浙能锦江环境
ZHENENG JINJIANG ENVIRONMENT

ZHENENG JINJIANG ENVIRONMENT HOLDING COMPANY LIMITED
浙能锦江环境控股有限公司
(Company Registration Number: 245144)
(Incorporated in the Cayman Islands on 8 September 2010)

Unaudited Half Year Financial Statements For The Period Ended 30 June 2021

The Board of Directors of the Company announces the unaudited financial results of the Group for the half year ("**1H**") ended 30 June 2021.

Condensed Interim Consolidated Statement of Comprehensive Income

	Group 1H2021 RMB'000	Group 1H2020 RMB'000
Revenue	1,613,252	1,455,466
Cost of sales	(1,112,868)	(975,157)
Gross profit	500,384	480,309
- Bank interest	2,141	8,120
- Others	64,534	44,675
Other income	66,675	52,795
Loss allowance recognised on financial assets	-	(7,526)
Other gains and (losses), net	14,933	(34,318)
Expenses		
- Administrative expenses	(121,920)	(123,365)
- Finance costs	(185,101)	(207,664)
- Others	(70)	-
Share of loss of joint ventures	(540)	(4,287)
Profit before income tax	274,361	155,944
Income tax expense	(72,336)	(46,496)
Profit for the period	202,025	109,448
Other comprehensive loss		
Item that may be reclassified subsequently to profit or loss:		
Foreign currency translation	(12,315)	(12,738)
Other comprehensive loss, net of tax	(12,315)	(12,738)
Total comprehensive income for the period	189,710	96,710
Profit for the period attributable to:		
- owners of the Company	193,856	101,049
- non-controlling interests	8,169	8,399
	202,025	109,448
Total comprehensive income for the period attributable to:		
- equity holders of the Company	181,541	88,311
- non-controlling interests	8,169	8,399
	189,170	96,710
Earnings per share attributable to the equity holders of the Company (RMB cents per share)		
Basic/Diluted earnings per share	13.33	6.95

Condensed Interim Statement of Financial Position

	Group As at 30.06.21 RMB'000	Group As at 31.12.20 RMB'000	Company As at 30.06.21 RMB'000	Company As at 31.12.20 RMB'000
Assets				
Current assets				
Bank balances and cash	312,899	361,313	17,107	26,757
Pledged bank deposits	793,873	242,612	80,414	83,526
Trade and other receivables	1,778,751	1,715,195	-	-
Amounts due from non-controlling interests	25,912	32,114	-	-
Amounts due from related parties	688,375	649,489	-	-
Contract assets	140,992	81,540	-	-
Service concession receivables	49,359	49,359	-	-
Other tax recoverable	332,592	330,802	-	-
Inventories	63,470	56,784	-	-
Total current assets	4,186,223	3,519,208	97,521	110,283
Non-current assets				
Other receivables	155,359	167,659	1,155	1,155
Amount due from a related party	-	-	1,580	552
Amount due from subsidiaries	-	-	2,148,517	2,410,053
Service concession receivables	645,913	649,627	-	-
Property, plant and equipment	10,018,942	9,291,612	-	-
Investment in associates	16,147	16,147	-	-
Investment in joint ventures	213,066	213,606	5,039	5,039
Investment in subsidiaries	-	-	1,798,280	1,798,280
Investment property	25,522	26,276	-	-
Intangible assets	4,036,222	3,882,549	-	-
Total non-current assets	15,111,171	14,247,476	3,954,571	4,215,079
Total assets	19,297,394	17,766,684	4,052,092	4,325,362
Current liabilities				
Amounts due to related parties	84,179	91,056	-	-
Amount due to subsidiaries	-	-	85,885	85,885
Lease liabilities	17,901	39,194	-	-
Trade and other payables	1,491,267	1,690,636	5,819	8,969
Borrowings	3,473,415	2,588,705	753,117	913,486
Deferred grant	11,290	17,080	-	-
Other tax liabilities	60,973	78,870	-	-
Income tax liabilities	134,727	148,201	-	-
Total current liabilities	5,273,752	4,653,742	844,821	1,008,340
Net current liabilities	(1,087,529)	(1,134,534)	(747,300)	(898,057)
Non-current liabilities				
Borrowings	6,804,543	6,090,635	1,259,154	1,323,305
Lease liabilities	-	5,482	-	-
Deferred tax liabilities	555,034	542,392	-	-
Deferred grant	348,300	345,978	-	-
Provision for major overhauls	23,053	23,053	-	-
Provision for contingent liabilities	-	2,400	-	-
Total non-current liabilities	7,730,930	7,009,940	1,259,154	1,323,305
Total liabilities	13,004,682	11,663,682	2,103,975	2,331,645
NET ASSETS	**6,292,712**	**6,103,002**	**1,948,117**	**1,993,717**
Capital and reserves attributable to equity holders of the Company				
Share capital	96	96	96	96
Share premium	1,601,100	1,601,100	1,601,100	1,601,100
Reserves	478,792	491,107	1,057,112	1,057,112
Retained profits / (accumulated losses)	4,077,368	3,883,512	(710,191)	(664,591)
	6,157,356	5,975,815	1,948,117	1,993,717
Non-controlling interests	135,356	127,187	-	-
Total equity	**6,292,712**	**6,103,002**	**1,948,117**	**1,993,717**

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Merger reserve RMB'000	Statutory surplus reserve RMB'000	Foreign currency translation reserve RMB'000	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total Equity RMB'000
Group											
At 1 January 2021	96	1,601,100	393,694	(67,642)	155,288	(46,405)	56,172	3,883,512	5,975,815	127,187	6,103,002
Profit for the period	-	-	-	-	-	-	-	193,856	193,856	8,169	202,025
Other comprehensive income for the period	-	-	-	-	-	(12,315)	-	-	(12,315)	-	(12,315)
At 30 June 2021	96	1,601,100	393,694	(67,642)	155,288	(58,720)	56,172	4,077,368	6,157,356	135,356	6,292,712
At 1 January 2020	96	1,601,100	393,694	(67,642)	118,271	(8,575)	56,172	3,593,595	5,686,711	127,958	5,814,669
Profit for the period	-	-	-	-	-	-	-	101,049	101,049	8,399	109,448
Other comprehensive income for the period	-	-	-	-	-	(12,738)	-	-	(12,738)	-	(12,738)
At 30 June 2020	96	1,601,100	393,694	(67,642)	118,271	(21,313)	56,172	3,694,644	5,775,022	136,357	5,911,379
Profit for the period	-	-	-	-	-	-	-	225,885	225,885	(4,844)	221,041
Other comprehensive income for the period	-	-	-	-	-	(25,092)	-	-	(25,092)	-	(25,092)
Transactions with owners, recognised directly in equity											
Appropriation to other reserves	-	-	-	-	37,017	-	-	(37,017)	-	-	-
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(4,326)	(4,326)
At 31 December 2020	96	1,601,100	393,694	(67,642)	155,288	(46,405)	56,172	3,883,512	5,975,815	127,187	6,103,002

