 31 December	
	2016	2015
	RMB'000	RMB'000 (Restated)
Balance at beginning of the year	764	3,753
Impairment losses recognised	31,391	-
Written off	-	(2,989)
Balance at end of year	32,155	764

As at 31 December 2016 and 2015, included in the allowance for doubtful debts are individually impaired trade receivables and management has assessed that only a portion of the receivables is expected to be recovered due to slow repayment patterns.

20. OTHER TAX RECOVERABLE

	Group At 31 December	
	2016	2015
	RMB'000	RMB'000 (Restated)
Value added tax	89,118	87,249
Others	1,455	-
	90,573	87,249

21. 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% per annum (2015: 0.35%).

The Group's deposits pledged for borrowings and projects tendering amounted to RMB320,970,000 (2015: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

22. TRADE AND OTHER PAYABLES

	Group At 31 December		Company At 31 December	
	2016	2015	2016	2015
	RMB'000	RMB'000 (Restated)	RMB'000	RMB'000
Trade payables	205,485	130,716	-	-
Construction and equipment payables	580,640	412,655	-	-
Deposits received from customers	49,969	9,815	-	-
Accrued payroll and welfare	31,847	20,628	-	-
Accrued expenses	10,437	7,838	-	-
Consideration payables for acquisition of subsidiary	-	56,220	-	-
Others	51,812	33,160	6,007	6
Total trade and other payables	930,190	671,032	6,007	6

23. OTHER TAX LIABILITIES

	Group At 31 December	
	2016	2015
	RMB'000	RMB'000 (Restated)
Value added tax	42,597	20,900
Business tax	-	1,607
Others	10,165	7,383
	52,762	29,890

24. BORROWINGS

	Group At 31 December	
	2016	2015
	RMB'000	RMB'000 (Restated)
Guaranteed bank (Note i)	925,077	593,274
Secured and guaranteed bank loans (Notes i and ii)	1,117,180	1,207,330
Secured bank loans (Note iv)	200,000	-
Secured and guaranteed other borrowings (Notes i and v)	110,169	131,224
Entrusted Loans (Note vi)	-	400,000
Unsecured other borrowings (Note iii)	7,020	8,880
	2,359,446	2,340,708
The bank borrowings comprise:		
Fixed-rate borrowings	414,000	648,000
Variable-rate borrowings	1,945,446	1,692,708
	2,359,446	2,340,708

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

24. BORROWINGS (continued)

	Group At 31 December	
	2016	2015
	RMB'000	RMB'000
Bank borrowings repayable:		
Within one year	989,650	534,388
Over one year, but not exceeding two years	265,855	751,047
Over two year, but not exceeding five years	688,451	645,481
Over five years	415,490	409,792
	2,359,446	2,340,708
Less: Amount due within one year shown under current liabilities	(989,650)	(534,388)
Amounts shown under non-current liabilities	1,369,796	1,806,320

Notes:

- (i) Borrowings are secured by guarantees mainly from companies in which a controlling shareholder has control over.
- (ii) As at 31 December 2016, the bank loans of RMB322,210,000, (2015: RMB422,700,000) were secured by certain property, plant and equipment and prepaid leases (Notes 13 and 14).

As at 31 December 2016, the bank loans of RMB342,500,000 (2015: RMB356,000,000) were secured by the pledge of electricity tariffs receivables of subsidiaries.

As at 31 December 2016, the bank loans of RMB109,470,000 (2015: RMB148,630,000) were secured by the pledge of electricity tariffs receivables, certain property, plant and equipment of a subsidiary (Note 13).

As at 31 December 2016, the bank loans of RMB168,000,000 (2015: nil) were secured by the pledge of electricity tariffs receivables, certain property, plant and equipment of a subsidiary and prepaid leases (Notes 13 and 14).

As at 31 December 2016, bank loans of RMB175,000,000, (2015: RMB280,000,000) were secured by equity interest of 5 subsidiaries and certain property, plant and equipment of 2 subsidiaries (Note 13).
- (iii) As at 31 December 2016, borrowings of RMB7,020,000, (2015: RMB8,880,000) 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.
- (iv) As at 31 December 2016, the bank loans of RMB200,000,000 (2015: nil) were secured by certain bank deposits held by the Group (Note 21).
- (v) As at 31 December 2016, loans from other financial institutions of RMB110,169,000 (2015: RMB131,223,000) are repayable by instalments over three years from November 2015 at a variable interest rate, approximately 9.88% at the end of 2016 (2015: 10.48%). The borrowings were secured by the Group's intangible assets (Note 15).
- (vi) As at 31 December 2015, the entrusted loans of RMB400,000,000 bore interest at a fixed interest rate of 4.75% per annum and was fully repaid in 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

24. BORROWINGS (continued)

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	At 31 December	
	2016	2015
Effective interest rate:		
Fixed-rate borrowings	4.75%-7.83%	4.75%-7.50%
Variable-rate borrowings	2.80-9.88%	3.28%-10.48%

25. OBLIGATIONS UNDER FINANCE LEASES

The Group leases certain plant and machinery under finance leases through sale and lease back arrangements. The lease terms are three to five years. In 2016, the average effective borrowing rate ranged from 6.09% to 8.74% (2015: 6.09% to 8.05%). 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 of minimum lease payments	
	At 31 December		At 31 December	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Group</u>				
Amounts payable under finance leases:				
Within one year	326,439	153,710	267,138	115,931
In more than one year but within two years	318,622	153,710	280,122	124,821
In more than two years but within five years	379,882	351,498	357,697	318,891
	1,024,943	658,918	904,957	559,643
Less: Future finance charges	(119,986)	(99,275)	N/A	N/A
Present value of lease obligations	904,957	559,643	904,957	559,643
Less: Amount due for settlement within 12 months (shown under current liabilities)			(267,138)	(115,931)
Amount due for settlement after 12 months			637,819	443,712

As at 31 December 2016, the obligations under finance leases of RMB653,861,000 (2015: RMB379,202,000) are secured by certain property, plant and equipment (Note 13) and corporate guarantee by the companies controlled by a controlling shareholder.

