

Corporate Governance Report

Zheneng Jinjiang Environment Holding Company Limited (the “**Company**” or “**Zheneng 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 Zheneng Jinjiang Environment’s corporate governance practices with reference to the Principles and Provisions of the Code of Corporate Governance 2018 (the “**CG Code**”). Where the Company’s practices differ from the Provisions under the CG Code, comprehensive and meaningful explanations on how such practices it had adopted are consistent with the aim, intent and philosophy of the relevant Principle have been included 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 is collectively responsible and works with management for the long-term success of the Company. 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 reviews the Group’s performance and satisfies itself on the adequacy and effectiveness of the framework and processes for internal controls. The Board also sets the tone for the Group in respects of ethics, values and desired organisational culture, and ensures proper accountability within the Group. The Board assumes the overall responsibility for good corporate governance.

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

Independent Judgement

All Directors are fiduciaries of the Company who act objectively in the best interests of the Company and hold management accountable for performance. In determining the independence of the Directors, please refer to “Board Independence” under Principle 2 in this Corporate Governance Report. Also, Directors who face conflicts of interest or are directly or indirectly interested in a transaction or proposed transaction recuse themselves from discussions and decisions involving the issues of conflict. The Board has established a Nominating Committee (the “**NC**”) which makes recommendations to the Board on the appointments and re-appointments of the Directors and assesses their independence annually and as and when circumstances require. When assessing their independence, the NC takes into account the Director’s independence in conduct, character and judgment and any relationships between the Director and the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment in the best interests of the Company.

Delegation by the Board

To assist in the execution of its responsibilities as a listed company, the Board has established an Audit and Risk Management Committee (the “**ARMC**”), a Remuneration Committee (the “**RC**”) and an NC. These Committees function within clearly defined written terms of references setting out their compositions, authorities and duties including reporting back to the Board, 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. Please refer to Principles 10, 6 and 4 in this Corporate Governance Report for further information on the activities of the ARMC, RC and NC respectively.

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

	ARMC	NC	RC
Wei Dongliang	-	Member	-
Ang Swee Tian	Member	Chairman	Member
Hee Theng Fong	Member	-	Chairman
Tan Huay Lim	Chairman	Member	-
Ni Mingjiang	-	Member	Member

Board Processes

The Board meets at least quarterly and whenever necessary to address any specific significant matters that may arise. 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 by circulation via written resolutions.

The number of Board and Committee meetings held for the financial year ended 31 December 2021 ("FY2021") (for the avoidance of doubt, for the period from 1 January 2021 to 31 December 2021) and the attendance of each Director where relevant are as follows:

Directors' Attendance at Board and Board Committee Meetings in FY2021

	Board	AGM	EGM	ARMC	NC	RC
Number of meetings held in FY2021	4	1	-	5	1	1
Name of Director	Number of meetings attended in 2021					
Wei Dongliang	4	1	-	5 [^]	1	-
Wang Ruihong	4	1	-	5 [^]	-	1 [^]
Ang Swee Tian	4	1	-	5	1	1
Hee Theng Fong	4	1	-	5	1 [^]	1
Tan Huay Lim	4	1	-	5	1	1 [^]
Ni Mingjiang	4	1	-	3 [^]	1	1

[^] : by invitation

Despite the above disclosure, the Board is of the view that the contribution of each Director should not only be focused on the attendance at Board and Board Committee meetings but should extend 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. A Director with multiple board representations has ensured that sufficient time and attention is given to the affairs of the Company.

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Board Approval

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

- the Group's long-term objectives and commercial strategy, and the annual operating and capital expenditure budgets;
- material investments and acquisitions and disposal of assets or projects above certain specified thresholds;
- major corporate or financial restructuring, changes to the Group's capital structure and debt financing which results in the Group's gearing ratio exceeding certain limits specified in the Group's annual budget;
- dividend policy and any changes thereto, and the declaration or recommendation of dividends;
- the results of the Company, the annual report, significant changes in accounting policies or practices, transactions whereby there is a conflict of interest involving a substantial shareholder or director, and the Group's risk and control processes and corporate governance arrangements; and
- resolutions and documentation to be put forth to Shareholders at a general meeting.

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

The Board has formally refined the above matters to facilitate execution and also incorporated approval limits that require Board or management approval. The above was clearly communicated by the Board to management in writing.

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. Due to the COVID-19 pandemic, virtual 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 are required to attend the Listed Entity Directors Programme conducted by the Singapore Institute of Directors within the prescribed timelines under the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST Listing Manual**") to acquire the relevant knowledge on the roles and responsibilities 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 Company's compliance adviser, Joint Company Secretaries, external and internal auditors and other professionals relating to directors' duties, relevant laws, regulations and codes, financial reporting standards, internal controls, corporate governance and risk management. All the orientation and training expenses are fully funded by the Group.

Pursuant to Rule 720(7) of the SGX-ST Listing Manual effective 1 January 2022, all Directors of the Company must undergo training on sustainability matters as prescribed by the SGX-ST. If the NC is of the view that training is not required because the Director has expertise in sustainability matters, the basis of its assessment must be disclosed. The Company is required to confirm in its sustainability report for the financial year ending 31 December 2022 is required that all its Directors have attended the mandatory training on sustainability. Accordingly, the Company is in the midst of arranging for its Directors to attend the mandatory training on sustainability training by 31 December 2022.

Complete, Adequate and Timely Information

The Board and Board Committees are provided with a meeting agenda and the relevant papers prior to the meetings. Complete, adequate and timely information are provided prior to meetings and on an on-going basis to allow proper deliberation on issues. Draft agenda are circulated in advance to the Board and Board Committees for review and additional items can be added where necessary. Management, external and internal auditors, the compliance adviser and other professionals are invited to the meetings when necessary to provide additional inputs on the matters for discussion. The minutes of meetings are 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

At least one of the Joint Company Secretaries will attend all Board and Board Committee meetings and ensure that all Board and Board Committee procedures are followed. 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 at the expense of the Company, whose duties and responsibilities are clearly defined. The appointment or the removal of the Joint Company Secretaries is a decision of the Board as a whole.

Independent Professional Advice

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

Principle 2: Board Composition and Guidance

Board of Directors

The Board comprises 6 Directors: 1 executive Chairman, 1 executive Director and 4 independent non-executive Directors. Accordingly, non-executive directors make up a majority of the Board. As at the date of this Report, the Board comprises the following members:

Name of Director	Age	Date of first appointment	Position(s)
Wei Dongliang	47	26 Sep 2019	Executive Chairman
Wang Ruihong	56	23 Dec 2010	Executive Director and Deputy General Manager
Ang Swee Tian	73	29 Jun 2016	Lead Independent Director
Hee Theng Fong	67	29 Jun 2016	Independent Director
Tan Huay Lim	65	29 Jun 2016	Independent Director
Ni Mingjiang	72	29 Jun 2016	Independent Director

Board Independence

The NC conducts an annual review of each director's independence in accordance with Rule 210(5)(d) of the SGX-ST Listing Manual and Provision 2.1 of the CG Code. Rule 210(5)(d)(iii) of the SGX-ST Listing Manual is not applicable as none of the Independent Directors have served on the Board beyond 9 years from the date of their first appointment.

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For FY2021, the Board, taking into account the views of the NC, has determined that the four Independent Directors of the Company are independent in character and judgement and that there are no relationships or circumstances with the Company, its related corporations, its substantial shareholders (as defined in the SGX-ST Listing Manual) or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of these Directors' objective business judgment in the best interests of the Company, thus providing a strong and independent element on the Board. No individual or small group of individuals dominate the Board's decision making. Given that the Chairman of the Board is not an independent director, independent directors make up a majority of the Board. Each of the Independent Directors had recused himself from the NC's and Board's deliberations on his own independence.

Board Composition and Size

The NC reviews the size and composition of the Board and each Board Committee annually to ensure they are of an appropriate size and comprise Directors who as a group provide an appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The Board is committed to achieve an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company. The Board recognises that a diverse Board of an appropriate size is an important element which will better support the Company's achievement of its strategic objectives for sustainable development, avoid groupthink and foster constructive debate. A diverse Board also enhances decision-making process through the perspectives derived from various skills, business experience, industry discipline, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service and other distinguishing qualities of the Directors.

The current Board comprises persons with diverse expertise and experience in accounting, business and management, finance, law, risk management and sustainable energy who as a group provide core competencies necessary to meet the Company's requirements. The Directors' objective judgment on corporate affairs and collective experience and knowledge are invaluable to the Group and allows for the useful exchange of ideas and views.

Pursuant to Provision 2.4 of the CG Code, the Board has also adopted a Board Diversity Policy. Under the Board Diversity Policy, the NC will, in reviewing the Board's composition, rotation and retirement of Directors and succession planning, consider a number of aspects, including but not limited to gender, age, nationalities, ethnicity, cultural background, educational background, experience, skills, knowledge, independence and length of service. The ultimate decision on the selection of Director(s) to be appointed on the Board will be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity and needs on the Board.

While the current Board does not have a mixed gender diversity, consistent with the intent of Principle 2 of the CG Code, the Board currently comprises suitably qualified Directors with a good balance of expertise and experience, complemented by sound industry knowledge. Taking into account the mix of expertise and experience possessed by the members of the Board and the Board Committees, the Board, taking into consideration the views of the NC, considers that its Directors meet the criteria under its Board Diversity Policy and the Board possesses the necessary diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company. The NC and the Board would also continue working towards implementing the Board Diversity Policy more extensively as an ongoing process.

The non-executive independent Directors are kept informed of the Group's business and performance through quarterly Board meetings 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 independent Directors are encouraged to meet regularly without the presence of management, and the chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

Principle 3: Chairman and Chief Executive Officer (“CEO”)

Chairman and CEO

Mr. Wei Dongliang (“**Mr. Wei**”) is the Executive Chairman of the Group. Mr. Wei is responsible for the overall strategic planning and management of the Group, and is responsible for leading the Board to ensure its effectiveness on all aspects of its role, setting and allocating time for discussion on all agenda items, promoting an open environment for constructive debate at the Board, encouraging non-executive Directors to speak and contribute constructively and ensuring quality, quantity and timeliness of information flow between the Board and management. He 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.

For FY2021, there was no CEO of the Company. Mr. Wei is responsible for overseeing the day-to-day operations of the Group.

Although the roles and responsibilities of both the Executive Chairman and the CEO are vested in Mr. Wei, being a deviation from the Provision 3.1 of the CG Code, the Board believes that vesting the roles of both Executive Chairman and CEO in the same person who is knowledgeable in the business of the Group provides the Group with a strong and consistent leadership and thus allows for more effective planning and execution of long-term business strategies.

Nonetheless, any major decisions made by Mr. Wei are required to be reviewed and approved by the Board. Should Mr. Wei face any conflict of interest in the proposed transaction, he is required to recuse himself from discussions and decisions involving the issues of conflict. He is also required to avoid situations in which his own personal or business interests directly or indirectly conflict, or appear to conflict, with the interests of the Group. In addition, the Independent Directors of the Company make up a majority of the Board. As such, consistent with the intent of Principle 3 of the CG Code, the Board believes that there are adequate safeguards and checks in place to ensure that the process of decision-making by the Board is independent and based on collective decision without any individual exercising any considerable concentration of power of influence. Accordingly, there is a balance of power and authority and, therefore, no one individual has unfettered powers and can control/ dominate the decision-making process of the Company. The Board is not considering separating the roles of the Executive Chairman and the CEO at this moment. The NC will review the need to separate these roles from time to time and make its recommendations when necessary.

Lead Independent Director

Given that the Chairman is not independent, Mr. Ang Swee Tian (“**Mr. Ang**”) has been appointed as the Lead Independent Director (“**Lead ID**”). The Board is of the view that the process of decision making by the Board is independent and based on collective decision-making 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 communication with the Chairman of the Board or management are inappropriate or inadequate. 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

The NC comprises four directors namely:

1. Ang Swee Tian (NC Chairman and Lead Independent Director)
2. Wei Dongliang (Executive Chairman)
3. Tan Huay Lim (Independent Director)
4. Ni Mingjiang (Independent Director)

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

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The NC's key terms of reference, approved by the Board, include the following:

- making recommendations to the Board on relevant matters relating to succession plans for the chairman of the Board, Directors, Group CEO and other key management personnel (including regarding their appointment and/or replacement);
- making recommendations to the Board on relevant matters relating to evaluation of the performance of the Board, the Board Committees and the individual Directors. The NC also proposes and recommends for the Board's approval, objective performance criteria and processes for the evaluation of the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by the chairman of the Board and each individual Director to the Board;
- making recommendations to the Board on relevant matters relating to the training and professional development programmes for the Board and the Directors, including ensuring that new Directors are aware of their duties and obligations and undergo an appropriate induction programme;
- making recommendations to the Board on relevant matters relating to the appointment and re-appointment of all Directors (including any alternate Directors) and on membership of the Board Committees;
- regularly reviewing the structure, size and composition of the Board and Board Committees, having regard to skillset, qualification, gender, age, experience and diversity;
- reviewing other directorships and principal commitments held by each Director and decide whether a Director is able to carry out, and has been adequately carrying out, his/her duties as a Director, taking into consideration the number of listed company directorships held by the Director and his/her principal commitments; and
- reviewing and determining annually (or whenever necessary), the independent status of Directors (and that of the alternate Directors (if applicable), having regard to the Code and the SGX-ST Listing Manual.

Based on the NC and the Board evaluation checklists completed by the NC and the Directors respectively, the NC believes that it has fulfilled its responsibilities and discharged its duties as set out in its written terms of reference. The Joint Company Secretaries maintain records of all NC meetings and these checklists. For more information on these checklists, please refer to Principle 5 of this Corporate Governance Report.

Selection, Nomination and Appointment 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. The NC meets with the potential candidates to assess their suitability before formally recommending them for appointment to the Board for further evaluation.

In the selection process, the NC considers:

- the candidate's track record, experience and expertise, age, gender and other attributes that the Board identifies;
- the independence of the candidate, in the case of the appointment of an independent director;
- competing time commitments if the candidate has multiple listed company board representations and other principal commitments; and
- the composition requirements of the Board and Board Committees.

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).

The NC also decides if a Director is able to and has been adequately carrying out his or her duties as a Director of the Company. The NC reviews annually the directorships held by each Director as well as principal commitments, if any. Where a Director holds a significant number of listed company directorships and principal commitments, the NC and the Board will make a reasoned assessment of the ability of the Director to diligently discharge his or her duties. 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. The NC and the Board will also take into consideration whether a Director had previously served on the board of a company with an adverse track record or with a history of irregularities or is or was under investigation by regulators. The NC and the Board will also assess whether a Director's resignation from the board of any such company casts any doubt on the director's qualification and ability to act as a Director of the Company. Based on the analysis, the confirmation from the Directors, the number of listed company directorships and principal commitments of each Director and their 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.

Although Practice Guidance 4 of the CG Code recommends the Board to determine the maximum number of listed company board representations which any Director may hold, the NC does not recommend setting this limit. The Board considers several factors as described above to be a more effective assessment of a Director's commitment rather than to prescribe a limit. Suitable candidates who have multiple board representations may still have the capacity to participate and contribute as members of the Board. Currently, the number of directorships in other listed companies, excluding the Company, held by the Directors ranges from nil to five.

The Board requires a Director to inform the Board when accepting any new principal commitment or listed company board appointment. The Director will also be required to confirm that the new commitment or appointment will not affect his ability to adequately carry out his duties as a Director of the Company. Directors are also required to disclose to the Board details of any relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence¹, including business relationships which a Director, his or her immediate family member, or an organisation which the Director, or his or her immediate family member is a substantial shareholder, partner (with 5% or more stake), executive officer or director in has with the Company or any of its related corporations, and the Director's direct association with a substantial shareholder of the Company, in the current and immediate past financial year. No Director or his or her immediate family member, or a company that he, she or they are a substantial shareholder in, provides to or receives from the company or its subsidiaries any significant payments or material services.

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

Succession Planning

In reviewing succession plans, the NC considers the Company's strategic priorities and the factors affecting the long-term success of the Company. In relation to succession plans for Directors, the NC aims to maintain an optimal Board composition by considering the trends affecting the Company, reviewing the skills needed, and identifying gaps (including considering whether there is an appropriate level of diversity of thought). In relation to succession plans for key management personnel, the NC takes an active interest in how key talent is managed within the Group and reviews the mechanisms for identifying strong candidates and developing them to take on senior positions in the future. The NC considers different time horizons for succession planning as follows: (1) long-term planning, to identify competencies needed for the Company's strategy and objectives, (2) medium-term planning, for the orderly replacement of Board members and key management personnel, and (3) contingency planning, for preparedness against sudden and unforeseen changes.

¹ "independence" has the same meaning as defined in the CG Code and Rule 210(5)(d) of the SGX-ST Listing Manual.

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Key Information on Directors

The present and past (at least for the past five financial years) directorships of each Director in other listed companies, group and related companies and other companies and organisations are set out below.