Statement of Changes in Equity

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Company					
At 1 January 2021	96	1,601,100	1,057,112	(664,591)	1,993,717
Loss and total comprehensive loss for the period	-	-	-	(45,600)	(45,600)
At 30 June 2021	96	1,601,100	1,057,112	(710,191)	1,948,117
At 1 January 2020	96	1,601,100	1,057,112	(527,859)	2,130,449
Loss and total comprehensive loss for the period	-	-	-	(76,198)	(76,198)
At 30 June 2020	96	1,601,100	1,057,112	(604,057)	2,054,251
Loss and total comprehensive loss for the period	-	-	-	(60,534)	(60,534)
At 31 December 2020	96	1,601,100	1,057,112	(664,591)	1,993,717

Condensed Interim Consolidated Statement of Cash Flows

	Group 1H2021 RMB'000	Group 1H2020 RMB'000
Cash flows from operating activities		
Profit before tax	274,361	155,944
Adjustments for:		
- Finance expenses	185,101	207,664
- Bank interest income	(2,141)	(8,120)
- BOT interest income	(23,201)	(20,997)
- Depreciation of property, plant and equipment / right-of-use assets	200,636	203,794
- Depreciation of investment property	451	483
- Amortisation of intangible assets	76,552	55,579
- Loss allowance on trade receivables	-	7,526
- Impairment loss on prepayments	70	-
- Deferred grant recognised	(23,146)	(5,645)
- Foreign exchange (gains) / losses	(19,049)	34,318
- Share of loss of joint ventures	540	4,287
	670,174	634,833
Change in working capital		
- Trade and other receivables	(115,402)	(189,823)
- Service concession receivables	(3,714)	20,997
- Contract assets	(59,452)	46,232
- Other tax recoverable	(1,790)	(72,161)
- Inventories	(6,686)	(35,341)
- Intangible assets	(161,930)	(180,923)
- Trade and other payables	(124,380)	(52,344)
- Other tax liabilities	(17,897)	(2,711)
- Amount due from related parties	(38,887)	(94,243)
- Amount due from non-controlling interests	6,202	709
- Amount due to related parties	(13,698)	-
- Deferred grants	19,678	11,186
- Provision for contingent liabilities	(2,400)	-
Cash generated from operations	149,818	86,411
Income tax paid	(73,168)	(13,230)
Net cash generated from operating activities	76,650	73,181
Cash flows from investing activities		
Interest received	2,141	8,120
Additions to property, plant and equipment	(792,967)	(660,131)
Investment in associates	-	(2,000)
Bank deposits pledged	640	-
Proceeds from closure of a WTE plant	9,836	-
Proceed from disposal of property, plant and equipment	2,750	-
Net cash used in investing activities	(777,600)	(654,011)
Cash flows from financing activities		
Proceeds from borrowings	3,541,375	2,954,748
Repayment of borrowings	(2,105,714)	(1,753,829)
Payment of finance costs	(200,667)	(220,206)
Pledged bank deposits for borrowings	(551,901)	289,481
Repayment of lease liabilities	(26,775)	(134,652)
Net cash generated from financing activities	656,318	1,135,542
Net (decrease) / increase in cash and cash equivalents	(44,632)	554,712
Cash and cash equivalents		
Cash and cash equivalents at beginning of the period	361,313	442,123
Effect of exchange rate fluctuations on cash held	(3,782)	(25,310)
Cash and cash equivalents at the end of the period	312,899	971,525

Notes to the condensed interim consolidated financial statements

These notes form an integral part of the condensed interim financial statements.

1. General information

Zheneng Jinjiang Environment Holding Company Limited (the "**Company**" and together with its subsidiaries, the "**Group**"), formerly known as China Jinjiang Environment Holding Company Limited, was incorporated as an exempt company with limited liability in Cayman Islands on 8 September 2010.

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

The single largest shareholder is Zhejiang Provincial Energy Group Co., Ltd., which is 100% controlled by State-owned Assets Supervision and Administration Commission of the People's Government of Zhejiang Province.

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, principally in the People's Republic of China (the "**PRC**").

The condensed interim consolidated financial statements have not been audited or reviewed by auditors.

2. Basis of preparation

2.1 Statement of compliance

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2020. The condensed interim financial statements do not include all the information required for complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with International Financial Reporting Standards ("IFRSs"), except for the adoption of new and amended standards as set out in Note 2.4.

2.2 Basis of measurement

The condensed interim financial statements have been prepared on the historical cost basis except as otherwise disclosed.

The financial statements are presented in Renminbi ("RMB"), which is the Company's functional currency. All financial information presented in RMB have been rounded to the nearest thousand, unless otherwise stated.

2.3 Going concern

The Group was in a negative working capital position with net current liabilities of RMB1,087.5 million as at 30 June 2021. This is mainly due to the increase in short-term loans resulting from the new credit facilities secured in June 2021 to repay the US$200 million syndicated term loan facility arranged by Standard Chartered Bank, which had an outstanding amount of RMB913.5 million and was recorded as current liabilities as at 31 December 2020.

Notwithstanding the above, the Board of Directors of the Company believes that the Company and the Group will be able to continue as a going concern, and have prepared the interim financial statements on a going concern basis, after considering the following:

(a) the Group continued to reduce the amount of net current liabilities, which decreased from RMB3,415 million as at 31 December 2019 to RMB1,135 million as at 31 December 2020, and thereafter to RMB1,087.5 million as at 30 June 2021, and taken steps to reduce liquidity risks through adjusting the financing structure, including increasing the proportion of long-term debt relative to total debt, and had in June 2021 fully repaid the US$200 million syndicated term loan facility arranged by Standard Chartered Bank, and the Group's operating conditions were stable;

(b) as of 30 June 2021, the Group has obtained loans of RM840 million, comprising a working capital loan of RMB540 million (drawn down from the credit line of RM900 million obtained from Zheneng Finance), RMB100 million in project financing and factoring financing of RMB200 million, from, and will continue to actively seek the support of, the Group's largest controlling shareholder Zheneng Group, which is a state-owned provincial energy enterprise with great financial strength and good credit standing that can enhance the stability of the Group's capital structure. This will help to improve the Group's financing channels and reduce financing costs in relation to the Group's future fund-raising plans, so as to strengthen the working capital position of the Group; and

(c) management is actively pursuing various proposals including but not limited to, issuing asset-backed products that meet the Company's need, such like Real Estate Investment Trusts ("REITs"), Asset-Backed Securities ("ABS"), and other related products to qualified investors in the PRC and introduction of strategic investors at the company project level.