As at 31 December 2016, the obligation under finance leases of RMB146,741,000 (2015: RMB180,441,000) is secured by certain property, plant and equipment (Note 13) and equity interest of a subsidiary and concurrently guaranteed by a company controlled by a controlling shareholder.

As at 31 December 2016, the obligations under finance leases of RMB104,355,000 (2015: nil) are secured by certain property, plant and equipment (Note 13).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

26. DIVIDENDS PAYABLE

Dividends payable represents dividends due to the then immediate holding company before the rationalisation of the Group (Note 2).

27. 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
Group					
At 1 January 2015 (restated)	–	5,720	157,790	23,423	186,933
Acquisition of subsidiary	–	–	–	1,604	1,604
(Credit) Charge to profit or loss (Note 10)	–	(306)	35,336	14,316	49,346
At 31 December 2015 (restated)	–	5,414	193,126	39,343	237,883
Charge (Credit) to profit or loss (Note 10)	29,879	(297)	29,676	30,120	89,378
At 31 December 2016	29,879	5,117	222,802	69,463	327,261

The deferred tax liabilities reflected the tax rates that are expected to apply in the respective periods when the liabilities are expected to be settled.

At 31 December 2016, the Group has unused tax losses of approximately RMB259,996,000 (2015: RMB228,794,000), 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 At 31 December	
	2016	2015
	RMB'000	RMB'000
2016	–	32,932
2017	30,152	31,273
2018	29,299	34,654
2019	39,104	47,442
2020	77,728	82,493
2021	83,713	–
	259,996	228,794

At 31 December 2016, the Group has deductible temporary differences of RMB58,254,000 (2015: RMB109,856,000). No deferred tax asset has been recognised in relation to such deductible temporary differences due to uncertainty of the deductible temporary differences being utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

27. DEFERRED TAX LIABILITIES (continued)

At 31 December 2016, temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised are RMB1,707,168,000 (2015: RMB1,539,934,000). 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.

28. DEFERRED GRANT

	Group At 31 December	
	2016	2015
	RMB'000	RMB'000 (Restated)
<u>The Group</u>		
Grant received in advance	97,441	146,753
Analysed as:		
Current liabilities	4,776	34,649
Non-current liabilities	92,665	112,104
	97,441	146,753

29. SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	Share capital
	'000	RMB'000
At 1 January 2015 and 31 December 2015	10,000	67
Share split (Note 1(2))	990,000	–
Share issued (Note 1(8))	216,824	14
At 31 December 2016	1,216,824	81

Fully paid ordinary shares have a par value of US\$0.00001 (2015: US\$0.001), carry one vote per share and carry a right to dividend, amounting to equivalent RMB81,000 (2015: RMB67,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

30. 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	
		2016	2015	2016	2015	2016	2015
		%	%	RMB'000	RMB'000 (Restated)	RMB'000	RMB'000 (Restated)
PLT Energy (i)	Baotou, the PRC	58.00	58.06	(34,810)	(20,686)	18,821	53,631
Kunming Jinjiang (ii)	Kunming, the PRC	20.00	20.55	4,331	7,790	41,352	37,021
Jilin Xinxiang (iii)	Changchun, the PRC	20.00	20.00	8,410	2,422	38,598	30,188
Individually immaterial subsidiaries with non-controlling interests				14,449	12,693	69,842	63,425
				(7,620)	2,219	168,613	184,265

- i PLT Energy refers to Inner Mongolia Pulate transportation Energy Co., Ltd.
- ii Kunming Jinjiang refers to Kunming Xinxingze Environment Resources Industry Co., Ltd.
- iii Jilin Xinxiang refers to Jilin Xinxiang Co., Ltd.

Summarised financial information in respect of the Group's subsidiaries that has material non-controlling interests, before intra-group eliminations is set out below.

PLT Energy

	At 31 December	
	2016	2015
	RMB'000	RMB'000
Current assets	60,270	93,033
Non-current assets	349,088	370,697
Current liabilities	(198,306)	(178,597)
Non-current liabilities	(178,696)	(192,760)
Equity attributable to owners of the Company	13,535	38,742
Non-controlling interests	18,821	53,631
Revenue	38,279	40,228
Expenses	(98,296)	(75,856)
Loss for the year	(60,017)	(35,628)
Loss attributable to owner of the Company	(25,207)	(14,942)
Loss attributable to non-controlling interests	(34,810)	(20,686)
Net cash inflow from operating activities	41,410	21,715
Net cash outflow from investing activities	(20,061)	(19,490)
Net cash outflow from financing activities	(31,388)	(31,020)
Net cash outflow	(10,039)	(28,795)

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For the year ended 31 December 2016

30. NON-CONTROLLING INTERESTS (continued)

Kunming Jinjiang

	At 31 December	
	2016	2015
	RMB'000	RMB'000
Current assets	158,776	144,372
Non-current assets	242,514	252,696
Current liabilities	(73,379)	(56,337)
Non-current liabilities	(126,108)	(160,583)
Equity attributable to owners of the Company	160,451	143,127
Non-controlling interests	41,352	37,021
Revenue	90,234	108,796
Expenses	(68,579)	(70,890)
Profit for the year	21,655	37,906
Profit attributable to owner of the Company	17,324	30,116
Profit attributable to non-controlling interests	4,331	7,790
Net cash inflow (outflow) from operating activities	61,731	(156,407)
Net cash outflow from investing activities	(4,516)	(810)
Net cash (outflow) inflow from financing activities	(57,988)	157,881
Net cash (outflow) inflow	(773)	664

Jilin Xinxiang

	At 31 December	
	2016	2015
	RMB'000	RMB'000
Current assets	34,916	31,001
Non-current assets	440,264	444,372
Current liabilities	(150,507)	(143,544)
Non-current liabilities	(131,681)	(180,888)
Equity attributable to owners of the Company	154,394	120,753
Non-controlling interests	38,598	30,188
Revenue	139,074	92,824
Expenses	(97,023)	(80,716)
Profit for the year	42,051	12,108
Profit attributable to owner of the Company	33,641	9,686
Profit attributable to non-controlling interests	8,410	2,422
Net cash inflow from operating activities	71,464	77,855
Net cash outflow from investing activities	(9,056)	(23,800)
Net cash outflow from financing activities	(63,600)	(55,755)
Net cash outflow	(1,192)	(1,700)

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30. NON-CONTROLLING INTERESTS (continued)

The amounts due from non-controlling interests are as follows:

	At 31 December	
	2016	2015
	RMB'000	RMB'000
		(Restated)
Trade related	6,311	5,568
Non-trade related	13,330	5,782
	19,641	11,350

The following is an aged analysis of trade receivables at the end of the reporting date.