<u>Name</u>	<u>Present Directorships</u>	<u>Past Directorships</u>
Wei Dongliang (韦东良)	<u>Group Companies</u>	<u>Group Companies</u>
	Hangzhou Jinjiang Environment Investment Co., Ltd. (杭州锦环投资有限公司)	-
	Singapore Jinjiang Environment Pte. Ltd. (新加坡锦江环境私人有限公司)	Zhejiang Fuzhe Investment Co., Ltd. (浙江富浙投资有限公司)
	Lamoon Holding Limited	Zhejiang Provincial Energy Group Venture Capital Co., Ltd. (浙江浙能创业投资有限公司)
	Outstanding Mode Developments Limited	Zheshang Property and Casualty Insurance Co., Ltd. (浙商财产保险股份有限公司)
	Sunrise Development Group Limited (晨兴发展集团有限公司)	***China Zheshang Bank Co., Ltd. (浙商银行股份有限公司)
	Gevin Limited (格闻有限公司)	Zhejiang Guohua Zheneng Power Generation Co., Ltd. (浙江国华浙能发电有限公司)
	Prime Gain Investments Limited (鸿盈投资有限公司)	Qinshan Nuclear Power Co., Ltd. (秦山核电有限公司)
	Lin'an Jiasheng Environment Co., Ltd. (临安嘉盛环保有限公司)	Nuclear Power Qinshan Joint Venture Co., Ltd. (核电秦山联营有限公司)
	<u>Other Companies</u>	Guodian Zhejiang Beilun No.1 Power Generation Co., Ltd. (国电浙江北仑第一发电有限公司)
	-	Zhejiang Zheneng Jiaxing Power Co., Ltd. (浙江浙能嘉兴发电有限公司)
		Ningbo Marine Group Company Limited (宁波海运集团有限公司)
		Zhejiang Ocean Development Investment Group Co., Ltd. (浙江省海洋开发投资集团有限公司)
	Zhejiang Tou Men Port Investment and Development Co., Ltd. (浙江头门港投资开发有限公司)	
	Qianjiang Water Resources Development Co., Ltd. (钱江水利开发股份有限公司)	

Name	Present Directorships	Past Directorships
Wang Ruihong (王瑞红)	<p><u>Group Companies</u></p> <p>Lin'an Jiasheng Environmental Protection Co., Ltd. (临安嘉盛环保有限公司)</p> <p>Green Energy (Hangzhou) Enterprise Management Co., Ltd. (绿能(杭州)企业管理有限公司)</p> <p>Hangzhou Jinjiang Environment Investment Co., Ltd. (杭州锦环投资有限公司)</p> <p>Hangzhou Xiaoshan Jinjiang Green Energy Co., Ltd. (杭州萧山锦江绿色能源有限公司)</p>	<p>Huaizhe Coal & Electricity Co., Ltd. (淮浙煤电有限责任公司)</p> <p>Zhejiang Zheneng Gas Co., Ltd. (浙江浙能燃气有限公司)</p> <p>Shenhua Guohua (Zhoushan) Power Generation Co., Ltd. (神华国华(舟山)发电有限责任公司)</p> <p>Zhejiang Zheneng Wenzhou Power Generation Co., Ltd. (浙江浙能温州发电有限公司)</p> <p>Zhejiang Fuxing Electric Power Fuel Co., Ltd. (浙江富兴电力燃料有限公司)</p> <p>Zhejiang Zheneng Beilun Power Generation Co., Ltd. (浙江浙能北仑发电有限公司)</p> <p>Zhejiang Zheneng Changxing Power Generation Co., Ltd. (浙江浙能长兴发电有限公司)</p> <p>Zheneng Equity Investment Fund Management Co., Ltd. (浙能股权投资基金管理有限公司)</p> <p>Zhejiang Zheneng Investment Management Co., Ltd. (浙江浙能投资管理有限公司)</p> <p>Zhejiang Zheneng Ningbo Natural Gas technology Development Limited Liability Company (浙江浙能宁波天然气科技开发有限责任公司)</p> <p>Zheneng Capital Holdings Co., Ltd. (浙能资本控股有限公司)</p>
		<u>Group Companies</u>
		Hohhot Jiasheng New Energy Co., Ltd. (呼和浩特嘉盛新能源有限公司)
		Baishan Green New Energy Co., Ltd. (白山绿能新能源有限公司)
		Hunchun Green New Energy Co., Ltd. (珲春绿能新能源有限公司)
		Linzhou Jiasheng New Energy Co., Ltd. (林州市嘉盛新能源有限公司)
		Zhongwei Green New Energy Co., Ltd. (中卫市绿能新能源有限公司)

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Name	Present Directorships	Past Directorships
	Hangzhou Yuhang Jinjiang Environmental Energy Co., Ltd. (杭州余杭锦江环保能源有限公司)	Tangshan Jiasheng New Energy Co., Ltd. (唐山嘉盛新能源有限公司)
	Wenling Green New Energy Co., Ltd. (温岭绿能新能源有限公司)	Lüliang Green New Energy Co., Ltd (吕梁绿能新能源有限公司)
	Wuhan Green Energy Co., Ltd. (武汉市绿色环保能源有限公司)	Zibo Green New Energy Co., Ltd. (淄博绿能新能源有限公司)
	Wuhan Hankou Green Energy Co., Ltd. (武汉汉口绿色能源有限公司)	<u>Other Companies</u>
	Kunming Xinxingze Environmental Resources Industry Co., Ltd. (昆明鑫兴泽环境资源产业有限公司)	-
	Yunnan Green Energy Co., Ltd. (云南绿色能源有限公司)	
	Zibo Environmental Energy Co., Ltd. (淄博环保能源有限公司)	
	Zibo Green Environmental Energy Co., Ltd. (淄博绿能环保能源有限公司)	
	Gaomi Lilangmingde Environmental Protection Technology Co., Ltd. (高密利朗明德环保科技有限公司)	
	Jilin Xinxiang Co., Ltd. (吉林省鑫祥有限责任公司)	
	Songyuan Xinxiang New Energy Co., Ltd. (松原鑫祥新能源有限公司)	
	Suihua Green New Energy Co., Ltd. (绥化市绿能新能源有限公司)	
	Qitaihe Green New Energy Co., Ltd. (七台河绿能新能源有限公司)	
	Lianyungang Sunrise Environmental Protection Industry Co., Ltd. (连云港晨兴环保产业有限公司)	
	Zhengzhou Xingjin Green Environmental Energy Co., Ltd. (郑州荣锦绿色环保能源有限公司)	
	Yinchuan Zhongke Environmental Electrical Co., Ltd. (银川中科环保电力有限公司)	
	Zhejiang Zhuji Bafang Thermal Power Co., Ltd (浙江诸暨八方热电有限责任公司)	

Name	Present Directorships	Past Directorships
	<p>Wuhu Lüzhou Environmental Protection Energy Co., Ltd. (芜湖绿洲环保能源有限公司)</p> <p>Tianjin Sunrise Environmental Protection Science and Technology Development Co., Ltd. (天津市晨兴力克环保科技发展有限公司)</p> <p>Shanghai Sunrise Management Co., Ltd. (上海晨兴企业管理有限公司)</p> <p>Shijiazhuang Jiasheng New Energy Co., Ltd (石家庄嘉盛新能源有限公司)</p> <p>Tangshan Jinhuan New Energy Co., Ltd (唐山市锦环新能源有限公司)</p> <p>Ecogreen Energy Private Limited</p> <p>Ecogreen Energy Gurgaon Faridabad Private Limited</p> <p>Ecogreen Energy Lucknow Private Limited</p> <p>Ecogreen Energy Gwalior Private Limited</p> <p>PT Jinjiang Environment Indonesia</p> <p>PT. Indo Green Power</p> <p>Singapore Jinjiang Environment Pte. Ltd.</p> <p><u>Other Companies</u></p> <p>-</p>	
Ang Swee Tian	<p><u>Group Companies</u></p> <p>-</p> <p><u>Other Companies</u></p> <p>* Cosco Shipping International (Singapore) Co., Ltd</p> <p>ICE Singapore Holdings Pte. Ltd.</p> <p>ICE Futures Singapore Pte. Ltd.</p> <p>ICE Clear Singapore Pte. Ltd.</p> <p>IWOW Technology Limited</p>	<p><u>Group Companies</u></p> <p>-</p> <p><u>Other Companies</u></p> <p>* China Aviation Oil (Singapore) Corporation Ltd</p> <p>Tuas Power Ltd</p> <p>Tuas Power Generation Pte Ltd</p> <p>TP Utilities Pte Ltd</p> <p>Amare-Greenland Hospitality Investments (AGHI) Pte Ltd</p>

Corporate Governance Report

Name	Present Directorships	Past Directorships
Hee Theng Fong	<u>Group Companies</u>	<u>Group Companies</u>
	-	-
	<u>Other Companies</u>	<u>Other Companies</u>
	* Straco Corporation Limited	* Tye Soon Limited
	* Yanlord Land Group Limited	* First Resources Limited
	* China Aviation Oil (Singapore) Corporation Ltd	* YHI International Limited
	** Haidilao International Holding Ltd	* Datapulse Technology Limited
	****Huazhu Group Limited	* Delong Holdings Limited
	F & H Singhome Fund II Ltd.	* APAC Realty Limited
	F & H Singhome Fund III Ltd.	Chua Foundation
	Greenland (Singapore) Trust Management Pte. Ltd.	Singapore Chinese Cultural Centre
	Green Link Digital Bank Pte. Ltd.	Business China
	Singapore Medishield Life Council	Chinese Development Assistance Council (CDAC)
		Citizenship Committee of Inquiry (ICA)
Tan Huay Lim	<u>Group Companies</u>	<u>Group Companies</u>
	-	-
	<u>Other Companies</u>	<u>Other Companies</u>
	Dasin Retail Trust Management Pte. Ltd., the Manager of * Dasin Retail Trust	* Hong Leong Asia Ltd.
	Elite Commercial REIT Management Pte.Ltd., the Manager of * Elite Commercial REIT	* Auric Pacific Group Limited
	**Linklogis Inc.	Singapore Hokkien Huay Kuan
	SF REIT Asset Management Limited, the manager of **SF Real Estate Investment Trust	Ren Ci Hospital
	* Sheng Siong Group Ltd.	Xihe Holdings (Pte) Ltd. (under winding up by court order since 24 March 2022)
	Green Link Digital Bank Pte. Ltd.	Xihe Capital (Pte) Ltd (in liquidation pursuant to a members' voluntary winding up since 22 October 2020)
		*ASL Marine Holdings Ltd.
	* Koufu Group Limited	

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

Notes:

- * denotes public listed companies listed on the SGX-ST
- ** denotes public listed companies listed on in the Stock Exchange of Hong Kong Limited (“SEHK”)
- *** denotes public listed companies listed on the SEHK and the Shanghai Stock Exchange
- **** denotes public listed companies listed on the SEHK and the Nasdaq Global Market

The principal commitments, working experience, academic and professional qualifications and shareholding in the Company and its related corporations (if any) of the Directors can be found in the sections entitled “Board of Directors” and “Directors’ Statement” of this Annual Report.

Pursuant to the composite approach to analysing a Director’s effectiveness outlined above, although some of the Directors hold a significant number of listed company directorships, the NC and the Board believe that they have been able to and will continue to adequately discharge their duties diligently.

Corporate Governance Report

Supplemental Information on Directors Seeking Re-election

The information required under Rule 720(6) of the SGX-ST Listing Manual relating to the Directors being proposed for re-election, namely, Mr. Wang Ruihong, Mr. Hee Theng Fong and Mr. Tan Huay Lim, are set out below:

Name of Director	Wang Ruihong	Hee Theng Fong	Tan Huay Lim
Date Of Appointment	23 December 2010	29 June 2016	29 June 2016
Date Of Last Re-Appointment (if applicable)	29 April 2019	29 April 2019	29 April 2019
Age	56	67	65
Country Of Principal Residence	People's Republic of China	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The re-election of Mr. Wang Ruihong ("Mr. Wang") as Director was recommended by the Nominating Committee ("NC") and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experience and overall contributions since he was appointed as a Director of the Company.</p> <p>Mr. Wang has abstained from the deliberation of the Board pertaining to his re-election.</p>	<p>The re-election of Mr. Hee Theng Fong ("Mr. Hee") as Director was recommended by the Nominating Committee ("NC") and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experience and overall contributions since he was appointed as a Director of the Company.</p> <p>Mr. Hee has abstained from the deliberation of the Board pertaining to his re-election. .</p>	<p>The re-election of Mr. Tan Huay Lim ("Mr. Tan") as Director was recommended by the Nominating Committee ("NC") and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experience and overall contributions since he was appointed as a Director of the Company.</p> <p>Mr. Tan has abstained from the deliberation of the NC as well as that of the Board pertaining to his re-election.</p>
Whether appointment is executive, and if so, the area of responsibility	Executive. Mr. Wang is responsible for general administrative management, market branding and legal compliance of the Group.	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Deputy General Manager	Independent Director, Chairman of Remuneration Committee and Member of Audit and Risk Management Committee	Independent Director, Chairman of Audit and Risk Management Committee and Member of NC
Professional Qualifications	Please refer to the "Board of Directors" section		
Working experience and occupation(s) during the past 10 years	Please refer to the "Board of Directors" section		
Shareholding interest in the listed issuer and its subsidiaries	Direct interest of 2,100,000 shares	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None	None

Name of Director	Wang Ruihong	Hee Theng Fong	Tan Huay Lim
Conflict of interest (including any competing business)	None	None	None
Undertaking (in the format set out in Appendix 7.7 under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments ² including Directorships – Past (for the last 5 years)	Director of:- <ul style="list-style-type: none"> ● Hohhot Jiasheng New Energy Co., Ltd. (呼和浩特嘉盛新能源有限公司) ● Baishan Green New Energy Co., Ltd. (白山绿能新能源有限公司) ● Hunchun Green New Energy Co., Ltd. (珲春绿能新能源有限公司) ● Linzhou Jiasheng New Energy Co., Ltd. (林州市嘉盛新能源有限公司) ● Zhongwei Green New Energy Co., Ltd (中卫市绿能新能源有限公司) ● Tangshan Jiasheng New Energy Co., Ltd. (唐山嘉盛新能源有限公司) ● Luliang Green New Energy Co., Ltd (吕梁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) 	Director of:- <ul style="list-style-type: none"> ● Tye Soon Limited ● First Resources Limited ● YHI International Limited ● Datapulse Technology Limited ● Delong Holdings Limited ● Chua Foundation ● Singapore Chinese Cultural Centre ● APAC Realty Limited ● Business China ● Chinese Development Assistance Council (CDAC) Chairman of:- <ul style="list-style-type: none"> ● Citizenship Committee of Inquiry (ICA) 	Director of:- <ul style="list-style-type: none"> ● Hong Leong Asia Ltd. ● Auric Pacific Group Limited ● Singapore Hokkien Huay Kuan ● Ren Ci Hospital ● Xihe Holdings (Pte) Ltd (under winding up by court order since 24 March 2022) ● Xihe Capital (Pte) Ltd. (in liquidation pursuant to a members' voluntary winding up since 22 October 2020) ● ASL Marine Holdings Ltd ● Koufu Group Limited
Other Principal Commitments* including Directorships – Present	Director of:- <ul style="list-style-type: none"> ● 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) 	Director of:- <ul style="list-style-type: none"> ● Straco Corporation Limited ● Yanlord Land Group Limited ● China Aviation Oil (Singapore) Corporation Ltd ● Haidilao International Holding Ltd. 	Director of:- <ul style="list-style-type: none"> ● Dasin Retail Trust Management Pte. Ltd. (The Manager of Dasin Retail Trust, a Business Trust) ● Elite Commercial REIT Management Pte.Ltd. (The Manager of Elite Commercial REIT)

² Principal Commitments has the same meaning as defined in the CG Code

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Name of Director	Wang Ruihong	Hee Theng Fong	Tan Huay Lim
	<ul style="list-style-type: none"> ● Hangzhou Jinjiang Environment Investment Co., Ltd. (杭州锦环投资有限公司) ● Hangzhou Xiaoshan Jinjiang Green Energy Co., Ltd. (杭州萧山锦江绿色能源有限公司) ● Hangzhou Yuhang Jinjiang Environmental Energy Co., Ltd. (杭州余杭锦江环保能源有限公司) ● Wenling Green New Energy Co., Ltd. (温岭绿能新能源有限公司) ● Wuhan Green Energy Co., Ltd. (武汉市绿色环保能源有限公司) ● Wuhan Hankou Green Energy Co., Ltd. (武汉汉口绿色能源有限公司) ● Kunming Xinxingze Environmental Resources Industry Co., Ltd. (昆明鑫兴泽环境资源产业有限公司) ● Yunnan Green Energy Co., Ltd. (云南绿色能源有限公司) ● Zibo Environmental Energy Co., Ltd. (淄博环保能源有限公司) ● Zibo Green Environmental Energy Co., Ltd. (淄博绿能环保能源有限公司) ● Gaomi Lilangmingde Environmental Protection Technology Co., Ltd. (高密利朗明德环保科技有限公司) ● Jilin Xinxiang Co., Ltd. (吉林省鑫祥有限责任公司) 	<ul style="list-style-type: none"> ● Huazhu Group Limited ● F & H Singhome Fund II Ltd. ● F & H Singhome Fund III Ltd. ● Greenland (Singapore) Trust Management Pte. Ltd. ● Green Link Digital Bank Pte. Ltd. <p>Member of:-</p> <ul style="list-style-type: none"> ● ACRA's Complaints and Disciplinary Panel ● Advisory Committee for China Ready Programme under Ministry of Law <p>Deputy Chairman of:-</p> <ul style="list-style-type: none"> ● MediShield Life Council Consultant of:- ● Harry Elias Partnership LLP 	<ul style="list-style-type: none"> ● Linklogis Inc. ● SF REIT Asset Management Limited (The Manager of SF Real Estate Investment Trust) ● Sheng Siong Group Ltd. ● Green Link Digital Bank Pte. Ltd.

Name of Director	Wang Ruihong	Hee Theng Fong	Tan Huay Lim
	<ul style="list-style-type: none"> ● Songyuan Xinxiang New Energy Co., Ltd. (松原鑫祥新能源有限公司) ● Suihua Green New Energy Co., Ltd. (绥化市绿能源有限公司) ● Qitaihe Green New Energy Co., Ltd. (七台河绿能新能源有限公司) ● Lianyungang Sunrise Environmental Protection Industry Co., Ltd. (连云港晨兴环保产业有限公司) ● Zhengzhou Xingjin Green Environmental Energy Co., Ltd. (郑州蒙锦绿色环保能源有限公司) ● Yinchuan Zhongke Environmental Electrical Co., Ltd. (银川中科环保电力有限公司) ● Zhejiang Zhuji Bafang Thermal Power Co., Ltd (浙江诸暨八方热电有限责任公司) ● Wuhu Luzhou Environmental Protection Energy Co., Ltd. (芜湖绿洲环保能源有限公司) ● Tianjin Sunrise Environmental Protection Science and Technology Development Co., Ltd. (天津市晨兴力克环保科技发展有限公司) ● Shanghai Sunrise Management Co., Ltd. (上海晨兴企业管理有限公司) ● Shijiazhuang Jiasheng New Energy Co., Ltd (石家庄嘉盛新能源有限公司) ● Tangshan Jinhuan New Energy Co., Ltd (唐山市锦环新能源有限公司) 		

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Name of Director	Wang Ruihong	Hee Theng Fong	Tan Huay Lim
	<ul style="list-style-type: none"> ● Ecogreen Energy Private Limited ● Ecogreen Energy Gurgaon Faridabad Private Limited ● Ecogreen Energy Lucknow Private Limited ● Ecogreen Energy Gwalior Private Limited ● PT Jinjiang Environment Indonesia ● PT. Indo Green Power ● Singapore Jinjiang Environment Pte. Ltd. 		
<p>Information required Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.</p>			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	Mr. Tan was (i) an independent non-executive director from 1 July 2020 to 28 August 2020 of Xihe Holdings (Pte) Ltd. which was placed under interim judicial management on 13 August 2020, under judicial management on 13 November 2020 and under winding up by court order since 24 March 2022, and (ii) an independent non-executive director from 1 July 2020 to 28 August 2020 of Xihe Capital (Pte) Ltd. which has been placed in liquidation pursuant to a members' voluntary winding up since 22 October 2020.
(c) Whether there is any unsatisfied judgment against him?	No	No	No

Name of Director	Wang Ruihong	Hee Theng Fong	Tan Huay Lim
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

Corporate Governance Report

Name of Director	Wang Ruihong	Hee Theng Fong	Tan Huay Lim
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :-			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	<p>Mr. Tan was a council member of the management committee from 30 October 2007 to 31 March 2013 of Ren Ci Hospital & Medicare Centre ("RCHMC"), a non-profit voluntary welfare organisation established in Singapore.</p> <p>On 29 March 2009, Mr. Tan was interviewed by the Commercial Affairs Department ("CAD") in his capacity as a council member of the management committee of RCHMC in connection with CAD's investigations in the affairs of RCHMC. For the avoidance of doubt, Mr. Tan was not the subject of the foregoing investigations and following the interview, Mr. Tan has not been required by the CAD to provide any further assistance in the matter for which he was interviewed. RCHMC, which was registered as a society under the Societies Act 1966 of Singapore, was voluntarily dissolved on 31 March 2013.</p>
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No

Name of Director	Wang Ruihong	Hee Theng Fong	Tan Huay Lim
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

* The term “principal commitments” shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

Additional information on the Directors of the Company can be found under the “**Board of Directors**”.