The Company will continue to prudently monitor its cashflow to meet its operational needs as well as to service its debt obligations as and when they fall due. The Board will provide updates to shareholders via SGXNET as and when there are material developments on the aforementioned matters

2.4 New and amended standards adopted by the Group

A number of new and amendments to standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

3. Revenue

The Group's operations and main revenue streams are those described in the last annual financial statements for the year ended 31 December 2020. An analysis of revenue is as follows:

	Group 1H2021 RMB'000	Group 1H2020 RMB'000
Waste-to-energy project construction and operation		
Waste-to-energy business		
- Sales of electricity	711,478	578,001
- Sales of steam	217,171	164,101
- Revenue from waste treatment	414,008	396,892
	1,342,657	1,138,994
Construction services		
- Revenue from construction services provided under service concession agreements	134,943	180,922
- Financial income under service concession agreements	23,201	20,997
	158,144	201,919
Total	1,500,801	1,340,913
Project technical and management service, equipment selection and sale and EMC business	112,451	114,553
Total revenue	**1,613,252**	**1,455,466**

Timing of revenue recognition

	Group 1H2021 RMB'000	Group 1H2020 RMB'000
At a point in time		
- Sales of electricity	711,478	578,001
- Sales of steam	217,171	164,101
- Equipment selection and sale	86,281	38,044
	1,014,930	780,146
Over time		
- Revenue from waste treatment	414,008	396,892
- Revenue from construction services provided under service concession agreements	134,943	180,922
Project technical and management service and EMC business	26,170	76,509
	575,121	654,323
- Financial income under service concession agreements	23,201	20,997
Total revenue	**1,613,252**	**1,455,466**

The Group's business is not affected significantly by seasonal or cyclical factors during the financial period.

4. Profit for the period

The following significant items have been included in arriving at profit for the period:

	Group 1H2021 RMB'000	Group 1H2020 RMB'000
Profit for the period has been arrived at after charging (crediting):		
Amortisation of intangible assets	76,552	55,579
Cost of inventories recognised as expense	242,859	163,209
Depreciation of investment property	451	483
Depreciation of property, plant and equipment / right-of-use assets	200,636	203,794
Employee compensation	163,880	150,017
Foreign exchange (gains)/losses	(15,267)	34,318
Loss allowance recognised on receivables	-	7,526
Property, plant and equipment written off	334	-
Government grants	(23,146)	(11,881)
Government tax refund	(6,001)	(13,299)
Overprovision of tax in prior years	(312)	(21,469)

5. Property, plant and equipment

	Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Constructi-on in progress	Right-of-use assets Leasehold land	Right-of-use assets Buildings	Right-of-use assets Plant and machinery	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group									
Cost									
At 1 January 2020	2,144,663	4,554,482	47,908	83,284	1,385,748	502,350	130,521	1,652,829	10,501,785
Additions	6,311	19,921	32,058	28,063	1,631,686	27,906	10,943	-	1,756,888
Transfer	103,066	361,395	32	,	(464,493)	-	-	-	-
Disposals/Written off	(37,637)	(350,936)	(190)	(1,251)	(4,241)	-	-	(5,785)	(400,013)
Exchange difference	-	-	(572)	-	(1,121)	-	-	-	(1,693)
At 31 December 2020	2,216,403	4,584,862	79,236	110,096	2,547,579	530,256	141,464	1,647,071	11,856,967
Additions	-	23,767	6,579	4,483	891,306	3,117	-	-	929,252
Transfer	50,346	154,873	-	-	(205,219)	-	-	-	-
Disposals/Written off	-	(2,333)	-	(296)	-	-	-	-	(2,629)
Exchange difference	-	-	(275)	-	(540)	-	-	-	(815)
At 30 June 2021	**2,266,749**	**4,761,169**	**85,540**	**114,283**	**3,233,126**	**533,373**	**141,464**	**1,647,071**	**12,782,775**

5. Property, plant and equipment (continued)

	Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Right-of-use assets Leasehold land	Right-of-use assets Buildings	Right-of-use assets Plant and machinery	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group									
Accumulated depreciation									
At 1 January 2020	(499,617)	(972,684)	(26,787)	(25,625)	-	(87,619)	(39,972)	(555,716)	(2,208,020)
Depreciation for the year	(66,195)	(237,501)	(8,000)	(9,420)	-	(11,065)	(9,567)	(71,398)	(413,146)
Disposals/Written off	3,646	77,614	142	1,172	-	-	-	540	83,114
Exchange difference	-	-	187	-	-	-	-	-	187
At 31 December 2020	(562,166)	(1,132,571)	(34,458)	(33,873)	-	(98,684)	(49,539)	(626,574)	(2,537,865)
Depreciation for the period	(32,463)	(101,535)	(9,968)	(9,256)	-	(6,932)	(4,784)	(35,698)	(200,636)
Disposals/Written off	9	1,064	263	732	-	-	-	-	2,068
Exchange difference	-	-	90	-		-	-	-	90
At 30 June 2021	**(594,620)**	**(1,233,042)**	**(44,073)**	**(42,397)**	**-**	**(105,616)**	**(54,323)**	**(662,272)**	**(2,736,343)**
Accumulated impairment									
At 1 January 2020	(33,991)	(9,381)	-	(3)	(16,435)	-	-	-	(59,810)
Impairment losses	-	(4,366)	-	-	-	-	-	-	(4,366)
Impairment write-off	33,991	2,695	-	-	-	-	-	-	36,868
At 31 December 2020	-	(11,052)	-	(3)	(16,435)	-	-	-	(27,490)
Impairment losses	-	-	-	-	-	-	-	-	-
Impairment write-off	-	-	-	-	-	-	-	-	-
At 30 June 2021	**-**	**(11,052)**	**-**	**(3)**	**(16,435)**	**-**	**-**	**-**	**(27,490)**
Carrying values									
At 30 June 2021	**1,672,129**	**3,517,075**	**41,467**	**71,883**	**3,216,691**	**427,757**	**87,141**	**984,799**	**10,018,942**
At 31 December 2020	1,654,237	3,441,239	44,778	76,220	2,531,144	431,572	91,925	1,020,497	9,291,612

6. Bank borrowings

	Group As at 30 June 2021 RMB'000	Group As at 31 December 2020 RMB'000
Amount repayable within one year or less, or on demand		
- Secured borrowings	3,452,915	2,588,705
- Unsecured borrowings	20,500	-
	3,473,415	2,588,705
Amount repayable after one year		
- Secured borrowings	6,575,043	6,090,635
- Unsecured borrowings	229,500	-
	6,804,543	6,090,635
Total borrowings net of transaction costs	10,277,958	8,679,340

The carrying amount of borrowings approximate their fair value. The borrowings are secured by the pledge of electricity tariffs receivables, certain property, plant and equipment, investment property, leasehold land and intangible assets.

7. Share Capital

	Group and Company	
	No. of ordinary shares	Share Capital RMB'000
Fully paid ordinary shares		
As at 1 January 2020, as at 31 December 2020 and as at 30 June 2021	1,454,024,700	96

Fully paid ordinary shares have a par value of US$0.00001 (2020: US$0.00001), carry one vote per share and carry a right to dividend, amounting to equivalent RMB96,000 (2020: RMB96,000).

There were no changes in the share capital of the Company in 1H2021.

The total number of issued Shares as at 30 June 2021 and 31 December 2020 was 1,454,024,700.

The Company had no convertibles, treasury shares or subsidiary holdings as at 30 June 2021 and 30 June 2020.

8. Earnings per share

	Group 1H2021	Group 1H2020
Basic and fully diluted earnings per Share (RMB cents)	13.33	6.95
Weighted average number of Shares	1,454,024,700	1,454,024,700

The earnings per Share was computed based on the weighted average number of Shares for the period.

The total number of issued Shares as at 30 June 2021 and 30 June 2020 was 1,454,024,700.