	At 31 December	
	2016	2015
	RMB'000	RMB'000
		(Restated)
Not past due and not impaired (i)	6,311	5,568

- (i) There has been no significant change in credit quality of the trade receivables that are not past due and not impaired.

The trade related balance are unsecured, interest free and with a credit period of 120 days (2015: 120 days) from the invoice date. The non-trade related balances due from non-controlling interests were unsecured, interest-free and repayable on demand.

31. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY

Gaomi Lilangmingde

In September 2015, Hong Kong Lilangmingde Environmental Protection Technology Co., Ltd., an independent third party, transferred 100% of the equity interest in Gaomi Lilangmingde to Gevin for a consideration of RMB103,990,000, which was determined based on the registered capital of Gaomi Lilangmingde of US\$16,500,000 at that time. Consideration of RMB47,770,000 was paid during 2015 and the remaining RMB56,220,000 was accounted for as consideration payables as at 31 December 2015 (Note 22). The above remaining portion had been subsequently settled in 2016.

Upon completion of the aforementioned transfer in December 2015, Gevin held 100% of the equity interest in Gaomi Lilangmingde, and Gaomi Lilangmingde became a wholly-owned subsidiary of the Group.

Gaomi Lilangmingde is engaged in the operation of a waste-to-energy plant in Gaomi, Shandong Province, under a BOT arrangement. It was still under the initial construction stage prior to acquisition. The major assets of Gaomi Lilangmingde are intangible assets, arising from the service concession arrangement. After acquisition by the Group, the Group will construct and operate the plant with its own experienced management staff, reconstructed the generators and incinerators and enhance the production capability with the technique and resources within the Group. Accordingly, the transaction has been accounted for as an acquisition of assets and liabilities.

The acquisition resulted in a net cash outflow of RMB56,220,000 for the year ended 31 December 2016 (2015: RMB47,726,000).

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32. ACQUISITION OF SUBSIDIARIES UNDER COMMON CONTROL

On 5 October 2016, Gevin, an indirect wholly owned subsidiary of the Company, entered into conditional sale and purchase agreements with Jinjiang Group for the acquisition of the entire equity interest in Zhejiang Zhuji Bafang Thermal Power Co., Ltd. (浙江诸暨八方热电有限责任公司) ("Zhuji Bafang") and Wenling Green New Energy Co., Ltd. (温岭绿能新能源有限公司) ("Wenling Green Energy") for a consideration of RMB304,494,000 and RMB135,000,000, respectively.

On 29 December 2016, the Company completed the acquisition of Zhuji Bafang and Wenling Green Energy. The aggregate consideration has been fully settled by the Group during the year.

Zhuji Bafang is engaged in the operation of thermal power plant, which had been put into commercial operation in previous year. Wenling Green Energy is engaged in the operation of waste-to-energy plant, under a BOT arrangement, which had been put into commercial operation in 2016.

The Group resulting from the above acquisition of Zhuji Bafang and Wenling Green Energy is regarded as a continuing entity during the years ended 31 December 2016 and 2015, as the Group is ultimately controlled by the common shareholders both before and after the acquisition. Accordingly, the above transactions had been accounted for as acquisition of subsidiaries under common control using the merger accounting.

33. OPERATING LEASES

The Group as lessee

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Minimum lease payments made under operating leases during the year in respect of land use rights	1,925	284

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:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Within one year	1,349	389
In the second to fifth years inclusive	1,799	1,800
Over five years	10,097	10,167
	13,245	12,356

Operating lease payments represent rental payable by the Group for certain land use rights with lease terms ranging from 30 to 50 years.

34. CAPITAL COMMITMENTS

	At 31 December	
	2016	2015
	RMB'000	RMB'000 (Restated)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	449,716	349,417

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35. RELATED PARTY BALANCES AND TRANSACTIONS

- (a) During the year ended 31 December 2016, in addition to elsewhere disclosed in the consolidated financial statements, the Group entered into the following significant transactions with related parties:

	2016 RMB'000	2015 RMB'000 (Restated)
Companies in which a controlling shareholder has control over		
- Purchases of materials	213,497	313,687
- Rendering of technical and management services	(51,360)	(8,849)
- Revenue from EMC business	(220,974)	(260,150)

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 2016, the Group had the following balances with related parties:

Amounts due from companies in which a controlling shareholder has control over:

	At 31 December 2016 RMB'000	2015 RMB'000 (Restated)
Trade	69,132	258,103
Non-trade ¹	-	1,947
	69,132	260,050

The non-trade amounts due from related parties were unsecured, interest-free and repayable on demand. Management has assessed that the amounts are not impaired.

Amounts due to companies in which a controlling shareholder has control over:

	At 31 December 2016 RMB'000	2015 RMB'000 (Restated)
Trade	94,717	16,672
Non-trade ¹	269,667	158,079
	364,384	174,751

The trade amounts are unsecured, interest-free and with an average credit period of 6 months. The non-trade amounts are unsecured, interest-free and repayable on demand.

As at 31 December 2016, the trade receivables due from 5 related parties (2015: 4) who individually accounted for 5% or more of the total balance of trade receivables amounted to RMB64,447,000 (2015: RMB230,528,000).

¹ Included in the non-trade amounts due from/to companies in which a shareholder has control over are balances amounting to RMB160,000 (2015: RMB11,125,000), which has been offset as they are subject to offsetting arrangements. The residual amounts shown above relate to those that are not in scope of the offsetting disclosures.