Principle 5: Board Performance

Board Evaluation Process

The Board has a process in place for undertaking a formal annual assessment of the effectiveness of the Board as a whole, each of 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 performance using objective performance criteria and processes, which were recommended by the NC and approved by the Board, for the evaluation of the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by the Executive Chairman and each Director to the Board. The overall evaluation and recommendations for improvement are presented to the Board.

Board Evaluation and Board Committees 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. In addition, the Chairmen of the respective Board Committees are also required to complete a questionnaire on the effectiveness of the Board Committees, which would be tabled at the NC meeting for further discussion. The results of these checklists were considered by the NC in its assessment of the Board’s and the Board Committees’ performance.

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Individual Director Evaluation Criteria

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

The evaluation results of each Director are used by the NC in consultation with the 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.

Remuneration Matters

Principle 6: Procedures for Developing Remuneration Policies

RC Composition and Role

The RC comprises three directors namely:

1. Hee Theng Fong (RC Chairman and Independent Director)
2. Ang Swee Tian (Lead Independent Director)
3. Ni Mingjiang (Independent Director)

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

The RC's key terms of reference, approved by the Board, includes the following:

- reviewing and making recommendations to the Board on all aspects of remuneration, including Directors' fees and the Company's remuneration policies;
- reviewing and making recommendations to the Board on the framework of remuneration for the Board chairman, the Directors, the Group CEO and other key management personnel;
- reviewing and making recommendations to the Board on the specific remuneration packages for each Director, the Group CEO and other key management personnel;
- reviewing the remuneration of any employees who are immediate family members of the Directors, Group CEO or substantial shareholders;
- reviewing and making recommendations to the Board on the talent management and remuneration framework for the Group, including staff development and succession planning;
- monitoring the level and structure of remuneration relative to internal and external peers and competitors;
- ensuring that the contractual terms and any termination payments are fair to the individual and the Company; and
- administering the Jinjiang Environment PSP in accordance with the respective rules adopted (if applicable).

The Company has in place a remuneration framework for the executive Directors and Key Management Personnel. The RC has reviewed the contracts for executive Directors and Key Management Personnel. Overall, the RC considers all aspects of remuneration, including termination terms, to ensure that they are fair. In doing so, the RC has not engaged any remuneration consultants. No Director is involved in deciding his own remuneration.

The RC oversees and administers the Jinjiang Environment PSP. It has the power to make or vary arrangements or guidelines for the implementation and administration of the Jinjiang Environment PSP. There were no share awards granted under the Jinjiang Environment PSP during FY2021. No shares were issued and allotted pursuant to the Jinjiang Environment PSP during FY2021.

Based on the RC and the Board evaluation checklists completed by the RC and the Directors respectively, 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 these checklists. For more information on these checklists, please refer to Principle 5 of this Corporate Governance Report.

Principle 7: 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 attract, retain and motivate the Directors to provide good stewardship of the Company and Key Management Personnel to successfully manage the Company for the long term, and to ensure that the level and structure of remuneration of the Board and Key Management Personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives, and the long-term interests and risk policies of the Company.

The Company adopts a performance-based remuneration system for employees, including its executive Directors and Key Management Personnel. A significant and appropriate proportion of executive Directors' and Key Management Personnel's remuneration is structured so as to link rewards with the achievement of corporate and individual performance targets in an objective and equitable way and reflects the degree of responsibility held by each employee. The Group seeks to ensure that the variable component is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company. To ensure that the level and structure of remuneration is proportionate to the sustained performance and value creation of the Group, the Company has put in place a framework of remuneration for its executive directors and key management personnel. The key areas of focus of the remuneration framework and details of the implementation within the Group are set out below:

Key Areas of Focus	Details
Pay for performance	<ul style="list-style-type: none"> • Instil and drive a pay-for-performance culture • Ensure that remuneration is closely linked to annual and long-term business objectives • Set, communicate and monitor key performance targets and indicators • Adjust the proportion of fixed and variable remuneration to emphasise sustainable performance that is aligned with the Group's strategic objectives, considering qualitative and quantitative factors
Competitive remuneration	<ul style="list-style-type: none"> • Benchmark total remuneration against other organisations of similar size and standing in the Group's industry
Accountability and Risk-taking	<ul style="list-style-type: none"> • Focus on achieving risk-adjusted returns that are consistent with prudent risk taking and capital management as well as emphasis on long-term sustainable outcomes • Design remuneration structure to align incentive payments with the long-term performance of the Group through deferred vesting of incentives

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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 variable component is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company.

All the executive Directors have entered into service agreements with the Company. The service agreements are for a term of three years and thereafter continue from year to year, unless terminated. 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 appropriate to their level of contribution and 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.

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

Principle 8: Disclosure on Remuneration

Disclosure on Remuneration

The remuneration package for Directors and Key Management Personnel is made up of a fixed component (base salary and fixed allowances) and a variable component (year-end bonus and other benefits), and may also include longer-term incentives. There were no termination, retirement and post-employment benefits granted to Directors and Key Management Personnel in FY2021.

The policy and criteria for setting remuneration and the link between remuneration paid to Directors and Key Management Personnel and performance is set out under Principle 7 above. Information on the Jinjiang Environment PSP can be found under "Share Options and Performance Shares" in the Directors' Statement.

Remuneration for Directors, CEO and Key Management Personnel

The remuneration for the Directors and the CEO of the Company for FY2021 is set out below:

Name	Base / Fixed Salary	Variable Bonus	Directors' Fees ³	Awards of Shares under the Jinjiang Environment PSP	Total
	%	%	%	%	%
Wei Dongliang	61	39	-	-	100
Wang Ruihong	61	39	-	-	100
Ang Swee Tian	-	-	100	-	100
Hee Theng Fong	-	-	100	-	100
Tan Huay Lim	-	-	100	-	100
Ni Mingjiang	-	-	100	-	100

The Board believes that it is not in the best interest of the Company to fully disclose the precise remuneration for each individual Director and the CEO given the highly competitive industry conditions for the waste-to-energy sector particularly in the People's Republic of China. The Board further believes that it is not in the interest of the Company to disclose details of remuneration for the top five Key Management Personnel of the Group (who are not Directors or the CEO) (including names, breakdown of remuneration, remuneration amounts whether individually or in the aggregate), having regard to the highly competitive human resource environment. The names of these top five Key Management Personnel have not been disclosed to maintain confidentiality of staff remuneration matters. The Board is of the view that there is sufficient transparency on the Company's remuneration policies, level and mix of remuneration, procedure for setting remuneration, and the relationships between remuneration, performance and value creation, details of which are further set out under Principle 7 above, which provides reasonable amount of information on the Company's remuneration framework to enable shareholders to have an adequate appreciation of the remuneration of its Directors and Key Management Personnel and to understand the link between the Company's performance and the remuneration of the CEO and other top five Key Management Personnel. The fees to the independent, non-executive directors are put forward to shareholders for approval on an annual basis at the Company's annual general meeting. Accordingly, the Board believes that the existing practices adopted by the Company are consistent with the intent of Principle 8 of the CG Code.

Employees who are Substantial Shareholders / Immediate Family Member of Directors/CEO/Substantial Shareholders

The Group does not have any employee who is a substantial shareholder of the Company or an immediate family member of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeded S\$100,000 during FY2021.

Accountability and Audit

Principle 9: Risk Management and Internal Controls

The Directors recognise that they have overall responsibility for the governance of risk and ensuring that management maintains a sound system of risk management and internal controls including financial, operational, compliance and information technology controls, to safeguard the interests of the Company and its shareholders.

The management has put in place an Enterprise Risk Management Framework. The Framework seeks to formalise and document the internal processes to enable significant strategic, financial, operational, compliance and information technology risks within the Group to be identified, assessed, managed and monitored. The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation, 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, the Board notes that 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.

³ Directors' fees for FY2021 are subject to approval by shareholders as a lump sum at the AGM.

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For the financial year under review, the Executive Chairman and the Chief Financial Officer (“CFO”) provided assurance to the Board on the integrity of the half year, third quarter 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 half year and third quarter of FY2021 to the shareholders in accordance with the regulatory requirements. The Executive Chairman and other Key Management Personnel also provided the Board with such information and explanations as the Board may require from time to time.

The Executive Chairman and the CFO provided written assurances to the Board that 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. The Executive Chairman and other Key Management Personnel who are responsible also provided written assurances to the Board that the internal controls and risk management systems in place are adequate and effective to address in all material aspects, the financial, operational, compliance and information technology risks within the current scope of the Group’s business.

The ARMC reviews the adequacy and effectiveness of the Group’s key internal controls and risk management systems with the assistance of management and external and internal auditors. The internal audit identified some control weaknesses at some of the Group’s subsidiaries in China and provided recommendations for improvements. Management has adopted the recommendations to address these weaknesses and the internal audit will follow up to ensure that the recommendations were properly implemented. The external auditors, PricewaterhouseCoopers LLP (“PwC”), during the course of the audit of the Group’s financial statements, identified several possible improvements to the relevant procedures, controls and other aspects, which were presented to the ARMC for consideration. Management action plans are initiated to address the weaknesses identified. Management has assessed and determined that these weaknesses do not have significant financial impact on the financial statements for the Group for FY2021. For the avoidance of doubt, PwC’s recommendations do not in any way modify their audit opinion. The Company’s management has noted PwC’s observations and recommendations and is taking the necessary steps to implement PwC’s recommendations.

Based on the above audits and the written assurance from management, the Board and the ARMC is of the opinion that the system of internal controls and risk management to address the financial, operational, compliance and information technology risks of the Company, are adequate and effective as at 31 December 2021.

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 10: Audit Committee

Composition of ARMC

The ARMC comprises three directors namely:

1. Tan Huay Lim (ARMC Chairman and Independent Director)
2. Ang Swee Tian (Lead Independent Director)
3. Hee Theng Fong (Independent Director)

The ARMC comprises three non-executive Directors, all of whom including the chairman of the ARMC are independent. At least two members of the ARMC, including the ARMC chairman, possess recent and relevant accounting or related financial management expertise and experience. With the current composition, the ARMC believes that it has the relevant accounting or related financial management expertise and experience to discharge its functions within its written terms of reference which has been approved by the Board. None of the ARMC members is a former partner or director of the Group’s existing auditing firms within the last 24 months and none of the ARMC members has any financial interest in the Group’s existing auditing firms.

Powers and Duties of the ARMC

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

The key responsibility of the ARMC is to assist the Board in maintaining a high standard of corporate governance. The ARMC provides an independent review of the 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. The ARMC's key terms of reference are as follows:

- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Group's financial performance;
- reviewing at least annually the adequacy and effectiveness of the Group's internal controls and risk management systems. The ARMC also reviews the Board's comments regarding the adequacy and effectiveness of the Group's internal controls and risk management systems and states whether it concurs with the Board's comments received. The ARMC may commission an independent audit on the internal controls and risk management systems for its assurance, or where it is not satisfied with the internal controls and risk management systems;
- reviewing the assurance from the Group CEO and the CFO on the financial records and financial statements;
- reviewing the adequacy, effectiveness, independence, scope and results of the Company's external audit function and making recommendations to the Board on the appointment, re-appointment or removal of the Company's external auditors as well as the remuneration and terms of engagement of the Company's external auditors;
- reviewing the adequacy, effectiveness, independence, scope and results of the Company's internal audit function, being the primary reporting line of the internal audit function and deciding on the appointment, termination and remuneration of the internal audit function;
- ensuring that the Group complies with the applicable laws and regulations and to ensure that the Company has programmes and policies in place to identify and prevent fraud or irregularity, and discussing with the Company's external auditors, and at an appropriate time report to the Board, if the ARMC becomes aware of any suspected fraud or irregularity or suspected infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position, and commission and review the findings of internal investigations into such matters;
- reviewing and ensuring that policies and arrangements are in place for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on, and to ensure that the Company publicly discloses, and clearly communicates to employees of the Company, the existence and operation of a whistle-blowing policy and procedures for raising their concerns;
- reviewing all IPTs and related party transactions to ensure that they are on normal commercial terms, and that they do not prejudice the interests of the Company or its minority shareholders;
- monitoring and approving the exercise of any of the rights under the Non-Competition Agreement by the Group;
- monitoring entrusted loan arrangements entered into by the Group (whether as borrower or lender);
- monitoring and approving any lending by the Group to third parties which are not subsidiaries or associated companies of the Company;
- reviewing and monitoring the measures the Group has put in place in respect of the legal representatives of all its PRC-incorporated subsidiaries;

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- reviewing the adequacy of and approving procedures put in place related to the Group's policy for entering into any future hedging transactions; and
- undertaking generally such other functions and duties as may be required by law or the Listing Manual, and by amendments made thereto from time to time.

The ARMC is scheduled to meet at least four times a year. During the year under review, the ARMC reviewed the quarterly, half-yearly and annual financial statements and announcements, the financial reporting and compliance procedures, the report of the internal auditor on the Company's internal controls, and the re-appointment of the external auditors. It held informal meetings and discussions with management from time to time. The ARMC 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 ARMC and the Board evaluation checklists completed by the ARMC and the Directors respectively, the ARMC believes that it has fulfilled its responsibilities and discharged its duties as set out in its terms of reference. The Joint Company Secretaries maintain records of all ARMC meetings and these checklists. For more information on these checklists, please refer to Principle 5 of this Corporate Governance Report.

External Auditors

The ARMC undertook a review of the independence of PwC and gave careful consideration to the Group's relationship with PwC for FY2021. In determining the independence, the ARMC reviewed the Group's relationship with PwC and considered the nature and fees of non-audit services supplied by PwC. The ARMC is of the opinion that the nature and amount of such non-audit services did not impair PwC's position as an independent external auditor. Based on the review, the ARMC is of the opinion that PwC 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 RMB4,121,000 to the external auditor for its audit services. There were no non-audit fees paid to the external auditor.

In reviewing the nomination of PwC for re-appointment in respect of the financial year ending 31 December 2022, the ARMC has considered the adequacy of the resources, experience and competence of PwC. The consideration includes the experience of the audit partner and key team members in handling the audit of the Group in different jurisdictions. The audit fees, the size and complexity of the audit of the Group as well as the number and experience of the supervisory and professional staff assigned to the Group were taken into account. The ARMC had also considered the audit team's ability to work in a co-operative manner with management while maintaining integrity and objectivity.

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

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

ARMC's Commentary on Significant Financial Reporting Matters

The ARMC considered the following financial reporting matters as significant based on their potential impact on the Group's results, or based on the level of complexity, judgement, or estimation involved in their application.

Going Concern Basis of Preparation of Financial Statements

The application of the going concern basis for the preparation of the financial statements requires the Directors to consider whether the Group can meet its payment obligations as and when they fall due in the foreseeable future. The ARMC conducted an assessment as part of its supporting role given the inherent judgements required to be made in relation to the review of the cashflow forecast and compliance with debt financial covenants.

As of 31 December 2021, the current liabilities of the Group and of the Company exceeded the current assets by approximately RMB2,130,907,000 and RMB2,013,619,000 respectively. This is mainly due to the increase in short-term borrowings by RMB672 million drawn from the credit facilities secured in May 2021 to repay the US\$200 million syndicated term loan facility arranged by Standard Chartered Bank which was due in June 2021 (the outstanding amount as at 31 December 2020 was RMB913.5 million) and the reclassification of long-term loan of approximately RMB1,395,508,030 from the Group to short-term borrowings as at 31 December 2021, owing to non-compliance of a Financial Covenant as explained in Note 30 to the financial statements.

The financial statements have nevertheless been prepared on a going concern basis as the directors and management have assessed that it is appropriate to do so after considering the following:

- (A) the lenders of the borrowings have not called on the repayment of the borrowings mentioned above;
- (B) the Group's ability to finalise and obtain additional financing subsequent to year-end including:
 - (i) additional credit facilities from financial institutions; and
 - (ii) the Group refinanced short-term borrowings amounting to RMB247,363,000 by renewing the maturity date to another 12 months.
- (C) the Group's ability to generate positive cash flows from its operations;
- (D) as at the date of Company's announcement of the results for the full year ended 31 December 2021, the Group has RMB1,600 million of undrawn credit facilities, comprising RMB550 million for working capital, RMB802 million for projects and the remaining are for finance leases;
- (E) the Group had on 20 October 2021 announced that it had submitted an application to the Shenzhen Stock Exchange ("**SZSE**") for the proposed issuance of up to RMB1 billion in aggregate principal amount of Asset-Backed Securities for the repayment of short-term borrowings. The application has been accepted by, and is currently under the review of, the SZSE; and
- (F) the financial support, credit support and loans which Zhejiang Provincial Energy Group Co., Ltd. ("**Zheneng Group**") has provided in its capacity as the Group's largest controlling shareholder, as follows:
 - (i) as of 31 December 2021, the Group has obtained loans of RMB840 million, comprising a working capital loan of RMB540 million (drawn down from the credit line of RMB900 million obtained from Zhejiang Provincial Energy Group Finance Co., Ltd., as announced by the Company on 24 May 2021), RMB100 million in project financing and factoring financing of RMB200 million from Zheneng Group. Out of the total loans of RMB840 million obtained, RMB751 million has been included in current liabilities as at 31 December 2021;
 - (ii) the credit assessment and credit approval process of the Group's bankers generally involves the relevant banks assessing the Group's credit based on their credit assessment of Zheneng Group, and the relevant banks would typically earmark credit lines to be extended to the Group out of the overall credit lines and limits extended to Zheneng Group; and
 - (iii) Management will continue to actively seek an even greater degree of support from 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 broadening 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 and the relevant financial ratios of the Group.

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The ARMC held discussions with the management and reviewed the reasonableness of the above key assumptions and significant judgement made by the management in forecasting the future cash flows. The ARMC received assurance from management that the aforesaid key assumptions are achievable within the stipulated timeframes and that the projections were prepared on a reasonable and realistic basis.

The ARMC also held discussions with the external auditors on their audit procedures to test the cashflow forecast. The ARMC also noted the assessment of the ability of the Company and the Group to continue as a going concern by the external auditors and the relevant disclosures made in Note 2.2 to the financial statements.

In view of the foregoing, the ARMC is of the view that the Group is a going concern and the financial statements of the Company and the Group have been drawn up on this basis.

Recognition of revenue from construction services provided under service concession arrangements

The recognition of revenue from Build-Operate-Transfer (“BOT”) service concession agreements with the local government for the construction of waste-to-energy (“WTE”) plants which are within the scope of International Financial Reporting Interpretations Committee 12 Service Concession Arrangements requires a significant degree of management judgement and estimates of the total budgeted contract costs, the stage of completion of contract activity and the expected gross profit margin in accordance with International Financial Reporting Standard IFRS 15 Revenue from Contracts with Customer. In addition, the determination of the fair values of the consideration receivables and allocation of the consideration between service concession receivables and intangible assets involve the forecasting and discounting of future cash flows.

Based on the discussion with the management and the external auditors in conjunction with the annual audit, the ARMC is satisfied that the revenue has been appropriately recognized in accordance with the Group’s accounting policies and the gross profit margin is within a reasonable range of market rates applicable to construction services rendered by comparable companies.

Impairment of Property, Plant and Equipment

The ARMC considered the appropriateness of the methodology and processes applied by the management to review for indicators of impairment of property, plant and equipment (“Assets”). In addition, the ARMC held discussion with the management and reviewed the reasonableness of the key assumptions and the significant judgement made by the management in determining the recoverable amount of the Assets or the amount of impairment losses required to be recorded.