9. Net asset value

	Group As at 30 June 2021	Group As at 31 December 2020	Company As at 30 June 2021	Company As at 31 December 2020
Assets				
Net asset value per Share (RMB cents)	432.78	419.73	133.98	137.21
Number of Shares in issue at the end of the period	1,454,024,700	1,454,024,700	1,454,024,700	1,454,024,700

The net asset value per Share as at 30 June 2021 and 31 December 2020 was computed based on the number of Shares in issue at the end of the period.

The total number of issued Shares as at 30 June 2021 and 31 December 2020 were 1,454,024,700.

10. Fair value measurements

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 the other financial assets and financial liabilities recorded at amortised cost in the condensed interim financial statements approximate their fair values at the end of the reporting period.

11. Commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements, excluding those relating to investments in associates and investments in joint ventures, are as follows:

	Group As at 30 June 2021 RMB'000	Group As at 31 December 2020 RMB'000
Property, plant and equipment	1,123,711	1,475,812

12. Segment information

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 and provision of construction services and financial income under service concession arrangements.

(2) Project technical and management service, equipment selection and sale and EMC business
- Comprise of service income

	Waste-to-energy project construction and operation	Project technical and management service, equipment selection and sale and EMC business	Total
	RMB '000	RMB '000	RMB '000
1 January 2021 to 30 June 2021			
Segment revenue			
External revenue	1,500,801	112,451	1,613,252
Inter-segment revenue	-	254,584	254,584
	1,500,801	367,035	1,867,836
Elimination	-	(254,584)	(254,584)
Revenue	1,500,801	112,451	1,613,252
Segment profit	467,651	32,733	500,384
Government grants and VAT refund			29,147
Property, plant and equipment written off			(334)
Foreign exchange gains			15,267
Other income			37,458
Administrative expenses			(121,920)
Finance costs			(185,101)
Share of loss of joint ventures			(540)
Profit before tax			274,361
As at 30 June 2021			
Assets and Liabilities			
Segment assets	15,942,061	1,154,160	17,096,221
Unallocated			2,201,173
Consolidated total assets			19,297,394
Segment liabilities	11,635,308	606,075	12,241,383
Unallocated			763,299
Consolidated total liabilities			13,004,682
1 January 2021 to 30 June 2021			
Other segment information			
Depreciation and amortisation	266,249	11,390	277,639
Additions to non-current assets	1,155,200	4,277	1,159,477

	Waste-to-energy project construction and operation	Project technical and management service, equipment selection and sale and EMC business	Total
	RMB '000	RMB '000	RMB '000
1 January 2020 to 30 June 2020			
Segment revenue			
External revenue	1,340,913	114,553	1,455,466
Inter-segment revenue	-	47,016	47,016
	1,340,913	161,569	1,502,482
Elimination	-	(47,016)	(47,016)
Revenue	1,340,913	114,553	1,455,466
Segment profit	440,091	40,218	480,309
Government grants and VAT refund			25,180
Foreign exchange losses			(34,318)
Other income			20,089
Administrative expenses			(123,365)
Finance costs			(207,664)
Share of loss of joint ventures			(4,287)
Profit before tax			155,944
As at 31 December 2020			
Assets and Liabilities			
Segment assets	15,033,801	1,099,278	16,133,079
Unallocated			1,633,605
Consolidated total assets			17,766,684
Segment liabilities	10,246,973	628,891	10,875,864
Unallocated			787,818
Consolidated total liabilities			11,663,682
1 January 2020 to 30 June 2020			
Other segment information			
Depreciation and amortisation	242,837	17,019	259,856
Additions to non-current assets	1,583,912	6,564	1,590,476

Geographical information

Most of the Group's revenue is generated from sales and the provision of services in the PRC based on where products are sold or services are rendered, and most of the Group's identifiable assets and liabilities are located in the PRC.

Information about major customers

For 1H2021 and 1H2020, there was no single customer that accounted for 10% or more of the Group's revenue for the two reportable and operating segments.

OTHER INFORMATION REQUIRED UNDER APPENDIX 7.2 OF THE LISTING MANUAL OF THE SGX-ST

(1) A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

Income Analysis

1H2021 vs 1H2020

Revenue

	Revenue				
	1H2021		1H2020		Change
	RMB'000	%	RMB'000	%	%
Waste-to-energy project construction and operation					
Waste-to-energy business					
- Sales of electricity	711,478	44.1	578,001	39.7	23.1
- Sales of steam	217,171	13.4	164,101	11.3	32.3
- Revenue from waste treatment	414,008	25.7	396,892	27.3	4.3
	1,342,657	83.2	1,138,994	78.3	17.9
Construction services					
- Revenue from construction services provided under service concession agreements	134,943	8.4	180,922	12.4	(25.4)
- Financial income under service concession agreements	23,201	1.4	20,997	1.4	10.5
	158,144	9.8	201,919	13.9	(21.7)
Total	1,500,801	93.0	1,340,913	92.1	11.9
Project technical and management service, equipment selection and sale and EMC business	112,451	7.0	114,553	7.9	(1.8)
Total revenue	1,613,252	100.0	1,455,466	100.0	10.8

Revenue increased 10.8% from RMB1,455.5 million in 1H2020 to RMB1,613.3 million in 1H2021, primarily due to an increase in revenue from the waste-to-energy ("**WTE**") business (excluding revenue from construction services provided under BOT concession agreements), offset by a decrease in revenue from construction services provided under build-operate-transfer ("**BOT**") concession agreements and a decrease in revenue from project technical and management services and energy management contracting ("**EMC**") business.

Our WTE business (excluding revenue from construction services provided under BOT concession agreements)

Revenue from our WTE business (excluding revenue from construction services provided under BOT concession agreements) increased 17.9% from RMB1,139.0 million in 1H2020 to RMB1,342.7 million in 1H2021. The increase was attributable to (i) an increase in revenue of RMB40.9 million due to the commencement of operations of the Tangshan Jiasheng WTE Facility and New Kunming Wuhua WTE Facility, (ii) an increase in revenue of RMB39.0 million due to the increase in contribution per waste treatment unit and increase in waste treatment capacity after the optimization of the power plant management and upgrading of the WTE facilities, (iii) an increase in revenue of RMB10.3 million from sales of steam resulting from the increase in demand from new customers, and (iv) increase in revenue of RMB43.2 million due to the increase in the amount of steam supplied and increase in unit price, resulting from the full resumption of operation and production in most areas (except for Suihua and certain other areas) which are no longer materially affected by the Coronavirus Disease 2019 ("**COVID-19**") pandemic situation, and (v) increase in revenue of RMB34.3 million and RMB63.5 million due to increase in volume of waste treated and increase in electricity generated, respectively. The increase was offset by a decrease in revenue of RMB27.5 million from the treatment of fly ash at the Xiaoshan Jinjiang WTE Plant. The higher revenue in the first half of 2020 was mainly due to the Xiaoshan Jinjiang WTE Plant having focused on the treatment of accumulated fly ash in 1H2020.