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For the year ended 31 December 2016

35. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

- (b) As at 31 December 2016, the Group had the following balances with related parties - Continued

Amounts due from companies in which a controlling shareholder has control over are unsecured, interest free and with a credit period of 3 months (2015: 3 months) from the invoice date. The following is an aged analysis of trade receivables at the end of the reporting period.

	At 31 December	
	2016	2015
	RMB'000	RMB'000
		(Restated)
Not past due and not impaired (i)	29,088	126,009
Past due but not impaired (ii)	40,044	132,094
	<u>69,132</u>	<u>258,103</u>

- (i) There has been no significant change in credit quality of the trade receivables that are not past due and not impaired.

- (ii) Aging of receivables that are past due but not impaired:

	At 31 December	
	2016	2015
	RMB'000	RMB'000
0 - 90 days	14,335	75,052
91 - 120 days	1,350	14,275
Over 120 days	24,359	42,767
	<u>40,044</u>	<u>132,094</u>

Included above are receivables with aggregate carrying amounts of RMB40,044,000, (2015: RMB132,094,000), which are past due as at the reporting date. The management considered that such balances were not impaired and the amounts are considered recoverable by reference to historical payment pattern. The Group does not hold any collateral over these balances.

- (c) Compensation of directors and key management personnel of the Group

The remuneration of directors and key management personnel during the year ended 2016 was as follows:

	Group	
	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Short-term employee benefits	8,464	3,862
Post-employment benefit	285	241
	<u>8,749</u>	<u>4,103</u>

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For the year ended 31 December 2016

36. PLEDGE OF ASSETS

Save as the pledged bank deposits disclosed in Note 21, 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	
	At 31 December	
	2016	2015
	RMB'000	RMB'000
Property, plant and equipment (Note 13)	1,558,987	1,141,958
Prepaid lease (Note 14)	121,427	70,094
Intangible assets (Note 15)	262,282	269,198
	<u>1,942,696</u>	<u>1,481,250</u>

As at 31 December 2016, the Group has pledged electricity tariffs receivables of 4 subsidiaries (2015: 3 subsidiaries) to banks for general banking facilities. (Note 24) and its equity interest of a subsidiary for a sale and lease back arrangement (Note 25).

As at 31 December 2016, the Group has pledged equity interest of 5 subsidiaries (2015: 5) to banks for general banking facilities (Note 24).

37. INVESTMENT IN SUBSIDIARIES

	Company	
	At 31 December	
	2016	2015
	RMB'000	RMB'000
Unquoted equity shares, at cost	1,790,640	1,790,640

Particulars of the Company's subsidiaries as at 31 December 2016 and 2015 are as follows:

Company name (Note i)	Place of incorporation/ establishment	Proportion of ownership interest and voting power held by the Company (Note ii)		Principal activities
		At 31 December		
		2015	2016	
		%	%	
Lamoon Holdings Limited ("Lamoon Holdings")	British Virgin Islands ("BVI")	100	100	Investment holding
Gevin Limited	Hong Kong	100	100	Investment holding
Outstanding Mode Developments Limited ("Outstanding Mode")	BVI	100	100	Investment holding
Prime Gain Investments Limited ("Prime Gain")	Hong Kong	100	100	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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37. INVESTMENT IN SUBSIDIARIES (continued)

Particulars of the Company's subsidiaries as at 31 December 2016 and 2015 are as follows: - Continued

Company name (Note i)	Place of incorporation/ establishment	Proportion of ownership interest and voting power held by the Company (Note ii) At 31 December		Principal activities
		2015	2016	
		%	%	
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	99	100	Operation of waste-to-energy plant and sales of steam
Zibo Environment Energy Co., Ltd. ("Zibo Jinjiang") 淄博环保能源有限公司	Zibo, the PRC	99	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	79.45	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	89.1	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	99	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	99	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	88.11	89	Operation of waste-to-energy plant

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

37. INVESTMENT IN SUBSIDIARIES (continued)

Particulars of the Company's subsidiaries as at 31 December 2016 and 2015 are as follows: - Continued

Company name (Note i)	Place of incorporation/ establishment	Proportion of ownership interest and voting power held by the Company (Note ii) At 31 December		Principal activities
		2015	2016	
		%	%	
Lin'an Jiasheng Environment Co., Ltd. ("Lin'an Jiasheng") 临安嘉盛环保有限公司	Lin'an, the PRC	99	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
Shanghai Sunrise Management Co., Ltd. ("Shanghai Sunrise") 上海晨兴企业管理有限公司	Shanghai, the PRC	100	100	Investment holding
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
Inner Mongolia Pulate Transportation Energy Co., Ltd. ("PLT Energy") (Note iii) 内蒙古普拉特交通能源有限公司	Baotou, the PRC	41.94	42	Operation of waste-to-energy plant
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	99	100	Operation of waste-to-energy plant and sales of steam
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	99	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	99	100	Operation of waste-to-energy plant

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

37. INVESTMENT IN SUBSIDIARIES (continued)

Particulars of the Company's subsidiaries as at 31 December 2016 and 2015 are as follows: - Continued