As at 31 December 2021, the carrying value of the Group’s Assets amounted to RMB10,038 million, accounting for 49% of the Group’s total assets. These assets are predominantly made up of buildings which the Group’s WTE plants operate in and the plant and machinery used in the day-to-day business. The Group has carried out impairment assessment on Assets’ carrying amounts to identify whether there are indicators for impairment. Where there are indicators of impairment, management assess the recoverable amount based on the higher of value in use and fair value less costs to sell.

As disclosed in the Company’s announcement on the results for the full year ended 31 December 2021, the Group is 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 the 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 2021, for certain WTE plants with impairment indicators, management performed assessment on impairment of the assets at cash generating unit level. Based on the impairment assessment carried out by management, no impairment loss was recorded.

In view of the foregoing, no additional impairment charge has been recognized in the statement of profit and loss.

Interested Person Transactions

On 20 July 2016, the Company obtained shareholders' approval for the Company, its subsidiaries and its associated companies not listed on the SGX-ST or an approved exchange, over which the Company, its subsidiaries and/or interested persons have control, to enter into transactions within the categories of Interested Person Transactions set out in the Company's prospectus dated 25 July 2016, with such persons within the class or classes of Interested Persons as described in the said prospectus, provided that such transactions are entered into in accordance with the review procedures set out in the said prospectus (the "IPT Mandate"). At the extraordinary general meeting of the Company ("EGM") held on 25 April 2017, shareholders had approved the renewal of the IPT Mandate. At the EGM held on 30 April 2018, shareholders had approved certain modifications to, and the renewal of, the IPT Mandate. At the EGMs held on 31 December 2018 and on 25 November 2019, shareholders had approved certain further modifications to the IPT Mandate. As such Interested Persons Transactions may occur at any time, and to allow the Group to undertake such transactions in an expeditious manner, shareholders' approval will be sought at the forthcoming AGM for the renewal of the IPT Mandate.

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

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

Name of interested person	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
Energy management contracting services provided to:			
Xiaoyi Xing'an Chemical Engineering Co., Ltd.	Associate of Mr. Dou	-	61,901
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	Associate of Mr. Dou	-	7,506
Guangxi Tiandong Jinsheng Chemical Engineering Co., Ltd	Associate of Mr. Dou	-	9,951
Jilin Shuangjia Environmental Protection Energy Utilization Co., Ltd.	Associate of Mr. Dou	-	3,615

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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)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		RMB'000	RMB'000
Purchases of materials from:			
Hangzhou Jinjiang Group Environment Technology Co., Ltd.	Associate of Mr. Dou	-	4,798
Beijing TDR Environ-Tech Co., Ltd.*	Associate of Mr. Dou	-	644
Xiaoyi Xing'an Chemical Engineering Co., Ltd.	Associate of Mr. Dou	-	968
Zhejiang Petroleum Integrated Energy Sales Co. Ltd	Associate of Zheneng Group	-	1,842
Zhejiang Zheneng Oil New Energy Co., Ltd.	Associate of Zheneng Group	-	1,262
Technical services obtained from:			
Zhejiang Zheneng Xingyuan Energy Saving Technology Co., Ltd	Associate of Zheneng Group	1,580	-
Purchases of coal from:			
Zhejiang Zheneng Fuxing Fuel Co., Ltd.	Associate of Zheneng Group	-	38,334
Hangzhou Huawang Shiye Group Co., Ltd.	Associate of Mr. Dou	-	3,504
Operations and maintenance services from:			
Zhejiang Jinrui Environmental Technology Co., Ltd* (f.k.a. Suzhou Jinrui Environmental Technology Co., Ltd)	Associate of Mr. Dou	5,420	-
Beijing Yunchuang Tiandi Environmental Protection Technology Service Co., Ltd.*	Associate of Mr. Dou	2,246	-
Engineering, procurement and construction services from:			
Zhejiang Tiandi Environmental Protection Technology Co., Ltd.	Associate of Zheneng Group	-	11,683
Beijing TDR Environ-Tech Co., Ltd.*	Associate of Mr. Dou	-	21,600

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)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		RMB'000	RMB'000
Interest expenses to:			
Zhejiang Provincial Energy Group Finance Co., Ltd.	Associate of Zheneng Group	24,570	-
Operations and maintenance services to:			
Hangzhou Jinjiang Group Environment Technology Co., Ltd.	Associate of Mr. Dou	-	1,653
Lianyuangang Jinchi Bio-technology Co., Ltd*	Associate of Mr. Dou	-	1,531
WTE project consulting services from:			
Hangzhou Jinjiang Group Co., Ltd.	Associate of Mr. Dou	50,000	-
Total		83,816	172,571

* Due to subsequent changes in shareholding, as at 31 December 2021, these entities have ceased to be associates of Mr. Dou.

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.

Material Contracts

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

Whistle-Blowing Policy

The Company has in place a whistle-blowing policy which sets out the procedures for staff of the Group or any other persons to, in confidence, make a report to the Company on misconduct or wrongdoing relating to the Company and its officers. A whistle-blower may submit a report to the Company's designated internal audit personnel either directly or through the Company's Official WeChat Account on an anonymous basis. The contact details of the designated internal audit personnel, the whistle-blowing policy and its procedures are clearly communicated and are made available to employees in order to facilitate and encourage reporting, investigation and resolution of such matters.

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The designated internal audit personnel will then promptly and independently investigate whistle-blowing reports made in good faith and report the findings of the investigation to the ARMC, which will then recommend appropriate follow up actions to be taken. If required, the ARMC may engage professional advisors at the Group's expense to assist in any investigation. The investigation team keeps the identity of the whistle-blower and contents of the report strictly confidential and will not disclose the identity of the whistle-blower except as required by law or regulatory authorities. The Company is committed to ensure protection of the whistle-blower against detrimental or unfair treatment. No adverse action will be taken against any Director, officer, employee or other individual for making a whistle-blowing report in good faith under the Company's whistle-blowing policy. Where a whistle-blowing report has been made, the Company will take all reasonable steps to ensure that no other person victimizes the whistle-blower. The ARMC is responsible for overseeing the implementation of the whistle-blowing policy and its terms of reference include the oversight and monitoring of whistle-blowing.

Dealings in Securities

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

Specifically, the code of conduct has procedures in place prohibiting dealings in the Company's shares by its Directors and officers while (a) in possession of unpublished material price sensitive information, (b) (if the Company announces its quarterly financial statements) during the periods commencing two weeks preceding the announcement date of the Company's quarterly results and one month preceding the announcement date of the Company's full year results and ending one full trading day following such announcements, and (c) (if the Company does not announce its quarterly financial statements) during the period commencing one month preceding the announcement date of the Company's half year and 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.

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 Huazhen LLP ("KPMG") as the Company's internal auditor. KPMG's primary reporting line is to the ARMC Chairman. The ARMC reviews and approves the appointment, termination, and remuneration of the head of the internal audit function. The ARMC meets with KPMG at least once annually without the presence of management. KPMG has unfettered access to all the Company's documents, records, properties and personnel, including access to the ARMC and management, and has appropriate standing within the Company.

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

Shareholders Rights and Engagement

Principle 11: Shareholder Rights and Conduct of General Meetings

The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects. 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 SGXNET.

The Board provided shareholders with half-yearly, third quarter and annual financial results in relation to FY2021. Results for the first, second and third quarter (where the Company announces its quarterly results) and the half-year (where the Company does not announce its quarterly results) are released to shareholders within 45 days of the end of each quarter and the annual results are released within 60 days from the financial year end. In presenting the Group's quarterly and annual results, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's performance and financial position with a commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which it operates.

General meetings of the Company are one of the principal forums for dialogue with shareholders. At general meetings, shareholders are given the opportunity to communicate their views and to ask the Directors questions on the various matters affecting the Company. All Directors are usually present and available at general meetings to address any queries. The external auditors are present at general meetings to assist the Directors in answering questions from shareholders as well as attending to queries on the conduct of audit and the preparation and content of the auditors' report. All Directors were present at all such general meetings of the Company held during FY2021. The Directors' attendance at the general meetings of the Company held in 2021 is disclosed under principle 1 above.

Due to the various control and safe distancing measures put in place in Singapore to prevent the spread of COVID-19 and notwithstanding the place in which the AGMs for the financial years ended 31 December 2019 and 31 December 2020 which were held on 24 June 2020 ("**FY2019 AGM**") and 26 April 2021 ("**FY2020 AGM**") respectively and the forthcoming FY2021 AGM which is to be physically held, other than in respect of the Chairman, Directors and/or representatives of the Company present at such location, the FY2019 AGM and the FY2020 AGM were convened and held, by way of electronic means pursuant to the Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period and checklist jointly issued by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and Singapore Exchange Regulation ("**Checklist**"), which is based on the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended) ("**Alternative Arrangements Order**").

Printed copies of the Notice of AGM and the proxy forms for the FY2019 AGM and the FY2020 AGM were not sent to members. Instead, the Notice of AGM and the proxy forms for the FY2019 AGM and the FY2020 AGM were sent to members by electronic means via publication on the Company's website at <http://en.znjhj.com/info.html> and the SGXNet.

The Company provides for separate resolutions at general meetings on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company will explain the reasons and material implications in the notice of the general meeting. Detailed information on each item in the agenda for the general meeting is provided in the explanatory notes to the Notice of meeting.

The Company prepares minutes of general meetings, which record substantial comments and queries from shareholders relating to the agenda of such meetings. Save for the FY2019 AGM, the FY2020 AGM and the forthcoming FY2021 AGM, the Company generally does not publish its minutes of general meetings on its corporate website. However, the minutes are available to shareholders upon request. Presentation slides are made available on the SGXNET for the benefit of shareholders. Despite having varied from provision 11.5 of the Code, the Board believes that consistent with the intent of principle 11 of the Code, the Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company, and has given shareholders a balanced and understandable assessment of its performance, position and prospects.

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

Corporate Governance Report

All shareholders are given the opportunity to participate effectively in and to 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. "Relevant intermediaries" such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund Board, are allowed to appoint more than two proxies to attend and vote at general meetings. 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. However, the Company's Memorandum and Articles of Association do not permit voting in absentia by mail, facsimile or e-mail as such voting methods would need to be cautiously evaluated to ensure that the authenticity of the vote and shareholders' identities are not compromised.

For the FY2019 AGM and the FY2020 AGM, the Company had put in place arrangements for shareholders to participate in the meeting by submitting questions ahead of the meeting, voting by proxy and/or watching or listening to the proceedings via a "live" webcast pursuant to the Checklist. The questions can be submitted (i) via the pre-registration website; (ii) by email to an electronic mail address; (iii) and by post to the registered office address of the Company's Share Transfer Agent, no later than 72 hours before the FY2019 AGM and the FY2020 AGM. The proxy forms, if submitted (i) by post, are to be lodged at the registered office of the Company's Share Transfer Agent or (ii) electronically, the scanned PDF copy is to be submitted by email to the Company's Share Transfer Agent, no later than 72 hours before the FY2019 AGM, the FY2020 AGM and the forthcoming FY2021 AGM. At the FY2019 AGM and the FY2020 AGM, the Company also addressed the questions which were submitted by shareholders prior to the submission deadline.

For the forthcoming FY2021 AGM, as the Company will not be utilising real-time remote electronic voting and real-time electronic communication, shareholders are allowed at least 7 calendar days after the publication of the notice of general meeting to submit their questions and all substantial and relevant questions received from shareholders will be publicly addressed at least 48 hours prior to the closing date and time for the lodgement of the Proxy Forms, in compliance with the Checklist which was further updated on 4 February 2022.

The Company had informed the shareholders of such alternative arrangements and the details relating thereto ahead of the FY2019 AGM and the FY2020 AGM in its Notice of AGM and Proxy Forms released by the Company on SGXNet and its corporate website.

All resolutions tabled by the Company at a general meeting are put to the vote by poll pursuant to Rule 730A(2) of the SGX-ST Listing Manual. Where physical meetings are held, poll voting is typically conducted "live" during such meeting. Even when meetings are conducted by electronic means (such as the FY2019 AGM, the FY2020 AGM and the forthcoming FY2021 AGM), the resolutions tabled by the Company at such meetings are still voted on by poll notwithstanding that shareholders do not vote "live" during the meeting itself. The chairman of the meeting, acting as proxy, will cast the votes in accordance with the instructions specified by shareholders in their respective proxy forms in accordance with the requirements under the Alternative Arrangements Order (as defined below). Voting by poll allows for an equitable and transparent voting process. Shareholders will be better able to demonstrate their concerns in a manner more accurately reflective of their shareholdings. Independent scrutineers are appointed to conduct the voting process. The results of the general meetings are announced via SGXNet after the general meetings.

The application duration of the Alternative Arrangements Order has been extended to allow entities to hold general meetings via electronic means until revoked or amended by the Ministry of Law, even where entities are permitted under safe distancing regulations to hold physical meetings. In view of the current COVID-19 restriction orders in Singapore and the related safe distancing measures, the Company will be conducting its forthcoming FY2021 AGM via electronic means in accordance with the Checklist which was updated on 27 April 2020, 22 June 2020, 1 October 2020 and 4 February 2022.

The Company currently does not have a fixed dividend policy. When making recommendations on the timing, amount and form of future dividends, if any, the Board will consider, among other things, the Group's results of operations and cash flow, expected financial performance and working capital needs, future prospects, capital expenditures and other investment plans, other investment and growth plans and the general economic and business conditions and other factors deemed relevant by the Board and statutory or contractual restrictions on the payment of dividends. For the financial year ended 31 December 2021, no dividend has been recommended as the Group is expanding its business operations, with a view of achieving sustainable and long-term growth of its business. These projects require considerable financial resources and the Group's priority is to manage its cash flow prudently and responsibly so as to ensure that its financial commitments are met.

Principle 12: Engagement 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 financial statements and other presentation materials are presented at the Company's general meetings. Material and price-sensitive information are disseminated and publicly released via the SGXNET and the Company's website on a timely basis. The notice of AGM is advertised in the press and the annual report and the notice of AGM are released via SGXNET and the Company's website.

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 has in place an investor relations programme which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders. The investor relations programme sets out the mechanisms through which shareholders may contact the Company with questions and through which the Company may respond to such questions.

Managing Stakeholders Relationships

Principle 13: Engagement with Stakeholders

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served. The Company has identified its stakeholders as those who are impacted by the Group's business and operations and those who are able to materially impact the Company's business and operations. Four stakeholder groups have been identified following an assessment of their significance to the Group's business operations. The Group's stakeholders are, namely, investors, employees, the local community and regulators.

The Company has undertaken a materiality assessment to determine six material environmental, social and governance (ESG) factors which are important to these stakeholders and are the Company's sustainability priorities. These issues form the materiality matrix upon which targets, performance and progress are reviewed and endorsed by the Board annually. Underpinned by the six material ESG factors, the Company focuses on four priority areas in sustainability, namely, economic performance, environmental services and impacts, workforce and corporate governance, to bring about positive value for its key stakeholders. Having identified its stakeholders and the material ESG factors, the Company has mapped out the key areas of focus in relation to the management of the respective stakeholder relationships. Please refer to the Sustainability Report on pages 43 to 69 of this Annual Report for further details.

The Company has made available its sustainability report in the annual report. Sustainability is essential to provide sustainable solutions and bring about positive values for our customers, investors, employees, the local community and regulators.

The Company's website can be found at <http://www.znjhj.com/>, which remains updated and current and offers a platform to communicate and engage with stakeholders.



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The directors present their statement to the members together with the audited consolidated financial statements of the Group for the financial year ended 31 December 2021 and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2021.

In the opinion of the directors, the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group as set out on pages 118 to 199 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2021, the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Directors

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

Wei Dongliang
Wang Ruihong
Ang Swee Tian
Hee Theng Fong
Tan Huay Lim
Ni Mingjiang

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share Options and Performance Shares" in this statement.

Directors' interests in shares or debentures

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 31.12.2021	At 1.1.2021	At 31.12.2021	At 1.1.2021
Zheneng Jinjiang Environment Holding Company Limited				
<i>(No. of ordinary shares)</i>				
Wang Ruihong	2,100,000	2,100,000	-	-
Ang Swee Tian	171,000	80,000	-	-

- (b) The directors' interest in the ordinary shares and convertible securities of the Company as at 21 January 2022 were the same as those as at 31 December 2021.

Directors' Statement

Share Options and Performance Shares

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

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

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

During the current financial year, there were no shares granted under the Plan. As at 31 December 2021, the Company has granted 23,394,700 shares under the Plan. All entitled employees are required to pay 30% of the closing market price of the shares awarded to them on the date of grant in cash as a condition for the vesting of the share awards. These shares were granted without a vesting period but will be subject to a moratorium on trading of 12 months from the date of issuance and allotment.

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

- (a) The information on directors of the Company participating in the Plan is as follows:

Name of directors	Granted in financial year ended 31.12.2021	Aggregate granted since commencement of scheme to 31.12.2021	Aggregate exercised since commencement of scheme to 31.12.2021	Aggregate outstanding as at 31.12.2021
Wang Ruihong	-	2,100,000	-	2,100,000

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

- (b) Options to take up unissued shares

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

- (c) 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.

- (d) 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.

Audit and Risk Management Committee

The members of the Audit and Risk Management Committee at the end of the financial year were as follows:

Tan Huay Lim (Chairman)

Hee Theng Fong

Ang Swee Tian

All members of the Audit and Risk Management Committee were non-executive directors.

The Audit and Risk Management Committee has reviewed the following:

- the internal and external auditors' audit plans and results of their examination and evaluation of the Group's systems of internal accounting controls;
- the Group's financial and operating results and accounting policies;
- the Group's key financial risk areas and risk management structure;
- the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditor's report on those financial statements;
- the quarterly and annual announcements on the results and financial position of the Company and the Group;
- the interested person transactions as defined under Chapter 9 of the SGX-ST Listing Manual;
- the scope, approach and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditor;
- the co-operation and assistance given by the management to the Group's internal and external auditors; and
- the re-appointment of the external auditors of the Group.

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

The Group has complied with Rules 712 and 715 read together with Rule 716 of the Listing Manual issued by Singapore Exchange Securities Trading Limited in relation to its auditors.

The Audit and Risk Management Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Directors' Statement

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Wei Dongliang
Director

Wang Ruihong
Director

8 April 2022

Our Opinion

In our opinion, the accompanying consolidated financial statements of Zheneng Jinjiang Environment Holding Company Limited ("the Company") and its subsidiaries ("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 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year then ended in accordance with the International Financial Reporting Standards ("IFRSs").

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the year ended 31 December 2021;
- the consolidated statement of financial position of the Group as at 31 December 2021;
- the statement of financial position of the Company as at 31 December 2021;
- the consolidated statement of changes in equity of the Group and the statement of changes in equity of the Company for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA 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 ACRA Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.2 in the financial statements, which indicates that as of 31 December 2021, the current liabilities of the Group and of the Company exceeded the current assets by approximately RMB2,131 million and approximately RMB2,014 million respectively. As stated in Note 2.2, these events or conditions, along with other matters as set forth in Note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the ability of the Group and of the Company to continue as going concerns. Our opinion is not qualified in respect of this matter.