Details of the electricity generated and supplied, steam supplied and waste treated for 1H2021 and 1H2020 are as follows:

	Group 1H2021	**Group 1H2020**	**Change %**
Electricity generated ('000 KWh)	1,705,601	1,410,479	20.9
On-grid electricity supplied ('000 KWh)	1,281,977	1,039,024	23.4
Steam supplied ('000 tonnes)	1,477	1,190	24.1
Waste treated ('000 tonnes)	5,478	5,050	8.5

On-grid electricity supplied and waste treated (including waste collection and transportation operations in India) increased 23.4% and 8.5% in 1H2021 as compared to 1H2020, due to commencement of operations of the Tangshan Jiasheng WTE Facility and the New Kunming Wuhua WTE Facility and the full resumption of operation and production in most areas (except for Suihua and certain other areas) which are no longer materially affected by the COVID-19 pandemic situation, which resulted in a higher amount of waste treated and electricity generated. Excluding waste collection and transportation operations in India, waste treated increased by 14.0% in 1H2021 as compared to 1H2020. The increase in steam supplied is due to the increase in the number of customers purchasing steam generated by the Zhengzhou Xingjin WTE Facility and Zhuji Bafang WTE Facility as a result of the recovery from the COVID-19 pandemic.

Construction services provided under BOT concession agreements

Revenue from construction services provided under BOT concession agreements decreased by 21.7% from RMB201.9 million in 1H2020 to RMB158.1 million in 1H2021 primarily due to a decrease in revenue from the provision of construction services under BOT concession agreements from RMB180.9 million in 1H2020 to RMB134.9 million in 1H2021. In 1H2021, BOT revenue was recorded for the Linzhou Jiasheng WTE Facility and first phase of the Zhongwei Project (BOT) in Ningxia. The BOT revenue recorded in 1H2020 was largely in respect of the Kunming Wuhua construction project which had commenced operations in May 2020. The BOT revenue in 1H2021, based on the construction progress of the existing projects, is lower than in 1H2020.

Project technical and management service, equipment selection and sale and our EMC business

The revenue from project technical and management services and our EMC business decreased 1.8% from RMB114.6 million in 1H2020 to RMB112.5 million in 1H2021 due to the reduction in profit-sharing ratio in the later stages of most of the EMC contracts of our subsidiary Hangzhou Kesheng Energy Technology Co., Ltd offset by an increase in revenue generated from the technical services and procurement services provided by our subsidiary Hangzhou Zhenghui Construction Engineering Co., Ltd.

Cost of sales

Cost of sales increased 14.1% from RMB975.2 million in 1H2020 to RMB1,112.9 million in 1H2021, due to an increase in the cost of sales from: -

Our WTE business (excluding revenue from construction services provided under BOT concession agreements)

The cost of sales from our WTE business (excluding cost of sales from construction services provided under BOT concession agreements) increased 23.1% from RMB744.6 million in 1H2020 to RMB916.6 million in 1H2021. The increase is due to (i) an increase of RMB22.0 million in operating costs, following the commencement of operations of Tangshan Jiasheng WTE Facility and the New Kunming Wuhua WTE Facility in the second half of FY2020 and May 2020 respectively, (ii) an increase of RMB29.7 million in depreciation expenses and amortization of intangible assets of BOT projects after the upgrading of the WTE facilities, (iii) an increase of RMB42.4 million in coal costs, of which increased coal consumption accounted for an increase of RMB8.68 million and increases in the coal unit price accounted for an increase of RMB 33.7 million, (iv) an increase of RMB20.8 million in repair and maintenance costs arising from the higher volume of waste treated and longer operation hours following the full resumption of production in 1H2021 post COVID-19, in addition to the management effort to improve the equipment performance and effective management of the operation cycle, (v) an increase of RMB26.0 million due to reduction in social security exemptions post COVID-19 pandemic and increase in provision of bonus, and (vi) an increase of RMB31.1 million due to investment on leachate disposal, sewage treatment, and fly ash solidification in response to the enhanced environmental protection regulatory requirements and the method of fly ash disposal in the Wuhu area being changed from landfilling in 1H2020 to treatment by third party contractors in 1H2021. However, it has been communicated with the government that the additional cost of fly ash treatment incurred in Wuhu area will be compensated in the second half of the year.

Construction services provided under BOT concession agreements

The cost of sales from construction services provided under BOT concession agreements decreased 25.4% from RMB156.2 million in 1H2020 to RMB116.5 million in 1H2021 primarily due to the completion and commencement of operations in 1H2020 of the Kunming Wuhua construction project for which cost of sales from construction services provided under BOT concession agreements had been recorded in 1H2020. In addition, lower cost of sales from construction services provided under BOT concession agreements was recorded in 1H2021 due to the decrease in construction services provided under BOT concession agreements in 1H2021.

Project technical and management service, equipment selection and sale and EMC business

The cost of sales from project technical and management services and our EMC business increased 7.3% from RMB74.3 million in 1H2020 to RMB79.7 million in 1H2021 due to an increase in revenue from project technical and procurement services.

Gross profit and gross profit margin

	Gross Profit (RMB '000)		Gross Profit Margin	
	1H2021	**1H2020**	**1H2021**	**1H2020**
WTE business (excluding gross profit from construction services provided under BOT concession agreements)	426,044	394,416	31.7%	34.6%
Construction services provided under BOT concession agreements	18,406	24,678	13.6%	13.6%
Financial income under service concession agreements	23,201	20,997	N.A.	N.A.
Project technical and management service and EMC business	32,733	40,218	29.1%	35.1%
Total	500,384	480,309	31.0%	33.0%

As a result of the foregoing, the gross profit increased by 4.2% from RMB480.3 million in 1H2020 to RMB500.4 million in 1H2021.

Gross profit and gross profit margin of our WTE business (excluding gross profit from construction services provided under BOT concession agreements)

The gross profit of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) increased by 8.0% from RMB394.4 million in 1H2020 to RMB426.0 million in 1H2021. The gross profit margin of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) decreased from 34.6% in 1H2020 to 31.7% in 1H2021. This is mainly due to significant increases in the price of coal in 1H2021 as compared to 1H2020, increased investment in response to more stringent environmental protection regulatory requirements and increased cost due to the method of fly ash disposal in the Wuhu area being changed from landfilling in 1H2020 to treatment by third party contractors in 1H2021. However, it has been communicated with the government that the additional cost of fly ash treatment incurred in Wuhu area will be compensated in 2H2021.

Gross profit and gross profit margin of construction services provided under BOT concession agreements

The gross profit from construction services provided under BOT concession agreements (includes financial income) decreased 9.0% from RMB45.7 million in 1H2020 to RMB41.6 million in 1H2021. The gross profit from financial income under service concession agreements increased to RMB23.2 million in 1H2021 from RMB21.0 million in 1H2020. The gross profit margin including financial income increased from 22.6% in 1H2020 to 26.3% in 1H2021.

Gross profit and gross profit margin of project technical and management service, equipment selection and sale and our EMC business

The gross profit from project technical and management services and our EMC business decreased 18.6% from RMB40.2 million in 1H2020 to RMB32.7 million in 1H2021.The gross profit margin of project technical and management services and our EMC business decreased from 35.1% in 1H2020 to 29.1% in 1H2021.