Company name (Note i)	Place of incorporation/ establishment	Proportion of ownership interest and voting power held by the Company (Note ii) At 31 December		Principal activities
		2015	2016	
		%	%	
Songyuan Xinxiang New Energy Co., Ltd. ("Songyuan Xinxiang") 松原鑫祥新能源有限公司	Songyuan, the PRC	79.2	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	99	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
Yunnan Jinde Green Energy Co., Ltd ("Jinde Energy") 云南锦德绿色能源有限公司	Puer, the PRC	50.49	51	Operation of waste-to-energy plant
Zhongwei Green New Energy Co., Ltd ("Zhongwei Energy") 中卫市绿能新能源有限公司	Zhongwei, the PRC	99	100	Operation of waste-to-energy plant
Gaozhou Green New Energy Co., Ltd ("Gaozhou Energy") 高州市绿能新能源有限公司	Gaozhou, the PRC	99	100	Operation of waste-to-energy plant
Baishan Green New Energy Co., Ltd ("Baishan Energy") 白山绿能新能源有限公司	Baishan, the PRC	99	100	Operation of waste-to-energy plant
Linzhou Jiasheng New Energy Co., Ltd. ("Linzhou Jiasheng") 林州市嘉盛新能源有限公司	Linzhou, the PRC	99	100	Operation of waste-to-energy plant
Hunchun Green New Energy Co., Ltd ("Hunchun Energy") 珲春绿能新能源有限公司	Hunchun, the PRC	99	100	Operation of waste-to-energy plant
Yulin Green New Energy Co., Ltd ("Yulin Energy") 榆林绿能新能源有限公司	Yulin, the PRC	99	100	Operation of waste-to-energy plant
Shijiazhuang Jiasheng New Energy Co., Ltd ("Shijiazhuang Jiasheng") 石家庄嘉盛新能源有限公司	Shijiazhuang, the PRC	81.18	82	Operation of waste-to-energy plant

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

37. INVESTMENT IN SUBSIDIARIES (continued)

Particulars of the Company's subsidiaries as at 31 December 2016 and 2015 are as follows: - Continued

Company name (Note i)	Place of incorporation/ establishment	Proportion of ownership interest and voting power held by the Company (Note ii)		Principal activities
		At 31 December 2015	2016	
		%	%	
Manzhouli Green New Energy Co. Ltd. ("Manzhouli Energy") 满洲里绿能新能源有限公司	Manzhouli, the PRC	99	100	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	99	100	Operation of waste-to energy plant
Tangshan Jiasheng New Energy Co., Ltd. ("Tangshan Jiasheng") 唐山嘉盛新能源有限公司	Tangshan, the PRC	99	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. (Note v)	Singapore	-	100	Investment holding
Hangzhou Jinjiang Environment Investment Co., Ltd. ("Jinjiang Investment") (Note v) 杭州锦环投资有限公司	Hangzhou, the PRC	-	100	Investment holding
Kunshan Jinkangrui Environmental Protection Technology Co., Ltd. ("Jinkangrui Technology") (Note v) 昆山锦康瑞环保技术有限公司	Kunshan, the PRC	-	100	Technology center
Zhejiang Shengyuan Environmental Analysis Technology Co., Ltd. ("Shengyuan Technology") (Note v) 浙江盛远环境检测科技有限公司	Hangzhou, the PRC	-	100	Technology center
Zhejiang Zhuji Bafang Thermal Power Co. Ltd. ("Zhuji Bafang ") (Note iv) 浙江诸暨八方热电有限责任公司	Zhuji, the PRC	100	100	Operation of thermal power plant
Zhuji Tongchuang Renewable Resources Collection Co. Ltd. ("Zhuji Tongchuang ") (Note iv) 诸暨市同创再生资源回收有限公司	Zhuji, the PRC	-	70	Operation of renewable resources collection plant
Wenling Green New Energy Co., Ltd. ("Wenling Green Energy") (Note iv) 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 vii) (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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

37. INVESTMENT IN SUBSIDIARIES (continued)

Particulars of the Company's subsidiaries as at 31 December 2016 and 2015 are as follows: - Continued

Notes:

- (i) 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.
- (ii) Other than Lamoon Holdings and Singapore Jinjiang Environment Pte. Ltd. held directly by the Company, all subsidiaries are indirectly held by the Company.
- (iii) The Group has control over the entity as the Group has the power to appoint 4 out of 5 directors on the Board of the entity in accordance with the shareholders' agreement and direct the relevant activities of the entity.
- (iv) Acquired from a related party under common control (details are set out in Note 1(9)).
- (v) Newly established during 2016 and presently dormant.

38. 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.

39. OTHER RESERVES

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
	(Restated)			
Capital reserve (a)	393,694	393,694	1,057,112	1,057,112
Merger reserve (b)	(67,642)	191,648	-	-
Statutory surplus reserve (c)	99,012	31,488	-	-
Other reserve (d)	28,152	1,965	-	-
Total trade and other payables	453,216	618,795	1,057,112	1,057,112

(a) Capital reserve

	Group		Company	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	393,694	532,932	1,057,112	1,057,112
Liquidation of a subsidiary ¹	-	(139,238)	-	-
At 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.

¹ During the year ended 31 December 2015, a subsidiary of the Group was liquidated following the cessation of its operations in 2014. Consequently, the capital reserve and statutory surplus were transferred to retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

39. OTHER RESERVES (continued)

(b) Merger reserve

	Group	
	2016	2015
	RMB'000	RMB'000
		(Restated)
At 1 January	191,648	(53,882)
Adjustment on acquisition of subsidiaries under common control (Note 1(9))	–	198,000
At 1 January (restated)	191,648	144,118
Capital contribution from owners	–	47,530
Acquisition of subsidiaries under common control	(259,290)	–
At 31 December	(67,642)	191,648

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	
	2016	2015
	RMB'000	RMB'000
		(Restated)
At 1 January	31,488	19,257
Liquidation of a subsidiary ¹	–	(19,257)
Appropriation to reserves	67,524	31,488
At 31 December	99,012	31,488

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.

¹ During the year ended 31 December 2015, a subsidiary of the Group was liquidated following the cessation of its operations in 2014. Consequently, the capital reserve and statutory surplus were transferred to retained earnings.

(d) Other reserve

	Group	
	2016	2015
	RMB'000	RMB'000
At 1 January	1,965	–
Disposal of partial equity interest in a subsidiary	–	1,965
Acquisition of partial equity interest in subsidiaries	26,187	–
At 31 December	28,152	1,965

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For the year ended 31 December 2016

39. OTHER RESERVES (continued)

(d) Other reserve – continued

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.