Independent Auditor's Report

To the members of Zheneng Jinjiang Environment Holding Company Limited

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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 for the financial year ended 31 December 2021. 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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter

How our audit addressed the Key Audit Matter

Recognition of revenue from construction services provided under service concession arrangements (the "construction services revenue")

(Refer to Notes 2.3, 2.14, 3.1(a), 3.2(a), and 4 to the consolidated financial statements.)

The Group entered into certain service concession arrangements (such as "Build-Operate-Transfer" arrangements ("BOT arrangements")) in respect of its waste-to-energy ("WTE") plants with local government authorities ("Grantors") in the People's Republic of China ("PRC").

For BOT arrangements under the scope of IFRS Interpretations Committee ("IFRIC") 12 "Service Concession Arrangements", the Group accounted for their construction revenue by reference to the fair value of the construction services delivered in the construction phase. The fair value of such services is estimated on a cost-plus basis with reference to the prevailing market rate of gross margin at the date of the agreement applicable to similar construction services rendered.

The construction services revenue recognized for the year ended 31 December 2021 amounted to approximately RMB692 million, representing approximately 17% of the Group's total revenue.

We focused on auditing the revenue from construction services under BOT arrangements because it can be materially affected by the assumptions and estimates used (i.e. the estimates on projected construction costs and the gross margin). The inherent risk is considered significant due to subjectivity of these assumptions and estimates.

Our audit procedures in relation to the recognition of construction services revenue included:

- Understood and evaluated the management's policies, key controls and processes in allocation of the considerations for the construction of the WTE plants among the different services as provided by the Group under BOT arrangements and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the level of other inherent risk factors such as subjectivity of the key assumptions and estimates applied;
- Assessed the reasonableness of the key assumptions and estimates as applied by management in determining the amounts of construction services revenue by:
 - Comparing the projected construction costs as applied by management against the total budget costs as approved by management and inspected the relevant signed construction contracts;
 - Comparing the estimated gross margins as applied by management against those of the comparable companies in the construction industry.
- Tested the mathematical accuracy of the calculations of the amounts of construction services revenue recognised by the Group.

Based on our audit procedures, we found the key assumptions and estimates used by management in determining the recognition amount of construction services revenue to be supportable by the evidence obtained and procedures performed.

Key Audit Matter

How our audit addressed the Key Audit Matter

Impairment of property, plant and equipment

(Refer to Notes 2.12, 3.1(c) and 21 to the consolidated financial statements)

As at 31 December 2021, the carrying amounts of the Group's property, plant and equipment amounted to approximately RMB10,038 million, representing approximately 49% of the Group's total assets.

Property, plant and equipment are tested for impairment whenever there is an indication that these assets may be impaired. The Group regularly reviews whether there are any indications of impairment and recognizes an impairment loss if the carrying amount of an asset is higher than its recoverable amount (which is the higher of the fair value less costs of disposal and the value in use).

In 2021, for certain WTE plants with impairment indicators, management performed assessment on impairment of the assets at cash generating unit ("CGU") level. Based on the assessment, the Group does not expect any impairment arising from these WTE plants. We focused on the impairment of property, plant and equipment due to the significant management's judgements, assumptions and estimates involved in the impairment assessment (including identification of the existence of impairment indicators). The inherent risk is considered significant due to the subjectivity of significant judgement and estimates used by management.

Our audit procedures in relation to impairment assessment of property, plant and equipment included:

- Understood and evaluated the management's internal control and process in assessing the impairment of property, plant and equipment (including the identification of the existence of impairment indicators) and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias;
- Assessed the reasonableness of management's determination of CGU based on our knowledge of business including the use of assets and internal reporting process;
- Assessed the appropriateness of management's use of valuation methodology and its compliance with management's circumstances and relevant accounting standards;
- Assessed management's forecast and calculation of the CGU's value in use, including:
 - Assessing the reasonableness of revenue growth rate by comparing the historical operating results and future operation plans of the CGUs, taking into consideration of the economic and industry outlook;
 - Assessing the discount rate by referencing to market data, and risk factors of comparable companies and market premium;
 - Assessing the reasonableness of other key input data such as capital expenditure by comparing with the management budget and corroborating with industry information; and
 - Testing the mathematical accuracy of the discounted cash flows model.

Based on the audit procedures performed above, we found management's judgement and estimates in relation to the impairment assessment of property, plant and equipment to be supportable by the evidence obtained and procedures performed.

Independent Auditor's Report

To the members of Zheneng Jinjiang Environment Holding Company Limited

Other Information

Management is responsible for the other information. The other information comprises all the sections of 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 a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 or 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tham Tuck Seng.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 8 April 2022

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2021

	Note	2021 RMB'000	2020 RMB'000
Revenue	4	4,060,376	3,084,664
Cost of sales	5	(3,007,865)	(2,192,172)
Gross profit		1,052,511	892,492
Other income			
- Interest	7	11,702	19,727
- Others	7	132,523	136,790
Loss allowance recognised on financial assets	39(b)	(16,817)	(24,406)
Other gains and losses, net	8	41,167	97,927
Expenses			
- Administrative	5	(233,372)	(252,518)
- Finance	9	(361,676)	(355,490)
- Others	10	(30,273)	(37,518)
Share of loss of associates		(534)	(325)
Share of (loss)/profit of joint ventures		(11,931)	1,004
Profit before income tax		583,300	477,683
Income tax expense	11	(130,238)	(147,194)
Profit for the year		453,062	330,489
Other comprehensive loss:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation	33(iv)	(11,172)	(37,830)
Other comprehensive loss, net of tax		(11,172)	(37,830)
Total comprehensive income		441,890	292,659
Profit attributable to:			
Equity holders of the Company		438,024	326,934
Non-controlling interests	15	15,038	3,555
		453,062	330,489
Total comprehensive income attributable to:			
Equity holders of the Company		426,852	289,104
Non-controlling interests	15	15,038	3,555
		441,890	292,659
Earnings per share attributable to the equity holders of the Company: (RMB cents per share)			
Basic and diluted earnings per share	12	30.12	22.48

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

Statements of Financial Position

As at 31 December 2021

	Note	GROUP		COMPANY	
		2021	2020	2021	2020
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Current assets					
Cash and cash equivalents		387,801	361,313	15,722	26,757
Pledged bank deposits	13	818,234	242,612	79,423	83,526
Trade and other receivables	14	2,438,221	1,715,195	-	-
Amounts due from non-controlling interests	15	25,896	32,114	-	-
Amounts due from related parties	16	718,976	649,489	2,258	-
Contract assets	4	17,832	81,540	-	-
Service concession receivables	18	63,976	49,359	-	-
Other tax recoverable	19	386,550	330,802	-	-
Inventories	20	62,216	56,784	-	-
Total current assets		4,919,702	3,519,208	97,403	110,283
Non-current assets					
Other receivables	14	152,448	167,659	-	1,155
Amounts due from related parties	16	-	-	-	552
Amounts due from subsidiaries	17	-	-	2,116,567	2,410,053
Service concession receivables	18	736,432	649,627	-	-
Property, plant and equipment	21	10,037,818	9,291,612	-	-
Investments in associates	22	15,613	16,147	-	-
Investments in joint ventures	23	204,765	213,606	5,039	5,039
Investments in subsidiaries	24	-	-	1,798,280	1,798,280
Investment property	25	24,875	26,276	-	-
Intangible assets	28	4,289,074	3,882,549	-	-
Total non-current assets		15,461,025	14,247,476	3,919,886	4,215,079
Total assets		20,380,727	17,766,684	4,017,289	4,325,362

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

Statements of Financial Position

As at 31 December 2021

	Note	GROUP		COMPANY	
		2021	2020	2021	2020
		RMB'000	RMB'000	RMB'000	RMB'000
LIABILITIES					
Current liabilities					
Amounts due to non-controlling interests	15	4,507	-	-	-
Amounts due to related parties	16	55,680	91,056	-	-
Amounts due to subsidiaries	17	-	-	85,884	85,885
Lease liabilities	26	5,035	39,194	-	-
Trade and other payables	29	2,077,756	1,690,636	10,505	8,969
Borrowings	30	4,706,413	2,588,705	2,014,633	913,486
Deferred grant	34	17,065	17,080	-	-
Other tax liabilities	35	61,096	78,870	-	-
Income tax liabilities		123,057	148,201	-	-
Total current liabilities		7,050,609	4,653,742	2,111,022	1,008,340
Net current liabilities		(2,130,907)	(1,134,534)	(2,013,619)	(898,057)
Non-current liabilities					
Borrowings	30	5,774,970	6,090,635	-	1,323,305
Lease liabilities	26	2,457	5,482	-	-
Deferred tax liabilities	31	618,953	542,392	-	-
Deferred grant	34	364,020	345,978	-	-
Provision for major overhauls	36	24,826	23,053	-	-
Provision for contingent liabilities	37	-	2,400	-	-
Total non-current liabilities		6,785,226	7,009,940	-	1,323,305
Total liabilities		13,835,835	11,663,682	2,111,022	2,331,645
NET ASSETS		6,544,892	6,103,002	1,906,267	1,993,717
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	32	96	96	96	96
Share premium		1,601,100	1,601,100	1,601,100	1,601,100
Other reserves	33	515,890	491,107	1,057,112	1,057,112
Retained profits/(accumulated losses)		4,285,581	3,883,512	(752,041)	(664,591)
		6,402,667	5,975,815	1,906,267	1,993,717
Non-controlling interests	15	142,225	127,187	-	-
Total equity		6,544,892	6,103,002	1,906,267	1,993,717

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2021

← Attributable to equity holders of the Company →

	Share capital (Note 32)	Share premium	Other reserves (Note 33)	Retained profits	Total	Non-controlling Interests (Note 15)	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
GROUP							
2021							
Balance as at 1 January 2021	96	1,601,100	491,107	3,883,512	5,975,815	127,187	6,103,002
Profit for the year	-	-	-	438,024	438,024	15,038	453,062
Other comprehensive loss for the year	-	-	(11,172)	-	(11,172)	-	(11,172)
Total comprehensive income for the year	-	-	(11,172)	438,024	426,852	15,038	441,890
Transactions with owners, recognised directly in equity							
Appropriation to reserves	-	-	35,955	(35,955)	-	-	-
	-	-	35,955	(35,955)	-	-	-
Capital contribution from non-controlling interests	-	-	-	-	-	5,265	5,265
Dividends paid to non-controlling interests	-	-	-	-	-	(5,265)	(5,265)
Balance as at 31 December 2021	96	1,601,100	515,890	4,285,581	6,402,667	142,225	6,544,892
2020							
Balance as at 1 January 2020	96	1,601,100	491,920	3,593,595	5,686,711	127,958	5,814,669
Profit for the year	-	-	-	326,934	326,934	3,555	330,489
Other comprehensive loss for the year	-	-	(37,830)	-	(37,830)	-	(37,830)
Total comprehensive income for the year	-	-	(37,830)	326,934	289,104	3,555	292,659
Transactions with owners, recognised directly in equity							
Appropriation to reserves	-	-	37,017	(37,017)	-	-	-
	-	-	37,017	(37,017)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	(4,326)	(4,326)
Balance as at 31 December 2020	96	1,601,100	491,107	3,883,512	5,975,815	127,187	6,103,002

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

Statement of Changes in Equity

For the financial year ended 31 December 2021

	← Attributable to equity holders of the Company →				
	Share capital (Note 32) RMB'000	Share premium RMB'000	Other reserves (Note 33) RMB'000	Accumulated losses RMB'000	Total equity RMB'000
COMPANY					
2021					
Balance as at 1 January 2021	96	1,601,100	1,057,112	(664,591)	1,993,717
Loss for the year, representing total comprehensive loss for the year	-	-	-	(87,450)	(87,450)
Balance as at 31 December 2021	96	1,601,100	1,057,112	(752,041)	1,906,267
2020					
Balance as at 1 January 2020	96	1,601,100	1,057,112	(527,859)	2,130,449
Loss for the year, representing total comprehensive loss for the year	-	-	-	(136,732)	(136,732)
Balance as at 31 December 2020	96	1,601,100	1,057,112	(664,591)	1,993,717

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2021

	2021 RMB'000	2020 RMB'000
Cash flows from operating activities		
Profit before tax	583,300	477,683
Adjustments for:		
- Amortisation of intangible assets	149,050	142,716
- Compensation income on closure of WTE plant	-	(21,026)
- Deferred grant recognised	(36,781)	(38,502)
- Depreciation of investment property	898	937
- Depreciation of property, plant and equipment	375,149	321,116
- Depreciation of right-of-use assets	81,594	92,030
- Finance expenses	361,676	355,490
- Foreign exchange gains	(50,166)	(188,509)
- Impairment loss on prepayments	71	33,152
- Impairment loss on property, plant and equipment	-	4,366
- Impairment loss on intangible asset	30,202	-
- Financial income under service concession arrangements	(42,601)	(44,193)
- Bank interest income	(11,702)	(19,727)
- Loss allowance on other receivables	10,899	13,316
- Loss allowance on trade receivables	5,918	11,090
- Loss on disposal of property, plant and equipment	444	52,055
- Loss on disposal of shares of joint venture	556	-
- Share of loss/(profit) of joint ventures	11,931	(1,004)
- Share of loss of an associate	534	325
- Write-off of property, plant and equipment upon closure of WTE plant	-	12,896
	1,470,972	1,204,211
Change in working capital		
- Trade and other receivables	(680,025)	(103,271)
- Service concession receivables	(101,422)	(20,404)
- Contract assets	63,708	(5,353)
- Other tax recoverable	(55,747)	(66,664)
- Inventories	(5,432)	(19,647)
- Intangible assets	(580,261)	(433,458)
- Trade and other payables	310,519	10,277
- Other tax liabilities	(17,773)	22,385
- Amounts due from related parties	(69,487)	(100,739)
- Amounts due from non-controlling interests	6,218	23,477
- Amounts due to related parties	14,298	(46,713)
- Deferred grants	54,808	11,116
- Provision for contingent liabilities	(2,400)	2,400
Cash generated from operations	407,976	477,617
Income tax paid	(78,819)	(48,732)
Net cash generated from operating activities	329,157	428,885
Cash flows from investing activities		
Interest received	6,111	18,061
Additions to property, plant and equipment	(1,097,656)	(1,490,591)
Additions to intangible assets – software	(2,958)	(1,844)
Investments in associates	-	(2,000)
Investments in joint ventures	(22,371)	-
Proceeds from disposal of shares of joint venture	18,725	-
Bank deposits pledged	24,655	65,692
Proceeds from closure of WTE plant	9,836	40,998
Proceeds from disposal of property, plant and equipment	2,813	8,750
Net cash used in investing activities	(1,060,845)	(1,360,934)

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2021

	2021	2020
	RMB'000	RMB'000
Cash flows from financing activities		
Proceeds from borrowings	5,115,390	6,557,765
Repayment of borrowings	(3,277,050)	(3,726,564)
Repayment of notes payables	-	(1,415,900)
Payment of finance costs	(439,559)	(459,048)
Pledged bank deposits for borrowings	(602,591)	263,140
Repayment of lease liabilities	(35,274)	(366,963)
Dividends paid to non-controlling interests	-	(5,723)
Net cash generated from financing activities	<u>760,916</u>	<u>846,707</u>
Net increase/(decrease) in cash and cash equivalents	29,228	(85,342)
Cash and cash equivalents		
Beginning of financial year	361,313	442,123
Effects of currency translation on cash and cash equivalents	(2,740)	4,532
End of financial year	<u>387,801</u>	<u>361,313</u>

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

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Zheneng Jinjiang Environment Holding Company Limited (the "Company") was incorporated on 8 September 2010 as an exempt company with limited liability in Cayman Islands with its registered office presently at Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands and principal place of business at 1 Yinxiu Road, Level 19, Tower A, Hangyue Commercial Center, Gongshu District, Hangzhou City, Zhejiang Province, the People's Republic of China (the "PRC"). The single largest shareholder is Zhejiang Provincial Energy Group Co., Ltd., which is controlled by State-owned Assets Supervision and Administration Commission of the People's Government of Zhejiang Province.

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

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

The principal activity of the Company is that of an investment holding company. The Group is mainly engaged in the generation and sales of electricity and steam, operation of waste-to-energy plants and project management, technical consulting and advisory services and energy management contracting business. The principal activities of the subsidiaries, associates and joint ventures are disclosed in Notes 24, 22 and 23 to the consolidated financial statements respectively.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2021

On 1 January 2021, the Group has adopted the new or amended IFRS and interpretations issued by the IFRS Interpretations Committee ("IFRIC") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS and IFRIC.

The adoption of these new or amended IFRS and IFRIC did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2021 (continued)

The following are the new or amended Standards and Interpretations (issued up to 30 September 2021) that are not yet applicable, but may be early adopted for the current financial year.

Annual periods commencing on	Description
1 January 2022	Amendments to: <ul style="list-style-type: none">- IFRS 3 Business Combinations (Reference to the Conceptual Framework)- IAS 16 Property, Plant and Equipment (Proceeds before Intended Use)- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts - Cost of Fulfilling a Contract) Annual improvements to IFRSs 2018 - 2020
1 January 2023	Amendments to: <ul style="list-style-type: none">- IAS 1 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 (Disclosure of Accounting Policies)- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)- IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction
To be determined	Amendments to: <ul style="list-style-type: none">- IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)

The new or amended accounting Standards and Interpretations listed above are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.2 Going concern

As of 31 December 2021, the current liabilities of the Group and of the Company exceeded the current assets by approximately RMB2,130,907,000 and RMB2,013,619,000 respectively. Furthermore, included in the current liabilities of the Group and of the Company are outstanding borrowings of RMB1,395,508,030 and RMB1,325,508,030 respectively, that are without pledged bank deposits and that the banks are contractually entitled to request for immediate repayment as a result of the non-compliance of the Financial Covenant (as described in Note 30 to the consolidated financial statements) and the consequential cross default in relation to other borrowings. These conditions indicate that a material uncertainty exists that may cast significant doubt on the ability of the Group and of the Company to continue as going concerns.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.2 Going concern (continued)

The financial statements have nevertheless been prepared on a going concern basis as the directors and management have assessed that it is appropriate to do so after considering the following:

- (A) the lenders of the borrowings have not called on the repayment of the borrowings mentioned above and the Group has maintained communication with relevant banks and financial institutions to explain changes in the financial conditions;
- (B) the Group's ability to finalise and obtain additional financing including:
 - (i) additional credit facilities from financial institutions subsequent to year-end;
 - (ii) proposed issuance of up to RMB1 billion in aggregate principal amount of Asset-Backed Securities ("ABS") which is currently under review for approval by the Shenzhen Stock Exchange;
- (C) the Group's ability to generate positive cash flows from its operations;
- (D) as disclosed in Note 30 to the consolidated financial statements, the Group had obtained loans of RMB840 million as of 31 December 2021 from subsidiaries of its single largest shareholder, Zhejiang Provincial Energy Group Co., Ltd. ("Zheneng Group"), which is a state-owned provincial energy enterprise with great financial strength and good credit standing and will continue to actively seek financial support from Zheneng Group.

The directors have reviewed the Group's cash flow projection prepared by management, which covers a period of at least twelve months from 31 December 2021, and are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient funds to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2021. Accordingly, the directors are satisfied that it is appropriate to prepare the accompanying financial statements on a going concern basis.

Notwithstanding the plans and measures taken by management, material uncertainties exist as to whether the Group is able to achieve its plans and measures as described above.