Other income

	Group 1H2021 RMB'000	Group 1H2020 RMB'000	Increase / (Decrease) RMB'000	Change +/(-) %
Bank interest income	2,141	8,120	(5,979)	(73.6)
Government grants	23,146	11,881	11,265	94.8
Value added tax refund	6,001	13,299	(7,298)	(54.9)
Gain on sales of scrap materials, sludge disposal fees and others	35,387	19,495	15,892	81.5
Other income	66,675	52,795	13,880	26.3

Other income increased 26.3% from RMB52.8 million in 1H2020 to RMB66.7 million in 1H2021, mainly due to (i) an increase of RMB11.3 million in government grants, (ii) a decrease of RMB7.3 million in value added tax refund, (iii) a decrease of RMB5.98 million in bank interest income and (iv) an increase of RMB15.9 million in gain on sales of scrap materials, sludge disposal fees and others.

Other gains and (losses), net

	Group 1H2021 RMB'000	Group 1H2020 RMB'000	Increase / (Decrease) RMB'000	Change +/(-) %
Foreign exchange gain (losses)	15,267	(34,318)	49,585	N.M.
Property, plant and equipment written off	(334)	-	(334)	N.M.
Other gains and (losses), net	14,933	(34,318)	49,251	N.M.

Other gains and losses increased from a net loss of RMB34.3 million in 1H2020 to a net gain of RMB14.9 million in 1H2021, mainly due to foreign exchange gains amounting to RMB15.3 million resulting from the appreciation of the Chinese Renminbi against the United States Dollar in 1H2021, offset by the property, plant and equipment written off during the period amounting to RMB0.3 million.

Administrative expenses

Administrative expenses remained consistent for both 1H2020 and 1H2021 and amounted to RMB123.4 million and RMB121.9 million, respectively.

Finance costs

Finance costs decreased 10.9% from RMB207.7 million in 1H2020 to RMB185.1 million in 1H2021, due to a decrease of RMB63.7 million in finance costs attributable to a gradual decrease in the interest rate and finance costs for many of the Group's WTE facilities due to the good credit standing of the largest controlling shareholder of the Company, Zhejiang Provincial Energy Group Co., Ltd. ("**Zheneng Group**") which has been an important point of support in negotiations with financial institutions. This was partially offset by an increase of RMB41.1 million in finance costs for the incremental loan borrowing.

Profit before tax

As a result of the foregoing, profit before tax increased 75.9% from RMB155.9 million in 1H2020 to RMB274.4 million in 1H2021.

Income tax expense

Income tax expense increased 55.6% from RMB46.5 million in 1H2020 to RMB72.3 million in 1H2021 and the effective tax rate was higher than the statutory tax rate of 25%. This is due to the operating losses of the subsidiaries and foreign exchange losses which cannot be offset against the profit of WTE subsidiaries in the computation of income tax expenses for 1H2021.

Total comprehensive income for the period

As a result of the foregoing, total comprehensive income for the period increased 96.2% from RMB96.7 million in 1H2020 to RMB189.7 million in 1H2021.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Financial Position

	30 June 2021 RMB Million	31 December 2020 RMB Million	Increase / (Decrease) RMB Million	Increase / (Decrease) %
Current assets	4,186.2	3,519.2	667.0	19.0
Non-current assets	15,111.2	14,247.5	863.7	6.1
Total assets	19,297.4	17,766.7	1,530.7	8.6
Current liabilities	5,273.8	4,653.7	620.1	13.3
Non-current liabilities	7,730.9	7,009.9	721.0	10.3
Total liabilities	13,004.7	11,663.7	1,341.0	11.5
Capital and reserves	6,292.7	6,103.0	189.7	3.1

Current assets

The increase is due to (i) pledge bank deposits increasing 227.2% by RMB551.3 million from RMB242.6 million as at 31 December 2020 to RMB793.9 million as at 30 June 2021, mainly due to the deposits amounting to RMB672.0 million placed with China Merchants Bank – Fengqi Sub-branch, Bank of East Asia – Hangzhou Branch, China Bohai Bank – Hangzhou Qianjiang Sub-branch, Hua Xia Bank – Xixi Sub-branch and etc., in accordance with the terms of the respective credit facilities, the proceeds of which were used to repay the 2018 syndicated loan arranged by Standard Chartered Bank. This was offset by the release of deposits amounting to RMB101.0 million as the aforesaid syndicated loan was fully repaid in 1H2021, (ii) trade and other receivables increasing 3.7% by RMB63.6 million from RMB1,715.2 million as at 31 December 2020 to RMB1,778.8 million as at 30 June 2021 due to increase in revenue from the WTE business and more prepayments made, (iii) the amount due from related parties and joint ventures, which includes interest-bearing advances made to joint ventures for the construction of WTE facilities, increasing 6.0% by RMB38.9 million from RMB649.5 million as at 31 December 2020 to RMB688.4 million as at 30 June 2021 and (iv) contract assets increasing 72.9% by RMB59.45 million from RMB81.54 million as at 31 December 2020 to RMB141.0 million, mainly due to increase in construction receivables of our subsidiary Hangzhou Zhenghui Construction Engineering Co., Ltd. This is offset by bank balances decreasing 13.4% by RMB48.41 million from RMB361.3 million as at 31 December 2020 to RMB312.9 million as at 30 June 2021.

Non-current assets

The increase is attributable to new and BOT projects being constructed which resulted in increases in property, plant and equipment and intangible assets. Property, plant and equipment increased 7.8% by RMB727.3 million from RMB9,291.6 million as at 31 December 2020 to RMB10,018.9 million as at 30 June 2021 due to the new, upgraded and expanded facilities. Intangible assets increased 4.0% by RMB153.7 million from RMB3,882.5 million as at 31 December 2020 to RMB4,036.2 million as at 30 June 2021, arising from the first phase of the Zhongwei Project (BOT) in Ningxia and the Linzhou Jiasheng WTE Facility. Other receivables decreased from RMB167.7 million as at 31 December 2020 to RMB155.4 million as at 30 June 2021, due to decrease in prepayments for the construction project and equipment.

Current liabilities

The increase is mainly due to current borrowings and current portion of lease liabilities increasing 32.9% by RMB863.4 million from RMB2,627.9 million as at 31 December 2020 to RMB3,491.3 million as at 30 June 2021 due to the new credit facilities amounting to RMB672.0 million secured in June 2021 to repay the US$200 million term loan facility arranged by Standard Chartered Bank and increase in financial lease liabilities. This is offset by (ii) trade and other payables decreasing 11.8% by RMB199.4 million from RMB1,690.6 million as at 31 December 2020 to RMB1,491.3 million as at 30 June 2021 due to lower payables recorded in accordance with contractual payment terms and (ii) income tax liabilities

and other tax liabilities decreasing 13.8% by RMB31.4 million from RMB227.1 million as at 31 December 2020 to RMB195.7 million as at 30 June 2021.

Non-current liabilities

The increase is mainly due to non-current borrowings increasing 11.7% by RMB713.9 million from RMB6,090.6 million as at 31 December 2020 to RMB6,804.5 million as at 30 June 2021 due to new borrowings for the Lianyungang Sunrise, Tianjin Sunrise, Zibo Green Energy, and Zhuji Bafang WTE Facilities and refinance of certain short-term borrowing into new long-term borrowings. This is offset by non-current lease liabilities decreasing 100.0% by RMB5.5 million from RMB5.5 million as at 31 December 2020 to nil as at 30 June 2021 due to reclassification into short term lease liabilities.