40. RESTATEMENT AND COMPARATIVE FIGURES

On 29 December 2016, the Group completed the acquisition of the entire equity interest in Zhuji Bafang and Wenling Green Energy. The Group, including Zhuji Bafang and Wenling Green Energy, is regarded as a continuing entity during the years ended 31 December 2016 and 2015 as the Group is ultimately controlled by the common shareholders both before and after the acquisition. The Group's consolidated financial statements have been prepared using the principles of merger accounting on the basis that the acquisition transfers the equity interest in the consolidated entities under the common control to the Company has been effected as at 1 January 2015.

Accordingly, certain restatement have been made to prior year's consolidated financial statements to enhance comparability with the current year's consolidated financial statements and certain line items have been amended in the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of cash flow, and the related notes to the consolidated financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

The effects of the restatement on the Group's reported amounts are as follows:

	As previously reported RMB'000	Adjustment RMB'000	As restated RMB'000
<u>Consolidated statement of financial position</u>			
As at 31 December 2015			
<u>Non-current assets</u>			
Property, plant and equipment	4,488,220	454,305	4,942,525
Prepaid leases	251,595	10,186	261,781
Intangible assets	687,250	319,405	1,006,655
Service concession receivables	171,668	29,862	201,530
Other receivables	55,995	6,000	61,995
<u>Current assets</u>			
Inventories	35,065	3,329	38,394
Prepaid leases	10,843	266	11,109
Service concession receivables	14,850	3,949	18,799
Trade and other receivables	408,478	29,882	438,360
Other tax recoverable	72,380	14,869	87,249
Amount due from related parties	355,225	(95,175)	260,050
Bank balances and cash	353,641	26,870	380,511
<u>Current liabilities</u>			
Trade and other payables	574,108	96,924	671,032
Amounts due to related parties	43,761	130,990	174,751
Income tax liabilities	93,027	6,007	99,034
Other tax liabilities	29,878	12	29,890
Deferred grant	33,484	1,165	34,649

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

40. RESTATEMENT AND COMPARATIVE FIGURES (continued)

	As previously reported RMB'000	Adjustment RMB'000	As restated RMB'000
<u>Non-current liabilities</u>			
Borrowings	1,671,246	135,074	1,806,320
Deferred tax liabilities	203,611	34,272	237,883
Deferred grant	86,175	25,929	112,104
Provision for major overhauls	7,896	304	8,200
<u>Capital and reserves</u>			
Reserves	2,943,899	366,590	3,310,489
Non-controlling interests	177,784	6,481	184,265
<u>Consolidated statement of financial position</u>			
As at 1 January 2015			
<u>Non-current assets</u>			
Property, plant and equipment	3,954,511	280,441	4,234,952
Prepaid leases	242,413	10,452	252,865
Intangible assets	507,507	146,327	653,834
Service concession receivables	127,874	5,661	133,535
<u>Current assets</u>			
Inventories	36,758	6,335	43,093
Prepaid leases	10,132	266	10,398
Service concession receivables	7,425	1,974	9,399
Trade and other receivables	441,222	24,081	465,303
Other tax recoverable	73,032	4,269	77,301
Bank balances and cash	220,111	13,600	233,711
<u>Current liabilities</u>			
Trade and other payables	580,609	68,526	649,135
Amounts due to related parties	496,081	101,674	597,755
Income tax liabilities	77,846	4,599	82,445
Other tax liabilities	22,005	146	22,151
Deferred grant	1,966	514	2,480
<u>Non-current liabilities</u>			
Deferred tax liabilities	160,718	26,215	186,933
Deferred grant	37,541	9,333	46,874
<u>Capital and reserves</u>			
Reserves	2,537,325	280,016	2,817,341
Non-controlling interests	277,982	2,383	280,365

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

40. RESTATEMENT AND COMPARATIVE FIGURES (continued)

	As previously reported RMB'000	Adjustment RMB'000	As restated RMB'000
For the year ended 31 December 2015			
<u>Consolidated statement of profit or loss and other comprehensive income</u>			
Revenue	1,588,139	348,143	1,936,282
Cost of sales	(842,266)	(275,027)	(1,117,293)
Other income and other gains and losses	95,145	11,102	106,247
Administrative expenses	(134,239)	(23,610)	(157,849)
Income tax expense	(177,069)	(20,366)	(197,435)
Profit and total comprehensive income for the year	405,630	40,242	445,872
Attributable to:			
Owners of the company	404,609	39,044	443,653
Non-controlling interests	1,021	1,198	2,219
<u>Consolidated statement of cash flows</u>			
Net cash from operating activities	793,675	(155,291)	637,754
Net cash used in investing activities	(816,675)	(159,757)	(976,432)
Net cash from financing activities	156,530	328,948	485,478

41. EVENTS AFTER THE END OF THE REPORTING PERIOD

- (a) Subsequent to end of the reporting period, 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). Ecogreen Energy is intended to be used as the Group's platform for exploring potential future business opportunities in India.
- (b) The directors proposed that a final dividend of SGD0.0505 per share be paid to shareholders. This dividend is subject to the approval of the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total estimated dividend to be paid is SGD61.4 million (approximately RMB299.3 million).

STATISTICS OF SHAREHOLDINGS

As at 21 March 2017

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\$12,168.242 divided into 1,216,824,200 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	136	36.26	129,000	0.01
1,001 - 10,000	163	43.47	944,300	0.08
10,001 - 1,000,000	66	17.60	4,652,800	0.38
1,000,001 AND ABOVE	10	2.67	1,211,098,100	99.53
TOTAL	375	100.00	1,216,824,200	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CHINA GREEN ENERGY LIMITED	474,195,575	38.97
2	RAFFLES NOMINEES (PTE) LIMITED	345,204,774	28.37
3	UOB KAY HIAN PRIVATE LIMITED	281,154,600	23.11
4	AEP INVESTMENTS (MAURITIUS) LIMITED	69,469,451	5.71
5	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	12,171,300	1.00
6	CITIBANK NOMINEES SINGAPORE PTE LTD	11,273,700	0.93
7	DBS NOMINEES (PRIVATE) LIMITED	8,104,100	0.67
8	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	4,496,700	0.37
9	HSBC (SINGAPORE) NOMINEES PTE LTD	3,450,400	0.28
10	DB NOMINEES (SINGAPORE) PTE LTD	1,577,500	0.13
11	DBSN SERVICES PTE. LTD.	637,600	0.05
12	TAN HUI IN	569,800	0.05
13	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	431,000	0.04
14	ABN AMRO CLEARING BANK N.V.	373,200	0.03
15	WANG SHUO	361,000	0.03
16	TANG OO	145,300	0.01
17	YANG YUXIN	129,200	0.01
18	YANG GAO	103,800	0.01
19	GOH SIOW KHIM @ GOH SEOW KIN	100,000	0.01
20	LIM SAY PEAN	100,000	0.01
TOTAL		1,214,049,000	99.79