Whether the Group will be able to continue as a going concern would depend upon one or more of the following:

- (A) the lenders of the borrowings will not call for the repayment ahead of the stipulated repayment dates;
- (B) the Group is successful in its efforts to obtain or timely execute the aforementioned financing before the stipulated repayment dates;
- (C) the Group continues to generate positive cash flows from its operations; and/or
- (D) the Group is able to obtain timely and sufficient financial support from its single largest shareholder when needed.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the financial statements, to provide for any future liabilities which might arise. In addition, in the event that the Group and the Company do not continue as going concerns, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities respectively. Such adjustments have not been made to the accompanying financial statements.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.3 Revenue

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

(a) Sale of goods

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

(b) Rendering of services

(i) Project technical and management service and Energy Management Contracting (“EMC”) business

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

(ii) Equipment selection and sale

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

(iii) Revenue from waste treatment

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

(c) Interest income

Interest income is recognised using the effective interest rate method.

(d) Construction services

(i) Construction contracts

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

Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15 – Revenue from Contracts with Customers.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.3 Revenue (continued)

(d) Construction services (continued)

(ii) Contract costs

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

(iii) Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligation.

Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

2.4 Government grants

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants are deferred and recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to the purchase of assets are included in non-current liabilities as deferred grant and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.5 Accounting for common control transactions

The predecessor values method of accounting is used to account for the transfer of businesses from entities under common control.

In the application of the predecessor values method of accounting, the transaction can either be accounted for as if it had taken place at the beginning of the earliest period presented (or the date that the entities were first under common control, if later), or prospectively from the date of transfer of the businesses. The Group and the Company has elected to account for such transactions as if it had taken place at the beginning of the earliest period presented (or the date that the entities were first under common control, if later).

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.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.6 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.6 Group accounting (continued)

(a) Subsidiaries (continued)

(iii) Disposals (continued)

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries, associates and joint ventures" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Associates and joint ventures

Associates are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisition

Investments in associates and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associates and joint ventures represents the excess of the cost of acquisition of the associates or joint venture over the Group's share of the fair value of the identifiable net assets of the associates company or joint venture and is included in the carrying amount of the investments.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associates' or joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associates or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associates or joint venture equals to or exceeds its interest in the associates or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associates or joint venture. If the associates or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associates or joint venture includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.6 Group accounting (continued)

(c) Associates and joint ventures (continued)

(ii) Equity method of accounting (continued)

Unrealised gains on transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associates or joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associates or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associates or joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries and joint ventures" for the accounting policy on investments in subsidiaries and joint ventures in the separate financial statements of the Company.

2.7 Property, plant and equipment

(a) Measurement

(i) Buildings

Buildings are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Other property, plant and equipment

Other property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purpose other than to produce inventories. Cost also includes borrowing costs (refer to Note 2.9 on borrowing costs).

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.7 Property, plant and equipment (continued)

(b) Depreciation

Depreciation on property, plant and equipment (other than construction-in-progress) is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold land	30 - 50 years
Buildings	25 years
Plant and machinery	12 - 20 years
Furniture, fixture and equipment	5 years
Motor vehicles	8 years

No depreciation is charged for assets under construction until they are completed and transferred to appropriate asset categories. The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

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.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains and losses, net".

2.8 Intangible assets

(a) Acquired computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

(b) Service concession arrangements

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

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.9 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction expenditures that are financed by general borrowings.

2.10 Investment property

Investment property comprises of office units that are held for long-term rental yields and/or for capital appreciation.

Investment property are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

Depreciation is calculated using a straight-line method after taking into account of their estimated residual value to allocate the depreciable amounts over the estimated useful lives of 99 years.

The residual values, useful lives and depreciation method of investment property are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.11 Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.12 Impairment of non-financial assets

Intangible assets
Property, plant and equipment
Right-of-use assets
Investments in subsidiaries, associates and joint ventures

Intangible assets, property, plant and equipment, right-of-use assets and investments in subsidiaries, associates and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less costs of disposal and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.12 Impairment of non-financial assets (continued)

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.13 Financial assets

(a) Classification and measurement

The Group classifies its financial assets as measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- **Amortised cost:** Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.13 Financial assets (continued)

(b) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 39 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by the IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables, amounts due from related parties, service concession receivables and cash and cash equivalents, the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk from initial recognition, lifetime expected credit loss will be calculated and recognised.

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.14 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 assets” above.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.14 Service concession arrangements (continued)

Consideration given by the grantor (continued)

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

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

Construction of service concession related infrastructure

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

Operating services

Revenue relating to operating services is accounted for in accordance with the policy for "Revenue (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.

2.15 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.16 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.17 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.18 Leases

When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are presented within "Property, plant and equipment".

- Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a changes in the Group's assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

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

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.18 Leases

When the Group is the lessee: (continued)

- Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

When the Group is the lessor:

The Group leases investment property under operating leases to non-related party.

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

2.19 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.20 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.20 Income taxes (continued)

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment property. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.22 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share award reserve on the grant date. The total amount to be recognised on the grant date is determined by reference to the fair value of the options granted on grant date. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

There is no vesting period for the share options. On the vesting date, the Group recognises the number of shares under options that are exercised and recognises the impact in profit or loss, with a corresponding adjustment to the share award reserve. The proceeds received (net of transaction costs) and the related balance previously recognised in the share award reserve are credited to the share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.22 Employee compensation (continued)

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the balance sheet date.

2.23 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Renminbi, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Other gains and losses, net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.23 Currency translation (continued)

(c) Translation of Group entities' financial statements (continued)

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.25 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.26 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.27 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

3. Critical accounting estimates, assumptions and judgements (continued)

3.1 Critical accounting estimates and assumptions

(a) 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 build-operate-transfer (“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 assets, intangible assets and corresponding finance income.

The assumptions used and estimates made can materially affect the fair value estimates. The carrying amount of the Group’s financial receivables and intangible assets arising from service concession arrangements at the end of the reporting period is disclosed in Notes 18 and 28 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 4 to the consolidated financial statements. The gross profit margins recognised for third party constructed infrastructure in relation to service concession arrangement are estimated by management based on prevailing market rate applicable to construction services rendered by comparable companies.

(b) Useful lives and residual values of property, plant and equipment

Management exercises their judgement in estimating the useful lives and residual values of the depreciable assets. The estimated useful lives reflect management’s estimate of the period that the Group intends to derive future economic benefits from the use of the depreciable asset.

Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives.

The carrying amount of property, plant and equipment is disclosed in Note 21 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

3. Critical accounting estimates, assumptions and judgements (continued)

3.1 Critical accounting estimates and assumptions (continued)

(c) Impairment of property, plant and equipment

The Group regularly reviews whether there are any indicators of impairment and recognises an impairment loss if the recoverable amount of an asset is lower than its carrying amount.

The recoverable amounts, being the higher of fair value less costs to sell or value in use, are determined by management with reference to the best information available as of the balance sheet date. Changes in management's assumptions in their value in use calculations, including the revenue growth rate, the discount rate and capital expenditure within the forecast period, does not materially cause the recoverable amounts to be lower than its carrying amounts.

The carrying amount of property, plant and equipment is disclosed in Note 21 to the consolidated financial statements.

(d) Loss allowance for trade and other receivables

The Group and the Company assess at the end of reporting period the expected credit loss ("ECL") required for its trade and other receivables, amounts due from non-controlling interests, amounts due from related parties and amounts due from subsidiaries taking into consideration the estimation of future cash flows. When measuring ECL, the Group and the Company use reasonable and supportable forward-looking information, including taking into consideration the credit worthiness, past collection history, subsequent receipts from the debtors and future economic conditions of the industry in which the debtors operate.

The carrying amounts of trade and other receivables, amounts due from non-controlling interests and amounts due from related parties and subsidiaries are disclosed in Notes 14, 15, 16 and 17 to the consolidated financial statements respectively.

3.2 Critical judgements in applying the entity's accounting policies

(a) Service concession arrangements

The Group has entered into build-operate-own ("BOO") and BOT arrangements in respect of certain of its waste-to-energy ("WTE") plants with the local government.

The Group assessed that the BOO arrangements are not service concession arrangements under IFRIC 12 *Service Concession Arrangements* because the local government does not control the significant residual interest in the infrastructure at the end of the term of the arrangements. Under the terms of the arrangement, the Group has the practical ability to pledge the infrastructure throughout the period of the arrangement. At the end of the respective BOO arrangement, the Group retains the ownership and control to the infrastructure and holds the right of first refusal on renewal of the service concession arrangement by the local government. In addition to the initial investment in the infrastructure, the Group performs technical upgrade periodically to improve the capacity and efficiency of the infrastructure. Management believes such improvements will further enhance the residual interest in the overall infrastructure at the end of the service concession arrangement.

On the other hand, the Group concluded that the BOT arrangements are service concession arrangement under IFRIC 12 *Service Concession Arrangements*, because (i) the local government controls and regulates the services that the Group must provide with the infrastructure at a pre-determined service charge and the parties to whom the Group must provide the services, and (ii) the local government controls significant residual interest in the infrastructure at the end of the term of the arrangements. Under the terms of the arrangement, upon expiry of the respective BOT arrangements, the infrastructure has to be transferred to the local government under good condition at no or minimal consideration.

See above involving estimations that management has made in relation to revenue recognition for construction services arising from service concession arrangements.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

3. Critical accounting estimates, assumptions and judgements (continued)

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

(b) Investments in joint ventures

The Group holds 30% and 30% equity interest in Zibo Green New Energy Co., Ltd and Hohhot Jiasheng New Energy Co., Ltd respectively. The board of directors of the investees comprises 1 representative from the Group and 2 representatives from the other shareholder. However, management considers the contractual arrangement on the investees and determined that decisions on the relevant activities of the investees will require unanimous consent of both the Group and the other shareholder. Accordingly, management classified these as investments in joint ventures (Note 23).

4. Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

	2021	2020
	RMB'000	RMB'000
Waste-to-energy project construction and operation		
Sales of electricity	1,466,023	1,284,661
Sales of steam	484,183	356,709
Revenue from waste treatment ⁽¹⁾	914,032	801,712
Revenue from construction services provided under service concession arrangements (Notes 18 and 28)	692,461	384,999
Financial income under service concession arrangements ⁽²⁾ (Note 18)	42,601	44,193
	<u>3,599,300</u>	<u>2,872,274</u>
Project technical and management service, equipment selection and sale and EMC business		
Service income - non-related parties	400,218	127,315
Service income - related parties (Note 16(a))	60,858	85,075
	<u>461,076</u>	<u>212,390</u>
Total	<u>4,060,376</u>	<u>3,084,664</u>

(1) Included in the revenue from waste treatment are operating services under service concession arrangements amounting to RMB897,793,000 (2020: RMB724,707,000).

(2) Effective interest applied ranges from 5.9% to 11% (2020: from 5.9% to 11%).

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

4. Revenue from contracts with customers (continued)

(a) Disaggregation of revenue from contracts with customers (continued)

Timing of revenue recognition

	2021	2020
	RMB'000	RMB'000
<u>At a point in time</u>		
Sales of electricity	1,466,023	1,284,661
Sales of steam	484,183	356,709
Equipment selection and sale	378,006	106,805
	<u>2,328,212</u>	<u>1,748,175</u>
<u>Over time</u>		
Revenue from waste treatment	914,032	801,712
Revenue from construction services provided under service concession arrangements (Notes 18 and 28)	692,461	384,999
Project technical and management service and EMC business	83,070	105,585
	<u>1,689,563</u>	<u>1,292,296</u>
Financial income under service concession arrangements (Note 18)	42,601	44,193
Total	<u>4,060,376</u>	<u>3,084,664</u>

(b) Contract assets and liabilities

	31 December		1 January
	2021	2020	2020
	RMB'000	RMB'000	RMB'000
Contract assets			
- Equipment sale and selection	17,832	81,540	76,187
Less: Loss allowance	-	-	-
Total contract assets	<u>17,832</u>	<u>81,540</u>	<u>76,187</u>
Contract liabilities (Note 29)			
- Service concession arrangements	35,591	55,997	17,545
- Service contracts	-	89,313	57,032
Total contract liabilities	<u>35,591</u>	<u>145,310</u>	<u>74,577</u>

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

4. Revenue from contracts with customers (continued)

(b) Contract assets and liabilities (continued)

Contract assets relating to equipment sale and selection are balances due from customers under the contracts that arise when the Group has delivered the equipment to the customer. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Management estimates the loss allowance on such contract assets at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction and waste to energy industry. Based on the assessment, management is of the view that the ECL is insignificant.

Contract liabilities for service concession arrangements relate to the advances received from the customer relating to the waste treatment services. Contract liabilities for service contracts are advances received from the customer before the equipment has been delivered to the customer.

(i) Revenue recognised in relation to contract liabilities

	2021	2020
	RMB'000	RMB'000
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period		
- Service concession arrangements	20,406	17,545
- Service contracts	89,313	57,032
	<u>109,719</u>	<u>74,577</u>

(ii) Unsatisfied performance obligations

	31 December	
	2021	2020
	RMB'000	RMB'000
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 31 December		
- Service concession arrangements	480,214	760,710
- Service contracts	8,180	416,884
	<u>488,394</u>	<u>1,177,594</u>

Management expects that 76% of the transaction price allocated to unsatisfied performance obligations as of 31 December 2022 will be recognised as revenue during the next reporting period (RMB370,460,000). The remaining 24% (RMB117,934,000) will be recognised in the 2023 financial year. The amount disclosed above does not include variable consideration which is constrained.

As permitted under IFRS 15, the aggregated transaction price allocated to unsatisfied contracts of periods one year or less, or are billed based on time incurred, is not disclosed.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

4. Revenue from contracts with customers (continued)

(c) Trade receivables from contracts with customers

	Note	31 December		1 January
		2021	2020	2020
		RMB'000	RMB'000	RMB'000
Group				
Current assets				
Trade receivables from contracts with customers	14	2,003,425	1,238,015	1,096,249
Loss allowance	14	(30,908)	(24,990)	(13,900)
		1,972,517	1,213,025	1,082,349

5. Expenses by nature

	Group	
	2021	2020
	RMB'000	RMB'000
Cost of inventories recognised as expense	924,549	504,975
Construction cost	597,860	332,114
Fly ash solidification fee	235,322	218,426
Depreciation of property, plant and equipment	375,149	321,116
Depreciation of right-of-use assets	81,594	92,030
Depreciation of investment property	898	937
Amortisation of intangible assets	149,050	142,716
Employee compensation (Note 6)	366,365	352,598
Audit fees:		
- paid to auditors of the Company	1,000	1,000
- paid to member firms of the auditors of the Company	3,121	3,121
- paid to other auditors	783	642
Non-audit fees:		
- paid to other auditors	746	375
Repair and maintenance	89,907	92,390
Transportation	58,408	46,302
Utilities	45,745	46,306
Outsourcing labour cost	99,131	81,001
Others	211,609	208,641
Total cost of sales and administrative expenses	3,241,237	2,444,690

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

6. Employee compensation

	Group	
	2021	2020
	RMB'000	RMB'000
Wages and salaries	342,553	348,125
Employer's contribution to defined contribution plans	23,812	4,473
	<u>366,365</u>	<u>352,598</u>

7. Other income

	Group	
	2021	2020
	RMB'000	RMB'000
Government grant (Note (i))	36,781	38,502
Value added tax refund	25,199	37,850
Bank interest income	11,702	19,727
Compensation income on closure of WTE plant	-	21,026
Sales of waste materials	42,163	13,653
Interest income from joint ventures	28,380	25,759
	<u>144,225</u>	<u>156,517</u>

Notes:

- (i) The government grants represented the government incentive funds and government subsidies of different nature received from the local government by the PRC operating entities of the Group, among them are grants in relation to environmental initiatives, waste management and technological output transformation. During the year ended 31 December 2021, government grants included: (a) the incentive primarily in relation to waste-to-energy business development to enterprises established in the PRC which amounted to RMB20,202,000 (2020: RMB15,107,000); and (b) the subsidies received on acquisition of properties, plant and equipment amortised to profit or loss which amounted to RMB16,559,000 (2020: RMB23,395,000). There were no unfulfilled conditions and other contingencies attached to the receipt of those grants.

8. Other gains and losses, net

	Group	
	2021	2020
	RMB'000	RMB'000
Write-off of property, plant and equipment upon closure of WTE plant	-	(12,896)
Other gains relating to closure of WTE plant	2,750	4,155
Loss on disposal of property, plant and equipment	(444)	(52,055)
Foreign exchange gains	42,059	161,276
Loss on disposal of shares of joint venture	(556)	-
Others	(2,642)	(2,553)
	<u>41,167</u>	<u>97,927</u>

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

9. Finance expenses

	Group	
	2021	2020
	RMB'000	RMB'000
Interest expenses		
- Borrowings	457,414	378,360
- Notes payable	-	56,613
- Lease liabilities	2,691	26,025
- Others	1,200	2,324
	<u>461,305</u>	<u>463,322</u>
Less: capitalised interest	(99,629)	(107,832)
	<u>361,676</u>	<u>355,490</u>

Finance expenses on general borrowings were capitalised at a rate of 5.04% per annum (2020: 5.43% per annum).

10. Other expenses

	Group	
	2021	2020
	RMB'000	RMB'000
Impairment loss on intangible assets	30,202	-
Impairment loss on prepayments	71	33,152
Impairment loss on property, plant and equipment	-	4,366
	<u>30,273</u>	<u>37,518</u>

During the financial year ended 31 December 2021, an impairment of RMB 30,202,000 was recognised on certain intangible assets (Note 28) relating to the Gwalior BOT project in India.

During the financial year ended 31 December 2020, an impairment of RMB4,366,000 was recognised on certain plant and machinery in preparatory stages (Note 21) due to business strategy changes of the Group's Brazil subsidiaries. An impairment of RMB33,152,000 was recognised on certain prepayments of the Group's India subsidiaries, as they were deemed to be uncollectible due to cancellation or adjustment of contracts for project design modification.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

11. Income taxes

(a) Income tax expense

	Group	
	2021	2020
	RMB'000	RMB'000
Current tax:		
- PRC enterprise income tax	52,939	90,898
- Under/(over) provision in the prior years	1,008	(6,165)
- Taxes in other jurisdictions	(270)	2,815
	53,677	87,548
Deferred tax (Note 31):		
- Current year charges	76,561	59,646
	130,238	147,194

Domestic PRC income tax is calculated at 25% of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the PRC standard rate of income tax as follows:

	Group	
	2021	2020
	RMB'000	RMB'000
Profit before tax	583,300	477,683
Tax calculated at tax rate of 25% (2020: 25%)	145,825	119,421
Effects of:		
- different tax rates in other countries	9,777	3,403
- tax exemptions granted to PRC subsidiaries	(72,816)	(76,400)
- expenses not deductible for tax purposes	1,843	8,566
- utilisation of tax losses/ deductible temporary differences previously not recognised	(14,294)	(16,787)
- tax losses/ deductible temporary differences not recognised	58,895	115,156
- under/(over) provision of tax in prior financial years	1,008	(6,165)
Tax charge	130,238	147,194

Notes to the Consolidated Financial Statements

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12. Earnings per share

Basic/diluted earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential shares.

	2021	2020
Earnings (RMB'000)		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	438,024	326,934
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,454,025	1,454,025
Basic and diluted earnings per share (RMB cents)	30.12	22.48

The fully diluted earnings per share and basic earnings per share are the same as there are no dilutive potential shares outstanding at the end of the financial years ended 31 December 2021 and 2020.