Capital and reserves

The increase from RMB6,103.0 million as at 31 December 2020 to RMB6,292.7 million as at 30 June 2021 is due to the retained earnings for 1H2021.

Cashflow Review

	Group 1H2021 RMB Million
Net cash from operating activities	76.7
Net cash used in investing activities	(777.6)
Net cash from financing activities	656.3
Cash and cash equivalents at beginning of the period	361.3
Effect of exchange rate fluctuations on cash held	(3.8)
Cash and cash equivalents at the end of the period	312.9

In 1H2021, operating cash inflow was RMB76.7 million. This is due to (i) operating cash flow before movements in working capital increasing by RMB35.3 million, (ii) reduced collections from trade and other receivables and from related parties and payments made for trade and other payables, (iii) classification of capital expenditure pertaining to the BOT projects (which includes, Linzhou Jiasheng WTE Facility, the New Kunming Wuhua WTE Facility, and the first phase of the Zhongwei Project (BOT)) into operating cash flow, resulting in an increase of operating cash outflow of RMB342.0 million, offset by the payment of income tax resulting a cash outflow of RMB73.17 million.

In 1H2021, investing cash outflow was RMB777.6 million. This is due to investments in both property, plant and equipment and intangible assets which includes (i) the payment for equipment and construction for the Shijiazhuang Jinhuan WTE Facility, Tangshan Jiasheng WTE Facility, Lianyungang Sunrise WTE Facility, Leting Jinhuan New Energy WTE Facility and Xiaoshan Jinjiang WTE Facility and (ii) project payment and balance payment for construction and expansion projects.

In 1H2021, financing cash inflow was RMB656.3 million. This is due to new borrowings amounting to RMB3,541.4 million, including new borrowings for the Lianyungang Sunrise, Tianjin Sunrise, Zibo Green Energy, and Zhuji Bafang WTE Facilities, project financing for Shijiazhuang Jinhuan WTE Facility and new credit facilities secured in June 2021 to repay the US$200 million term loan facility arranged by Standard Chartered Bank, offset by repayment of borrowings and interest of RMB2,333.2 million.
Bank balances and cash as at 30 June 2021 was RMB312.9 million.

(2) Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

(3) A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

(A) Economic Outlook and Environmental Policies in the PRC

In view of the COVID-19 pandemic situation and the uncertainty of the external environment in the first half of 2021, China continues to enhance and promote the results of pandemic prevention and control, maintain the continuity, stability, and sustainability of its macroeconomic policies and promote the recovery of economic stability. Overall, China's economy has been continued to recover steadily from the COVID-19 pandemic. China's gross domestic product has increased by 12.7% year-on-year in the first half of 2021 and the economic development has shown a steady improvement. However, the global pandemic continues to evolve, and there are many external uncertainties. The domestic economy is recovering unevenly, and the foundation for stable recovery and development still needs to be consolidated.

During the 75th United Nations General Assembly, China commented that it will increase its national independent contributions by adopting more effective policies and measures, strive to reach the carbon dioxide emissions peak by 2030, and strive to achieve carbon neutrality by 2060. The Central Economic Work Conference held in December 2020 regarded "do a good job in achieving carbon peaks and carbon neutrality" as a key mission for the year of 2021, clarifying that clean energy and low carbon dioxide emissions are a direction in the energy field.

2021 is the first year of China's "14th Five-Year Plan". Ecological and environmental protection is still an important part of the "14th Five-Year Plan" and longer-term development. The government encourage proper management for pollution prevention and control to achieve synergistic effects of pollution reduction and carbon reduction. The government's policy to encourage the development of the WTE industry and the entire environmental protection industry remains stable. In July 2021, the National Development and Reform Commission ("NDRC") issued the "14th Five-Year Plan for Circular Economy Development", which focuses on the overall improvement of resource utilization efficiency and the development of the circular economy.

In May 2021, the NDRC and the Ministry of Housing and Urban-Rural Development jointly issued the "Notice on Printing and Distributing the Development Plan for Urban Domestic Waste Classification and Treatment Facilities in the 14th Five-Year" (Fagai Huanzi [2021] No. 642), which targets that by the end of 2025, the resource utilisation rate of the national urban domestic waste is to reach about 60%, and the national domestic waste collection and transportation capacity is to reach about 700,000 tons per day. The national urban domestic waste incineration treatment capacity is to reach about 800,000 tons per day, and the urban domestic waste incineration treatment rate is to reach 65%.

In January 2021, the Ministry of Ecology and Environment announced the "Administrative Measures for Carbon Emission Trading (Trial)" ("Administrative Measures"), and issued a supporting quota allocation plan and a list of key emission units, which will be implemented on 1 February 2021. The Administrative Measures regulate the national carbon emission trading and related activities, stipulate the responsibilities, rights and obligations of the ecological environment authorities and market participants at all levels, as well as the key environmental and work requirements for the operation of the national carbon market. The implementation of the Administrative Measures means that the first compliance cycle of the national carbon market power generation industry has officially started, and 2,225 power generation companies (including the Group's Zhuji Bafang WTE Facility) will be allocated carbon emission quotas.

In February 2021, the State Council issued the "Guidance on Accelerating the Establishment and Improvement of a Green and Low-Carbon Circular Development Economic System" (Guo Fa [2021] No. 4), which layout a "master blueprint" for China's green development and set phased goals. This is the first time that China has made a master blueprint and overall deployment for the establishment of a sound economic system for green and low-carbon circular development from an overall perspective.

In May 2021, China announced the results of the seventh national census. The national population reached 1.41 billion, an increase of 5.38% compared to 2010. The urbanization rate of the permanent population in the mainland reached 63.9%. As urbanization progresses further, the amount of per capita waste generated is expected to further increase, which together with the growth rate of population will continue to drive the continued growth of domestic waste production which provides a strong support for waste treatment.

(B) Operational Matters

The Group's operating companies maintain normal operations and actively strive for subsidies in accordance with national policies. In particular, the expansion of Yinchuan Zhongke WTE Facility in Ningxia Hui Autonomous Region was included in the National Renewable Energy Subsidy Listing in February 2021 and Qitaihe Green Energy WTE Facility and Suihua Green Energy WTE Facility in Heilongjiang Province were included in the same listing in May 2021. Currently, 16 of the Group's WTE facilities have been included in the National Renewable Energy Subsidy List. Three of the Group's WTE facilities which had commenced operations before 2006 need not be included in the aforesaid list to enjoy the relevant subsidies, and four of the Group's newly commissioned WTE facilities (including expansion and reconstruction project) are in the process of applying for such subsidy.