STATISTICS OF SHAREHOLDINGS

As at 21 March 2017

Substantial Shareholders

(As recorded in the Register of Substantial Shareholders)

Substantial Shareholders	Direct Interest		Deemed Interest ⁽²⁾		Total Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
China Green Energy Limited	474,195,575	38.97	–	–	474,195,575	38.97
Win Charm Limited ⁽³⁾	275,714,500	22.66	474,195,575	38.97	749,910,075	61.63
Hangzhou Zhengcai Holding Group Co., Ltd. ⁽⁴⁾	–	–	749,910,075	61.63	749,910,075	61.63
Hangzhou Jinjiang Group Co., Ltd. ⁽⁵⁾	–	–	749,910,075	61.63	749,910,075	61.63
Mr. Dou Zhenggang ⁽⁶⁾	–	–	749,910,075	61.63	749,910,075	61.63
Ms. Wei Xuefeng ⁽⁷⁾	–	–	749,910,075	61.63	749,910,075	61.63
Zhejiang Hengjia Holding Co., Ltd. ⁽⁸⁾	–	–	749,910,075	61.63	749,910,075	61.63
Radec XIX Ltd ⁽⁹⁾	180,620,574	14.84	–	–	180,620,574	14.84
MKCP Mauritius Master Holdings Ltd. ⁽⁹⁾	–	–	180,620,574	14.84	180,620,574	14.84
Mount Kellett Master Fund II, L.P. ⁽⁹⁾⁽¹⁰⁾	–	–	180,620,574	14.84	180,620,574	14.84
Mount Kellett Capital Management L.P. ⁽⁹⁾	–	–	180,620,574	14.84	180,620,574	14.84
Mount Kellett Capital Management GP LLC ⁽⁹⁾	–	–	180,620,574	14.84	180,620,574	14.84
Mr. Mark McGoldrick ⁽⁹⁾	–	–	180,620,574	14.84	180,620,574	14.84
Fortress MK Advisors LLC ⁽⁹⁾⁽¹⁰⁾	–	–	180,620,574	14.84	180,620,574	14.84
FIG LLC ⁽¹⁰⁾	–	–	180,620,574	14.84	180,620,574	14.84
Fortress Operating Entity I LP ⁽¹⁰⁾	–	–	180,620,574	14.84	180,620,574	14.84
FIG Corp. ⁽¹⁰⁾	–	–	180,620,574	14.84	180,620,574	14.84
Fortress Investment Group LLC ⁽¹⁰⁾	–	–	180,620,574	14.84	180,620,574	14.84
AEP Investments (Mauritius) Limited ⁽¹¹⁾	81,478,351	6.70	–	–	81,478,351	6.70

Notes:-

- (1) Based on 1,216,824,200 ordinary shares in the capital of the Company ("**Shares**") in issue as at the Latest Practicable Date.
- (2) Deemed interests refer to interests determined pursuant to Section 4 of The Securities and Futures Act, Chapter 289 of Singapore.
- (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. 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) Mr. 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, Mr. 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) Ms. Wei Xuefeng, who is Mr. 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. Accordingly, Ms. 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.

STATISTICS OF SHAREHOLDINGS

As at 21 March 2017

- (8) Zhejiang Hengjia holds approximately 36.71% of Jinjiang Group's registered capital. 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) Radece XIX Ltd is wholly owned by MKCP Mauritius Master Holdings Ltd., which in turn is wholly-owned by Mount Kellett Master Fund II, L.P. Mount Kellett Master Fund II, L.P. is co-managed by Mount Kellett Capital Management L.P. and Fortress MK Advisors LLC, which have control over the business and affairs of Mount Kellett Master Fund II, L.P., including making investment and divestment decisions and voting the securities and interests held by Mount Kellett Master Fund II, L.P., including those in MKCP Mauritius Master Holdings Ltd. The general partner of Mount Kellett Capital Management L.P., which has full control over the business and affairs of Mount Kellett Capital Management L.P., including making all investment and divestment decisions and voting the securities and interests held by Mount Kellett Master Fund II, L.P., including those in MKCP Mauritius Master Holdings Ltd., is Mount Kellett Capital Management GP LLC. Mount Kellett Capital Management GP LLC is collectively wholly-owned by Mr. Mark McGoldrick (who is a managing member) and his family member (who is a non-managing member) with shareholding interests of 99% and 1% respectively. Accordingly, each of MKCP Mauritius Master Holdings Ltd., Mount Kellett Master Fund II, L.P., Mount Kellett Capital Management L.P., Fortress MK Advisors LLC, Mount Kellett Capital Management GP LLC and Mr. Mark McGoldrick are deemed to have an interest in the Shares held by Radece XIX Ltd by virtue of Section 4 of the SFA.
- (10) Fortress MK Advisors LLC, which was appointed as the co-Manager of Mount Kellett Master Fund II, L.P. on 31 July 2015, is a wholly-owned subsidiary of FIG LLC, which is wholly-owned by Fortress Operating Entity I LP. The general partner of Fortress Operating Entity I LP is FIG Corp., which controls the business and affairs of Fortress Operating Entity I LP, including making investment and divestment decisions and voting the securities and interests held by Fortress Operating Entity I LP, including those in FIG LLC. FIG Corp. is wholly owned by Fortress Investment Group LLC, which is listed on the New York Stock Exchange. Accordingly, each of FIG LLC, Fortress Operating Entity I LP, FIG Corp. and Fortress Investment Group LLC are deemed to have an interest in the Shares held by Radece XIX Ltd by virtue of Section 4 of the SFA.
- (11) 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's Hands