13. Pledged bank deposits

The Group's and Company's pledged bank deposits are primarily for borrowings (Note 30) and projects tendering.

Notes to the Consolidated Financial Statements

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14. Trade and other receivables

	Group		Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	2,003,425	1,238,015	-	-
Less: Loss allowance	(30,908)	(24,990)	-	-
Bills receivables	7,265	29,464	-	-
Total trade and bills receivables	1,979,782	1,242,489	-	-
Advances to suppliers (Note (i))	219,793	256,664	-	-
Other receivables:				
- Staff advances	12,498	8,075	-	-
- Refundable deposits	54,230	48,422	-	-
- Compensation receivable on closure of WTE plant	198,241	208,239	-	-
- Amount receivable for disposal of subsidiaries	114,254	114,254	-	-
- Others	26,879	17,114	-	-
Less: Loss allowance (Note (ii))	(42,356)	(31,457)	-	-
Sub-total of other receivables	363,746	364,647	-	-
Prepayments	27,348	19,054	-	1,155
Total trade and other receivables	2,590,669	1,882,854	-	1,155
Analysed for reporting purposes as:				
- Current assets	2,438,221	1,715,195	-	-
- Non-current assets	152,448	167,659	-	1,155
	2,590,669	1,882,854	-	1,155

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.
- (ii) Included in loss allowance for other receivables is an impairment loss of RMB10,899,000 (2020: nil) in connection with the enforcement of the deposit for performance bond relating to Gwalior project (refer to Note 28).

Certain of the Group's borrowings were secured by certain of the Group's receivables amounting to RMB617,173,000 (2020: RMB425,080,000).

The credit terms granted by the Group on the sale of electricity, steam, waste treatment and rendering of services is 60 to 120 days (2020: 60 to 120 days).

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

15. Non-controlling interests

The table below shows details of subsidiaries of the Group with significant non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
				Year ended		At 31 December	
		At 31 December 2021	2020	2021	2020	2021	2020
		%	%	RMB'000	RMB'000	RMB'000	RMB'000
Kunming Jinjiang ⁽¹⁾	Kunming, the PRC	1.67	1.67	1,806	978	15,809	14,003
Jilin Xinxiang ⁽²⁾	Changchun, the PRC	20.00	20.00	5,956	3,879	38,696	32,740
Yunnan Energy ⁽³⁾	Yunnan, the PRC	11.00	11.00	5,283	4,750	28,424	23,141
Individually immaterial subsidiaries with non-controlling interests				1,993	(6,052)	59,296	57,303
				15,038	3,555	142,225	127,187

⁽¹⁾ Kunming Jinjiang refers to Kunming Xinxingze Environment Resources Industry Co., Ltd.

⁽²⁾ Jilin Xinxiang refers to Jilin Xinxiang Co., Ltd.

⁽³⁾ Yunnan Energy refers to Yunnan Green Energy Co., Ltd.

Notes to the Consolidated Financial Statements

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15. Non-controlling interests (continued)

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

Kunming Jinjiang

	2021	2020
	RMB'000	RMB'000
<i>Summarised balance sheet</i>		
Current assets	543,290	380,382
Non-current assets	1,198,176	1,218,717
Current liabilities	(155,730)	(116,795)
Non-current liabilities	(639,073)	(643,780)
Equity attributable to owners of the Company	930,854	824,521
Non-controlling interests	15,809	14,003
<i>Summarised statement of comprehensive income</i>		
Revenue	276,380	193,088
Expenses	(168,241)	(134,508)
Profit for the year	108,139	58,580
Profit attributable to owner of the Company	106,333	57,602
Profit attributable to non-controlling interests	1,806	978
<i>Summarised statement of cash flow</i>		
Net cash inflow from operating activities	118,480	110,336
Net cash outflow from investing activities	(21,775)	(70,561)
Net cash outflow from financing activities	(99,246)	(81,070)
Net cash outflow	<u>(2,541)</u>	<u>(41,295)</u>

Notes to the Consolidated Financial Statements

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15. Non-controlling interests (continued)

Jilin Xinxiang

	2021	2020
	RMB'000	RMB'000
<i>Summarised balance sheet</i>		
Current assets	23,219	34,888
Non-current assets	702,373	705,020
Current liabilities	(145,854)	(419,154)
Non-current liabilities	(360,379)	(131,173)
Equity attributable to owners of the Company	180,663	156,841
Non-controlling interests	38,696	32,740
<i>Summarised statement of comprehensive income</i>		
Revenue	158,047	147,061
Expenses	(128,269)	(127,664)
Profit for the year	29,778	19,397
Profit attributable to owner of the Company	23,822	15,518
Profit attributable to non-controlling interests	5,956	3,879
<i>Summarised statement of cash flow</i>		
Net cash inflow from operating activities	97,720	90,931
Net cash outflow from investing activities	(67,002)	(77,909)
Net cash outflow from financing activities	(29,949)	(13,718)
Net cash inflow/(outflow)	769	(696)

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15. Non-controlling interests (continued)

Yunnan Energy

	2021	2020
	RMB'000	RMB'000
<i>Summarised balance sheet</i>		
Current assets	200,991	175,888
Non-current assets	432,135	288,670
Current liabilities	(70,025)	(59,449)
Non-current liabilities	(294,708)	(194,741)
Equity attributable to owners of the Company	239,969	187,227
Non-controlling interests	28,424	23,141
<i>Summarised statement of comprehensive income</i>		
Revenue	293,121	121,690
Expenses	(245,096)	(78,511)
Profit for the year	48,025	43,179
Profit attributable to owner of the Company	42,742	38,429
Profit attributable to non-controlling interests	5,283	4,750
Dividends paid to owner of the Company	42,600	35,005
Dividends paid to non-controlling interests	5,265	4,326
<i>Summarised statement of cash flow</i>		
Net cash inflow from operating activities	44,785	49,379
Net cash outflow from investing activities	(142,891)	(3,277)
Net cash inflow/(outflow) from financing activities	99,151	(46,252)
Net cash inflow/(outflow)	1,045	(150)

Notes to the Consolidated Financial Statements

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15. Non-controlling interests (continued)

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

	Group	
	2021	2020
	RMB'000	RMB'000
Trade related	14,866	21,084
Non-trade related	11,030	11,030
	<u>25,896</u>	<u>32,114</u>

The trade related balances are unsecured, interest free and with a credit period of 120 days (2020: 120 days) from the invoice date and are not past due as at the end of the reporting period.

The non-trade related balances due from non-controlling interests were unsecured, interest-free and repayable on demand.

Management determines the non-trade receivables due from non-controlling interests are subject to immaterial credit loss.

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

	Group	
	2021	2020
	RMB'000	RMB'000
Trade related	4,382	-
Non-trade related	125	-
	<u>4,507</u>	<u>-</u>

The trade related balances due to non-controlling interests are interest-free.

The non-trade related balances due to non-controlling interests are unsecured, interest-free and repayable on demand.

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16. Related party balances and transactions

Zhejiang Provincial Energy Group Co., Ltd. ("Zheneng Group") is the largest shareholder of the Group whilst Jinjiang Green Energy Limited ("Jinjiang Group") is the second largest shareholder of the Group (collectively known as the "major shareholders").

- (a) In addition to the information disclosed elsewhere in the financial statements, the following transaction took place between the Group and related parties at terms agreed between the parties.

	2021	2020
	RMB'000	RMB'000
Companies in which Zheneng Group has control over:		
- Purchases of materials	39,475	3,581
- Interest expense	29,248	10,591
Companies in which Jinjiang Group has control over:		
- Purchases of materials	38,088	93,641
- Revenue from EMC business	(56,422)	(58,786)
- Rendering of technical and management services	(4,436)	(26,289)
Joint ventures:		
- Interest income	(28,163)	(25,759)

- (b) The Group and the Company had the following balances with related parties:

	2021	2020
	RMB'000	RMB'000
Group		
Trade:		
Amounts due from companies in which the major shareholders have control over	197,743	147,541
Amounts due from joint ventures	10,513	17,169
	208,256	164,710
Non-trade:		
Amounts due from companies in which Jinjiang Group has control over	6,329	-
Amounts due from joint ventures	504,391	484,779
	510,720	484,779
	718,976	649,489

Notes to the Consolidated Financial Statements

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16. Related party balances and transactions (continued)

(b) The Group and the Company had the following balances with related parties: (continued)

	2021	2020
	RMB'000	RMB'000
Company		
Non-trade:		
Amounts due from joint ventures - current	2,258	-
Amounts due from joint ventures - non-current	-	552
	<u>2,258</u>	<u>552</u>
	2021	2020
	RMB'000	RMB'000
Group		
Trade:		
Amounts due to companies in which the major shareholders have control over	50,252	89,255
Amounts due to joint ventures	448	526
	<u>50,700</u>	<u>89,781</u>
Non-trade:		
Amounts due to companies in which the major shareholders have control over	4,345	839
Amounts due to joint ventures	635	436
	<u>4,980</u>	<u>1,275</u>
	<u>55,680</u>	<u>91,056</u>

Trade balances

The trade related balances are unsecured, interest-free and with an average credit period of 6 months (2020: 6 months).

Non-trade balances

The non-trade related balances are unsecured, interest-free and repayable on demand except for the amounts due from joint ventures which bear interest at 7% (2020: 7%) per annum and are due within one year from the end of the reporting period.

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

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

	Group	
	2021	2020
	RMB'000	RMB'000
Short-term employee benefits	9,819	10,493
Post-employment benefits	32	250
	<u>9,851</u>	<u>10,743</u>

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17. Amounts due from/to subsidiaries

The Company's receivables from and payables to subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

As at 31 December 2021 and 2020, amounts due from subsidiaries have been classified as non-current assets as the Company does not expect repayment within 12 months from the end of the reporting date. Management is of the view the amounts due from subsidiaries approximate their fair values as the effect of discounting is not expected to be significant.

Management estimates the loss allowance on amounts due from subsidiaries at an amount equal to 12-month ECL, taking into account the historical default experience, current financial conditions of the subsidiaries and the future prospects of the industry of each subsidiary. None of the amounts due from subsidiaries at the end of the reporting period is past due.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for amounts due from subsidiaries.

Based on the assessment, management is of the view that the ECL is insignificant as the credit risk of the subsidiaries are low.

18. Service concession receivables

	Group	
	2021	2020
	RMB'000	RMB'000
Service concession receivables	800,408	698,986
Less: Amounts due within one year shown under current assets	(63,976)	(49,359)
Service concession receivables due after one year	<u>736,432</u>	<u>649,627</u>
Expected collection schedule is analysed as follows:		
Within 1 year	63,976	49,359
Within 2 to 5 years	209,308	190,340
Over 5 years	<u>527,124</u>	<u>459,287</u>
	<u>800,408</u>	<u>698,986</u>

As at 31 December 2021, certain of the Group's borrowings were secured by the Group's service concession receivables with aggregate carrying amount RMB728,222,000 (2020: RMB513,650,000) (Note 30).

Management estimates the loss allowance on receivables under service concession arrangements at an amount equal to 12-month ECL, taking into account the historical default experience and the future prospects of the construction and waste to energy industry. None of the receivables under service concession arrangements at the end of the reporting period is past due.

Based on the assessment, management is of the view that the ECL is insignificant.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

19. Other tax recoverable

	Group	
	2021	2020
	RMB'000	RMB'000
Value added tax	384,869	328,362
Others	1,681	2,440
	<u>386,550</u>	<u>330,802</u>

20. Inventories

	Group	
	2021	2020
	RMB'000	RMB'000
Coal	16,655	20,408
Spare parts and other raw materials	45,561	36,376
	<u>62,216</u>	<u>56,784</u>

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For the financial year ended 31 December 2021

21. Property, plant and equipment

	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									
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)	-	-	(5,758)	(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	9,025	97,237	9,306	16,212	1,028,899	60,322	-	-	1,221,001
Transfer	616,777	1,097,418	124	-	(1,714,319)	-	-	-	-
Disposals/Written off	(143)	(87,611)	(540)	(14,913)	-	-	-	-	(103,207)
Exchange difference	-	-	(102)	(1,402)	(1,377)	(1,839)	-	-	(4,720)
At 31 December 2021	2,842,062	5,691,906	88,024	109,993	1,860,782	588,739	141,464	1,647,071	12,970,041
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 year	(100,495)	(252,830)	(9,554)	(12,270)	-	(11,988)	(8,903)	(60,703)	(456,743)
Disposals/Written off	9	80,997	514	7,034	-	-	-	-	88,554
Exchange difference	-	-	11	1,310	-	-	-	-	1,321
At 31 December 2021	(662,652)	(1,304,404)	(43,487)	(37,799)	-	(110,672)	(58,442)	(687,277)	(2,904,733)
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	-	-	-	-	-	-	36,686
At 31 December 2020	-	(11,052)	-	(3)	(16,435)	-	-	-	(27,490)
Impairment losses	-	-	-	-	-	-	-	-	-
Impairment write-off	-	-	-	-	-	-	-	-	-
At 31 December 2021	-	(11,052)	-	(3)	(16,435)	-	-	-	(27,490)
Carrying values									
At 31 December 2021	2,179,410	4,376,450	44,537	72,191	1,844,347	478,067	83,022	959,794	10,037,818
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

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

21. Property, plant and equipment (continued)

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 RMB3,808,406,000 as at 31 December 2021 (2020: RMB2,251,557,000) (Note 31).

As at 31 December 2021, property certificates in respect of certain buildings with a carrying amount of RMB105,076,000 (2020: RMB107,829,000) of the Group in the PRC have not been obtained. As advised by the Group's PRC legal advisor, management is of the opinion that the Group legally owns the rights to use these properties.

Based on the impairment assessment carried out by management, no impairment loss was recognised for the full year ended 31 December 2021. During the financial year ended 31 December 2020, an impairment of RMB4,366,000 was recognised on certain plant and machinery in preparatory stages (Note 10) due to business strategy changes of the Group's Brazil subsidiaries.

Right-of-use assets leasehold land represent land use rights located in the PRC and comprised leasehold land under medium-term lease. The land use rights in the PRC are amortised over the lease term of 30 to 50 years.

The Group leases certain buildings, plant and machinery under through sale and leaseback arrangements amounting to RMB1,037,819,000 (2020: RMB1,104,443,000). The lease terms are three to five years. The Group has options to purchase them 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's obligations are secured by the lessors' title to the leased assets for such leases.

22. Investments in associates

The Group's interest in the associates is accounted for using the equity method in the consolidated financial statements. As at 31 December 2021 and 2020, there is no material interest in the associates.

There are no contingent liabilities relating to the Group's interest in the associates.

The following table summarises, in aggregate, the Group's share of profit of the Group's individually immaterial associates accounted for using the equity method:

	31 December	
	2021	2020
	RMB'000	RMB'000
Net loss and total comprehensive loss	(534)	(325)
	2021	2020
	RMB'000	RMB'000
Group		
Carrying value of individually immaterial associates, in aggregate	15,613	16,147

Notes to the Consolidated Financial Statements

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23. Investments in joint ventures

Set out below is the joint ventures of the Group as at 31 December 2021, which are material to the Group.

Name of entity ⁽¹⁾	Place of business/country of incorporation	Principal activities	% of ownership interest	
			31 December 2021	2020
Zibo Green New Energy Co., Ltd. 淄博绿能新能源有限公司	Zibo, the PRC	Operation of waste- to-energy plant	30	34.88
Hohhot Jiasheng New Energy Co., Ltd. 呼和浩特嘉盛新能源有限公司	Hohhot, the PRC	Operation of waste- to-energy plant	30	30

⁽¹⁾ The English names of those companies established in the PRC are for reference only and have not been registered.

The above joint ventures are accounted for using the equity method in these consolidated financial statements.

There are no contingent liabilities relating to the Group's interest in the joint ventures.

Summarised financial information for joint venture

The following table illustrates the summarised financial information of the Group's investments in the material joint ventures

Summarised balance sheet

	Zibo Green New Energy Co., Ltd.	
	31 December	
	2021	2020
	RMB'000	RMB'000
Current assets	203,650	158,580
Includes:		
- Cash and cash equivalents	3,746	1,568
Current liabilities	(823,812)	(649,990)
Includes:		
- Financial liabilities (excluding trade payables)	(598,583)	(394,600)
Non-current assets	1,588,872	1,500,085
Non-current liabilities	(524,830)	(626,020)
Includes:		
- Financial liabilities (excluding trade payables)	(497,800)	(394,600)

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

23. Investments in joint ventures (continued)

	Hohhot Jiasheng New Energy Co., Ltd.	
	2021	2020
	RMB'000	RMB'000
Current assets	125,585	93,140
Includes:		
- Cash and cash equivalents	2,507	1,568
Current liabilities	(343,729)	(221,639)
Includes:		
- Financial liabilities (excluding trade payables)	(327,055)	(143,136)
Non-current assets	485,831	426,913
Non-current liabilities	(133,632)	(163,603)
Includes:		
- Financial liabilities (excluding trade payables)	(125,000)	(143,136)
<i>Summarised statement of comprehensive income</i>		

	Zibo Green New Energy Co., Ltd.		Hohhot Jiasheng New Energy Co., Ltd.	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	154,636	157,120	68,207	72,307
Interest income	17	37	7	6
Expenses				
Includes:				
- Depreciation and amortisation	52,962	51,107	20,173	19,519
- Interest expense	58,484	35,680	14,787	15,759
Net (loss)/profit and total comprehensive (loss)/income	(33,346)	(5,743)	(756)	7,176

The information above reflects the amounts presented in the financial statements of the joint venture (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the joint venture.