At the same time, the Group's project construction is proceeding on schedule in an orderly manner. The Leting Jinhuan New Energy WTE Facility (BOO) in Hebei Province was put into trial operation in January 2021, adding a total of additional 500 tons/day of waste treatment capacity; the first grate furnace of Wuhu Jinjiang WTE Facility Reconstruction Project (BOO) in Anhui Province was put into operation on 1 August 2021 and one boiler and one turbine of Lianyungang Sunrise WTE Facility Expansion Project (BOO) in Jiangsu Province was put into operation in July 2021; the Shijiazhuang Wuji Resource Recycling Project (BOO) in Hebei Province was put into trial operation in April 2021.In addition, two boilers and two turbines of Shijiazhuang Jiasheng WTE Facility (BOO) in Hebei Province, the Baishan Green Energy WTE Facility (BOO) in Jilin Province, the first phase of Zhongwei Green Energy WTE Facility (BOT) in Ningxia Hui Autonomous Region, the expansion project of Hohhot New Energy WTE Facility (BOO) in Inner Mongolia, Shijiazhuang Jinhuan Resource Recycling Project (BOO) in Hebei Province and the Songyuan Xinxiang Resource Recycling Project in Jilin Province under construction are expected to put into operation by the end of 2021. The Group's total waste treatment capacity will increase by 3,450 tons/day and 116MW installed capacity upon completion of the aforesaid projects.

In order to meet the increasing demand for the domestic waste treatment, the Group continues to promote the technological upgrading of the existing WTE facilities. In the first half of 2021, Tianjin Sunrise WTE Facility obtained approval to undertake its boiler reconstruction project. It plans to build two 600 tons/day grate furnaces and one 18MW generating unit. After completion, the original three circulating fluidized bed boilers and corresponding turbo-generator units will be removed.

In order to effectively utilize the advantages of collaborative processing, explore the extension of the industrial chain, transform from an operational model focused on municipal solid waste to the integrated processing of all urban wastes such as sludge and kitchen waste, and strive to build an ecological complex, the Group actively strives for high-quality projects. Linzhou Jiasheng New Energy Co., Ltd., a subsidiary of the Group, won the bid for a concession project for the resource utilization of kitchen waste in Linzhou City, Henan Province in June 2021 which will add an additional 45 tons/day of waste treatment capacity to the Group upon completion.

As of 30 June 2021, the Group has 12 WTE projects, 4 kitchen waste projects and 1 Resource Recycling project under preparation in China. Among them, Jinghong Jiasheng WTE Project (BOT) in Yunnan Province, Tianjin Sunrise WTE Plant Reconstruction Project (BO) in Tianjin City, Zhongwei Kitchen Waste Project in Ningxia Hui Autonomous Region, Linzhou Kitchen Waste Project in Henan Province and Wuchang Resource Recycling Project in Hubei Province are all in process of preparing necessary work before the start of construction, and they are scheduled to start construction within this year. In addition, the Group's wholly-owned subsidiary in Germany, Waste Tec GmbH, secured a technical service project in July 2021 to convert a decommissioned MBT facility in Germany into a composting facility for a third party.

The Group is also continuing to follow up on the progress of the compensation work for the closure of the Old Kunming Wuhua WTE Facility in Kunming, Yunnan Province, for which negotiations are still ongoing. The local government has engaged a third-party asset appraisal company to conduct an overall appraisal of the assets of the Old Kunming Wuhua WTE Facility. The Group has separately engaged another third-party asset appraisal company to provide a valuation report on the assets. Based on the valuation report, the Group does not expect any impairment arising from the closure of the Old Kunming Wuhua WTE Facility. In addition, as disclosed in the Company's announcement dated 11 August 2020, according to the signed compensation agreement, the Group can receive a total of RMB 19.997 million in compensation fpr the closure of the Kunshan Jinkangrui Resource Recycling Project, of which RMB10.0 million was received in October 2020, and the remaining portion was received in April 2021.

Currently, the Group has 23 operational WTE facilities, 1 organic waste treatment facility and 7 waste recycling facilities in the PRC with a total installed waste treatment capacity of 38,560 tons/day. Taking into consideration all its projects in operation, under construction and in the planning phase, both in the PRC and overseas, the Group's total installed waste treatment capacity is expected to reach 63,251 tons/day upon the completion of these projects.

(C) Update on the Group's Operations in relation to the COVID-19 Situation

In the first half of 2021, the Group's domestic facilities have maintained normal and stable operations, the local waste can be processed in a timely manner and the disposal standards have been achieved. Although the COVID-19 pandemic is raging overseas (especially in India), the Group's waste collection and transportation work in India is still operating normally while adhering strictly to the relevant pandemic prevention and control rules and regulations.

The Group will continue to closely monitor the COVID-19 situation and will take preventive and control measures in strict accordance with the requirements of the local government, which has helped ensure that none of the Group's employees have tested positive for COVID-19. The Company will announce any material developments regarding its business and operations in a timely manner in compliance with Rule 703 of the Listing Manual.

(4) Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -

(a) Updates on the efforts taken to resolve each outstanding audit issue.
(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable as the Group's latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

Under Rule 705(2) of the Listing Manual of the SGX-ST ("**Listing Manual**"), the Company is required to announce its financial statements on a quarterly basis ("**Quarterly Reporting**") as its auditors had stated that a material uncertainty relating to going concern exists in the Company's latest financial statements ("**Emphasis of Matter**"). Under Rule 705(2A) of the Listing Manual, the Company had a grace period of one year commencing on 9 June 2020 (being the date of the Emphasis of Matter) to comply with the Quarterly Reporting requirement, and the Company must continue to comply with the Quarterly Reporting requirement for so long as any condition in Rule 705(2) is met. Accordingly, as the aforesaid grace period has expired and the Emphasis of Matter (being a condition in Rule 705(2)) is still subsisting, the Company will carry out Quarterly Reporting for the third quarter ending 30 September 2021 and thereafter, for so long as any condition in Rule 705(2) is met.

(5) If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividends have been declared or recommended for the current reporting period.

(b)(i) Amount per share (cents)

Not applicable.

(b)(ii) Previous corresponding period (cents)

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

(6) If no dividend has been declared (recommended), a statement to that effect and the reason(s) for that decision.

No dividend has been recommended for the current reporting period. Dividends, if any, will usually be recommended in the announcement of the full year financial statements.

(7) If the Group has obtained a general mandate from shareholders for Interested Person Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) RMB'000
Project technical and management services provided to:			
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	Associate of Mr. Dou Zhenggang, a controlling shareholder of the Company ("**Mr. Dou**")	-	1,779
Lianyuangang Jinchi Bio-technology Co., Ltd	Associate of Mr. Dou		861
Energy management contracting services provided to:			
Xiaoyi Xing'an Chemical Engineering Co., Ltd.	Associate of Mr. Dou	-	12,705
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	Associate of Mr. Dou	-	6,287
Inner Mongolia Pulate Transport Energy Co., Ltd.	Associate of Mr. Dou	-	119
Purchases of materials from:			
Hangzhou Jinjiang Group Environment Technology Co., Ltd.	Associate of Mr. Dou	-	4,363
Technical services obtained from:			
Suzhou Jinrui Environmental Technology Co., Ltd	Associate of Mr. Dou	757	-
Interest paid to:			
Zhejiang Provincial Energy Group Finance Co., Ltd.	Associate of Zheneng Group	1,795	-
Total		2,552	26,114

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

(8) Negative Confirmation by the Board pursuant to Rule 705(5).

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results of the Group for the half year ended 30 June 2021 to be false or misleading in any material respect.

(9) Confirmation pursuant to Rule 720 (1) of the Listing Manual.

The Company confirms that it has procured the undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Wei Dongliang
Executive Chairman
13 August 2021