Approximately 16.8% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

CHINA JINJIANG ENVIRONMENT HOLDING COMPANY LIMITED

中国锦江环境控股有限公司
(Company Registration Number: 245144)
(Incorporated in the Cayman Islands on 8 September 2010)

NOTICE OF ANNUAL GENERAL MEETING

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 Anson III Level 2, M Hotel, 81 Anson Road, Singapore 079908 on Tuesday, 25 April 2017 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 2016 together with the Auditor’s Report thereon. **(Resolution 1)**
2. To declare a final dividend (tax not applicable) of 5.05 Singapore cents per ordinary share (“**Final Dividend**”) for the financial year ended 31 December 2016. **(Resolution 2)**
3.
 - (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 3a)**
 - (b) To re-elect Mr. Wang Wuzhong, a Director retiring pursuant to Article 127 of the Company’s Articles of Association. [See Explanatory Note (ii)] **(Resolution 3b)**
 - (c) To re-elect Mr. Wang Ruihong, a Director retiring pursuant to Article 127 of the Company’s Articles of Association. [See Explanatory Note (iii)] **(Resolution 3c)**
 - (d) To re-elect Mr. Roy Edwin Campbell II, a Director retiring pursuant to Article 127 of the Company’s Articles of Association. [See Explanatory Note (iv)] **(Resolution 3d)**
 - (e) To re-elect Mr. Ang Swee Tian, a Director retiring pursuant to Article 126 of the Company’s Articles of Association. [See Explanatory Note (v)] **(Resolution 3e)**
 - (f) To re-elect Mr. Hee Theng Fong, a Director retiring pursuant to Article 126 of the Company’s Articles of Association. [See Explanatory Note (vi)] **(Resolution 3f)**
 - (g) To re-elect Mr. Tan Huay Lim, a Director retiring pursuant to Article 126 of the Company’s Articles of Association. [See Explanatory Note (vii)] **(Resolution 3g)**
 - (h) To re-elect Mr. Ni Mingjiang, a Director retiring pursuant to Article 126 of the Company’s Articles of Association. [See Explanatory Note (viii)] **(Resolution 3h)**
4. To approve the payment of Directors’ fees of SGD315,000 for the financial year ended 31 December 2016. **(Resolution 4)**
5. To re-appoint Messrs Deloitte & Touche LLP, as the Company’s auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:-

7. "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 and subsidiary holdings 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

NOTICE OF ANNUAL GENERAL MEETING

- (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 (ix)]. **(Resolution 6)**

8. "JINJIANG ENVIRONMENT PERFORMANCE SHARE PLAN

That the Directors of the Company be and are hereby authorised to offer and grant awards in accordance with the provisions of the Jinjiang Environment Performance Share Plan (the "**Performance Share Plan**") and to deliver existing shares 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 vesting of awards under the Performance Share Plan, provided that the aggregate number of shares to be allotted and issued pursuant to the Performance Share Plan shall not exceed fifteen per cent. (15%) of the total number of issued shares of the Company from time to time." [See Explanatory Note (x)]. **(Resolution 7)**

By Order of the Board of Directors

Wang Yuanluo
Executive Chairman and Chief Executive Officer
10 April 2017

Explanatory Notes:-

- (i) Ms. Wang Yuanluo will, upon re-election continue as the Executive Chairman and Chief Executive Officer of the Company and a member of the Nominating Committee.
- (ii) Mr. Wang Wuzhong will, upon re-election continue as an Executive Director and Deputy General Manager of the Company.
- (iii) Mr. Wang Ruihong will, upon re-election continue as an Executive Director and Deputy General Manager of the Company.
- (iv) Mr. Roy Edwin Campbell II will, upon re-election continue as a Non-Executive Director and a member of the Audit and Nominating Committees.
- (v) Mr. Ang Swee Tian will, upon re-election continue as the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. He will be considered Independent for the purpose of Rule 704(8) of the Listing Manual.
- (vi) Mr. Hee Theng Fong will, upon re-election continue as the Chairman of the Remuneration Committee and a member of the Audit Committee. He will be considered Independent for the purpose of Rule 704(8) of the Listing Manual.
- (vii) Mr. Tan Huay Lim will, upon re-election continue as the Chairman of the Audit Committee and a member of the Nominating Committee. He will be considered Independent for the purpose of Rule 704(8) of the Listing Manual.
- (viii) Mr. Ni Mingjiang will, upon re-election continue as a member of the Nominating and Remuneration Committees. He will be considered Independent for the purpose of Rule 704(8) of the Listing Manual.
- (ix) The Ordinary Resolution 6 proposed in item 7. 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 6 (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 and subsidiary holdings excluding treasury shares and subsidiary holdings of the Company at the time of the passing of Resolution 6, 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 6, 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 subsidiary holdings.

NOTICE OF ANNUAL GENERAL MEETING

- (x) The Ordinary Resolution 7 proposed in item 8. above, if passed, is to authorise the Directors to offer and grant awards in accordance with the provisions of the Performance Share Plan and to allot and issue shares under the Performance Share Plan. The size of the Performance Share Plan is limited to fifteen per cent. (15%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company.

NOTICE OF BOOKS CLOSURE DATE AND FINAL DIVIDEND PAYMENT DATE

Notice is hereby given that, subject to the approval of the shareholders at the AGM for the payment of the Final Dividend, the Register of Members and the Transfer Books of the Company will be closed on 9 May 2017. Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, up to the close of business at 5.00 p.m. on 8 May 2017 ("Entitlement Date") will be registered to determine shareholders' entitlements to the Final Dividend. Subject as aforesaid, persons whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares as at 5.00 p.m. on the Entitlement Date will be entitled to the Final Dividend.

The Final Dividend, if so approved by shareholders at the AGM, will be paid on 29 May 2017.

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 of, 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.

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