The following table summarises, in aggregate, the Group's share of loss and other comprehensive income of the Group's individually immaterial joint ventures accounted for using the equity method:

	31 December	
	2021	2020
	RMB'000	RMB'000
Net loss and total comprehensive loss	(368)	(429)

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23. Investments in joint ventures (continued)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in joint venture, is as follows:

	Zibo Green New Energy Co., Ltd. 31 December		Hohhot Jiasheng New Energy Co., Ltd. 31 December		Total 31 December	
	2021	2020	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net assets	443,880	382,655	134,055	134,811	577,935	517,466
Group's equity interest	30.00%	34.88%	30.00%	30.00%	-	-
Group's share of net assets	133,164	133,470	40,217	40,443	173,381	173,913
Fair value adjustments	5,934	13,875	-	-	5,934	13,875
Carrying value	139,098	147,345	40,217	40,443	179,315	187,788
Add: Carrying value of individually immaterial joint ventures, in aggregate					25,450	25,818
Carrying value Group's interest in joint ventures					204,765	213,606

24. Investments in subsidiaries

	Company	
	2021	2020
	RMB'000	RMB'000
Beginning of financial year	1,798,280	1,790,879
Additions	-	7,401
End of financial year	1,798,280	1,798,280

Notes to the Consolidated Financial Statements

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24. Investments in subsidiaries (continued)

The Group has the following significant subsidiaries as at 31 December 2021 and 2020:

Name ⁽¹⁾	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent	Proportion of ordinary shares held by the Group	Proportion of ordinary shares held by non-controlling interests
			%	%	%
Gevin Limited	Investment holding	Hong Kong	100	100	-
Hangzhou Jinjiang Investment Co., Ltd. ("Jinjiang Investment") 杭州锦环投资有限公司	Investment holding	Hangzhou, the PRC	100	100	-
Lin'an Jiasheng Environment Co., Ltd. ("Lin'an Jiasheng") 临安嘉盛环保有限公司	Investment holding	Lin'an, the PRC	85.84	100	-
Green Energy (Hangzhou) Corporate Management Co., Ltd. ("Green Energy Hangzhou") 绿能(杭州)企业管理有限公司	Project management, technical consulting and advisory services.	Hangzhou, the PRC	100	100	-
Hangzhou Kesheng Energy Technology Co., Ltd ("Hangzhou Kesheng") 杭州科晟能源技术有限公司	Operation of energy management consulting business	Hangzhou, the PRC	100	100	-
Hangzhou Zhenghui Construction Engineering Co., Ltd. ("Hangzhou Zhenghui") 杭州正晖建设工程有限公司	Operation of engineering, design, construction and project management.	Hangzhou, the PRC	100	100	-
Jilin Xinxiang Co., Ltd. ("Jilin Xinxiang") 吉林鑫祥有限责任公司	Operation of waste- to-energy plant and sales of steam	Changchun, the PRC	80	80	20
Kunming Xinxingze Environment Resources Industry Co., Ltd. ("Kunming Jinjiang") 昆明鑫兴泽环境资源产业有限公司	Operation of waste- to-energy plant and sales of steam	Kunming, the PRC	90.59	98.33	1.67
Lianyungang Sunrise Environmental Protection Industry Co., Ltd. ("Lianyungang Sunrise") 连云港晨兴环保产业有限公司	Operation of waste- to-energy plant and sales of steam	Lianyungang, the PRC	66	100	-
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	Operation of waste- to-energy plant and sales of steam.	Tianjin, the PRC	100	100	-
Wuhan Green Energy Co., Ltd. ("Wuhan Jinjiang") 武汉市绿色环保能源有限公司	Operation of waste- to-energy plant and sales of steam.	Wuhan, the PRC	100	100	-

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24. Investments in subsidiaries (continued)

Name ⁽¹⁾	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent	Proportion of ordinary shares held by the Group	Proportion of ordinary shares held by non-controlling interests
			%	%	%
Wuhan Hankou Green Energy Co., Ltd. ("Hankou Jinjiang") 武汉汉口绿色能源有限公司	Operation of waste-to-energy plant and sales of steam	Wuhan, the PRC	100	100	-
Wuhu Lüzhou Environment Energy Co., Ltd. ("Wuhu Jinjiang") 芜湖绿洲环保能源有限公司	Operation of waste-to-energy plant and sales of steam.	Wuhu, the PRC	100	100	-
Zhengzhou Xingjin Green Environment Energy Co., Ltd. ("Zhengzhou Xingjin") 郑州荣锦绿色环保能源有限公司	Operation of waste-to-energy plant and sales of steam	Zhengzhou, the PRC	100	100	-
Zibo Green Energy Co., Ltd. ("Zibo Green Energy") 淄博绿能环保能源有限公司	Operation of waste-to-energy plant and sales of steam	Zibo, the PRC	100	100	-
Gaomi Lilangmingde Co. Ltd ("Gaomi Energy") 高密利朗明德环保科技有限公司	Operation of waste-to-energy plant	Gaomi, the PRC	100	100	-
Hangzhou Xiaoshan Jinjiang Green Energy Co., Ltd. ("Xiaoshan Jinjiang") 杭州萧山锦江绿色能源有限公司	Operation of waste-to-energy plant.	Hangzhou, the PRC	90	90	10
Qitaihe Green New Energy Co., Ltd. ("Qitaihe New Energy") 七台河绿能新能源有限公司	Operation of waste-to-energy plant.	Qitaihe, the PRC	100	100	-
Songyuan Xinxiang New Energy Co., Ltd. ("Songyuan Xinxiang") 松原鑫祥新能源有限公司	Operation of waste-to-energy plant.	Songyuan, the PRC	95	95	5
Suihua Green New Energy Co., Ltd. ("Suihua New Energy") 绥化市绿能新能源有限公司	Operation of waste-to-energy plant.	Suihua, the PRC	100	100	-
Wenling Green New Energy Co., Ltd. ("Wenling Green Energy") 温岭绿能新能源有限公司	Operation of waste-to-energy plant	Wenling, the PRC	100	100	-
Wenling Solid Waste Treatment Co., Ltd. ("Wenling Solid") 温岭绿能固废处理有限公司	Operation of solid waste treatment plant	Wenling, the PRC	51	51	49
Yinchuan Zhongke Environmental Electrical Co., Ltd. ("Yinchuan Zhongke") 银川中科环保电力有限公司	Operation of waste-to-energy plant.	Yinchuan, the PRC	96.92	100	-

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24. Investments in subsidiaries (continued)

Name ⁽¹⁾	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent	Proportion of ordinary shares held by the Group	Proportion of ordinary shares held by non-controlling interests
			%	%	%
Yunnan Green Energy Co., Ltd. ("Yunnan Energy") 云南绿色能源有限公司	Operation of waste- to-energy plant	Kunming, the PRC	89	89	11
Zhejiang Zhuji Bafang Thermal Power Co. Ltd. ("Zhuji Bafang") 浙江诸暨八方热电有限责任公司	Operation of thermal power plant.	Zhuji, the PRC	100	100	-
Kunshan Jinkangrui Environmental Protection Technology Co., Ltd. ("Jinkangrui Technology") 昆山锦康瑞环保技术有限公司	Waste resource recycling projects	Kunshan, the PRC	100	100	-
Ecogreen Energy Gurgaon Faridabad Private Limited	Operation of waste- to-energy plant	Gurgaon, India	99.99	99.99	0.01
Ecogreen Energy Gwalior Private Limited	Operation of waste- to-energy plant	Gwalior, India	99.99	99.99	0.01
Ecogreen Energy Lucknow Private Limited	Operation of waste- to-energy plant	Lucknow, India	99.99	99.99	0.01

⁽¹⁾ The English names of those companies established in the PRC are for reference only and have not been registered. Audited by PricewaterhouseCoopers Zhong Tian LLP for consolidation purposes.

25. Investment property

	2021	2020
	RMB'000	RMB'000
Group		
Cost		
Beginning of financial year	27,618	28,976
Exchange difference	(1,196)	(1,358)
End of financial year	26,422	27,618
Accumulated depreciation		
Beginning of financial year	(1,342)	(1,771)
Depreciation for the year	(898)	(937)
Exchange difference	693	1,366
End of financial year	(1,547)	(1,342)
Carrying amount		
End of financial year	24,875	26,276

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25. Investment property (continued)

At the balance sheet date, the details of the Group's investment property are as follows:

Location	Description/existing use	Tenure
2 Venture Drive #15-17, #15/18, #15/19 Vision Exchange, Singapore Singapore 159936	Commercial	99-year leasehold commencing from 10 June 2013.

The property rental income from the Group's investment property leased out under operating lease amounted to approximately RMB335,000 (2020: RMB266,000). Direct operating expenses (including repairs and maintenance) arising from rental-generating investment property amounted to approximately RMB38,000 (2020: RMB39,000).

As at 31 December 2021 and 2020, certain of the Group's borrowings were secured by the Group's investment property (Note 30).

The fair value of the investment property is assessed to be RMB25,477,000 (2020: RMB26,630,000).

The Group engaged independent valuer who has appropriate qualification and recent experience in the fair value measurement of the properties in the relevant locations to determine the fair value of the land and buildings. The valuations were made at year end on the basis of direct comparison with recent transactions of comparable properties within the vicinity and open market value.

The Group classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. As at end of 31 December 2021, the fair value measurements of the Group's investment property is classified within Level 3 (2020: Level 3) of the fair value hierarchy. There were no transfers between different levels during the year.

Management considers that certain unobservable inputs used in the fair value measurement of the Group's investment property are sensitive to the fair value measurement. The following information is relevant for the Group's investment property:

Name of property	Significant unobservable input(s)	Range	Sensitivity
Vision Exchange Commercial units	Price per square metre of strata floor area	RMB108,000 - RMB132,000 (2020: RMB113,000 - RMB138,000)	Any significant isolated increase/ (decrease) would result in a significantly higher/ (lower) fair value measurement.

26. Leases – The Group as a lessee

Nature of the Group's leasing activities

Leasehold land

The Group has made an upfront payment to secure the right-of-use of the land located in the PRC under medium-term lease. The land use rights in the PRC were amortised over the lease term of 30 to 50 years. These leasehold land is recognised within Property, plant and equipment (Note 21).

There are no externally imposed covenant on these lease arrangements.

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26. Leases – The Group as a lessee (continued)

Buildings

The Group leases office space for the purpose of back office operations.

Plant and machinery

The Group leases plant and machinery to render logistic services and leases equipment for the construction and waste management divisions.

(a) Carrying amounts

ROU assets classified within Property, plant and equipment

	2021	2020
	RMB'000	RMB'000
Leasehold land	478,067	431,572
Buildings	83,022	91,925
Plant and machinery	959,794	1,020,497
	<u>1,520,883</u>	<u>1,543,994</u>

(b) Depreciation charge during the year

	2021	2020
	RMB'000	RMB'000
Leasehold land	11,988	11,065
Buildings	8,903	9,567
Plant and machinery	60,703	71,398
Total	<u>81,594</u>	<u>92,030</u>

(c) Interest expense

Interest expense on lease liabilities	<u>2,691</u>	<u>26,025</u>
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(d) Lease expense not capitalised in lease liabilities

Lease expense – short-term leases	<u>20,890</u>	<u>17,784</u>
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(e) Total cash outflow for all the leases (including short-term leases) in 2021 was RMB60,201,000 (2020: RMB392,988,000).

(f) Addition of ROU assets during the financial year 2021 was RMB60,322,000 (2020: RMB38,849,000).

Lease liabilities

	Group	
	2021	2020
	RMB'000	RMB'000
<i>Current</i>		
Lease liabilities	5,035	39,194
<i>Non-current</i>		
Lease liabilities	2,457	5,482
	<u>7,492</u>	<u>44,676</u>

Notes to the Consolidated Financial Statements

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26. Leases – The Group as a lessee (continued)

Lease liabilities (continued)

	Group	
	2021	2020
	RMB'000	RMB'000
Maturity analysis:		
Year 1	5,218	40,617
Year 2	2,495	4,013
Year 3	–	1,663
	7,713	46,293
Less: Unearned Interest	(221)	(1,617)
	7,492	44,676

27. Leases – The Group as a lessor

Nature of the Group's leasing activities – Group as a lessor

The Group has leased out their owned investment property to third parties for monthly lease payments. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from investment property are disclosed in Note 25.

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	2021	2020
	RMB'000	RMB'000
Less than one year	474	130
One to two years	198	130
Two to three years	–	54
Total undiscounted lease payment	672	314

28. Intangible assets

	Group	
	31 December	
	2021	2020
	RMB'000	RMB'000
Software (Note (a))	8,993	7,861
Service concession arrangement (Note (b))	4,280,081	3,874,688
	4,289,074	3,882,549

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28. Intangible assets

(a) Software

	Group	
	2021	2020
	RMB'000	RMB'000
<i>Cost</i>		
Beginning of financial year	25,605	23,761
Additions	3,743	1,844
End of financial year	<u>29,348</u>	<u>25,605</u>
<i>Accumulated amortisation</i>		
Beginning of financial year	(17,744)	(13,337)
Amortisation	(2,611)	(4,407)
End of financial year	<u>(20,355)</u>	<u>(17,744)</u>
Net book value	<u>8,993</u>	<u>7,861</u>

(b) Service concession arrangement

	Group	
	2021	2020
	RMB'000	RMB'000
<i>Cost</i>		
Beginning of financial year	4,294,085	3,856,607
Additions	582,034	437,478
End of financial year	<u>4,876,119</u>	<u>4,294,085</u>
<i>Accumulated amortisation</i>		
Beginning of financial year	(419,397)	(281,088)
Amortisation	(146,439)	(138,309)
End of financial year	<u>(565,836)</u>	<u>(419,397)</u>
<i>Accumulated impairment</i>		
Beginning of financial year	-	-
Impairment losses	(30,202)	-
End of financial year	<u>(30,202)</u>	<u>-</u>
Net book value	<u>4,280,081</u>	<u>3,874,688</u>

The Group entered into service concession agreements with the local government authorities (the "Grantors"), pursuant to the design, construction, operation and maintenance of waste-to-energy plants during the concession period ranging from 21 years to 30 years, starting from the commencement date of commercial operation.

Service concession construction revenue (as detailed in Note 4) recorded in 2021 and 2020 represents the revenue recognised during the construction stage of the service concession period.

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28. Intangible assets (continued)

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.

During the financial year ended 31 December 2021, the Group was unable to reach mutual agreement with the local government regarding compensation for the cessation of a BOT project in India, and had notified the local government of its intention to initiate arbitration proceedings in connection therewith and has applied to the High Court of Delhi to appoint arbitrators.

The Group made a commercial decision to cease operations of this BOT project due to its long-term negative cashflow arising from the small scale of operations in the Gwalior region, the back-loading of waste treatment fees to after commencement of operations of the waste treatment facility, the high cost of waste collection and transportation and certain cash deductions made by the local government due to inadequate coverage of waste collection. This resulted in the local government taking over the waste collection and transportation operations and project assets and later enforcing the deposit for performance bond relating to this BOT project.

Given the uncertainty in terms of the timeline and outcome of such arbitration proceedings, an impairment loss of RMB30,202,000 (2020: nil) on the intangible assets relating to the BOT project was recognised. In addition, an impairment loss of RMB10,899,000 was recognised in connection with the enforcement of the deposit for performance bond relating to this project (refer to Note 14).

The Group's intangible assets amounting to RMB1,325,563,000 as at 31 December 2021 (2020: RMB2,464,435,000) were pledged as collaterals against general loan facilities granted to the Group (Note 30).

As at 31 December 2021, the Group has RMB744,627,000 (2020: RMB254,838,000) of contract assets pertaining to construction contracts in progress within the intangible assets balance. Significant changes during the reporting period was due to construction contracts in progress during the year.

Management estimates the loss allowance on such contract assets at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction and waste to energy industry. Based on the assessment, management is of the view that the ECL is insignificant.

29. Trade and other payables

	Group		Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	627,958	579,936	-	-
Bills payables	106,000	106,786	-	-
Construction and equipment payables	1,100,455	658,217	-	-
Deposits received from customers	38,437	146,406	-	-
Accrued payroll and welfare	89,990	88,327	-	-
Accrued expenses	4,812	5,086	-	-
Others	110,104	105,878	10,505	8,969
Total trade and other payables	2,077,756	1,690,636	10,505	8,969

The credit period on purchases is 90 to 120 days (2020: 90 to 120 days). No interest is charged on the overdue trade payables.

Included in deposits received from customers are contract liabilities for waste treatment and service contracts amounting to RMB35,591,000 (2020: RMB145,310,000) (Note 4).

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For the financial year ended 31 December 2021

30. Borrowings

	Group		Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Guaranteed borrowings	2,498,640	2,575,438	1,495,364	2,236,791
Secured and guaranteed bank borrowings	3,456,713	3,735,436	-	-
Secured bank borrowings	719,293	117,863	519,269	-
Secured and guaranteed other borrowings	3,102,633	1,578,539	-	-
Secured other borrowings	434,254	672,064	-	-
Unsecured borrowings	269,850	-	-	-
	<u>10,481,383</u>	<u>8,679,340</u>	<u>2,014,633</u>	<u>2,236,791</u>
The borrowings comprise:				
- Fixed-rate borrowings	2,085,719	836,843	676,366	-
- Variable-rate borrowings	8,395,664	7,842,497	1,338,267	2,236,791
	<u>10,481,383</u>	<u>8,679,340</u>	<u>2,014,633</u>	<u>2,236,791</u>
Total borrowings	10,481,383	8,679,340	2,014,633	2,236,791
Less: Amount due within one year shown under current liabilities	(4,706,413)	(2,588,705)	(2,014,633)	(913,486)
Amounts shown under non-current liabilities	<u>5,774,970</u>	<u>6,090,635</u>	<u>-</u>	<u>1,323,305</u>

The carrying amount of borrowings approximate their fair value. The borrowings are secured by the pledge of certain property, plant and equipment, trade receivables, shares of a subsidiary, bank deposits, investment property, right-of-use assets and intangible assets.

Included in the above are borrowings with an aggregate principal amount of RMB840,000,000 (2020: RMB100,000,000) from subsidiaries of Zheneng Group, namely Zhejiang Provincial Energy Group Finance Co., Ltd. and Shanghai Puneng Finance Leasing Co., Ltd.

Included in the borrowings as at 31 December 2021 is an amount of RMB1,312,828,000 under a syndicated term loan facility arranged by Standard Chartered Bank (Hong Kong) Limited ("the agent") of up to US\$270,000,000 (the "Facility"), which requires that Zheneng Group maintains more than 25% shareholding interest in the Company.

Under the terms of the Facility, the Company has to ensure that the ratio of its consolidated net debt to consolidated total equity does not exceed 125% for the period from 1 January 2021 to 31 December 2021 ("Financial Covenant"). The aforesaid ratio had exceeded 125% for the financial year resulting in non-compliance by the Company of the Financial Covenant.

Due to the non-compliance of the Financial Covenant, the banks are contractually entitled to request for immediate repayment of the outstanding borrowings with covenant breaches. Accordingly, the non-current portion of the borrowings with covenant breaches of the Group and the Company amounting to RMB1,184,002,000 (2020: RMB15,000,000) and RMB1,114,002,000 (2020: nil) respectively were reclassified as current liabilities. Under the terms of the Facility, the agent of the Facility may, at its discretion and if so directed by lenders representing two-thirds of the total commitments under the Facility, by notice call for repayment ahead of the stipulated repayment dates. As of the date of this report, the Group has not received any notice for the accelerated repayment from the agent.

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30. Borrowings (continued)

Group

<u>Type of borrowings</u>	<u>Guaranteed/secured by</u>	<u>2021</u>	<u>2020</u>
		<u>RMB'000</u>	<u>RMB'000</u>
Guaranteed borrowings	Guarantees mainly from subsidiaries of the Group	2,498,640	2,575,438
		<u>2,498,640</u>	<u>2,575,438</u>
Secured and guaranteed bank borrowings	Guarantees mainly from subsidiaries of the Group and the following:		
	Certain property, plant and equipment (Note 21)	460,000	499,790
	Certain trade receivables (Note 14)	748,644	445,189
	Certain trade receivables (Note 14), property, plant and equipment (Note 21)	1,081,647	1,198,085
	Certain service concession receivables (Note 18) and intangible assets (Note 28)	165,000	195,000
	Certain service concession receivables (Note 18), intangible assets (Note 28) and receivables (Note 14)	911,422	1,237,372
	Certain shares of a subsidiary with carrying value of RMB1,620,230,000	90,000	160,000
		<u>3,456,713</u>	<u>3,735,436</u>
Secured bank borrowings	Certain bank deposits held by the Group (Note 13)	658,897	100,000
	Certain trade receivables (Note 14)	43,972	-
	Group's investment property (Note 25)	16,424	17,863
		<u>719,293</u>	<u>117,863</u>

Notes to the Consolidated Financial Statements

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30. Borrowings (continued)

Group

Type of borrowings	Guaranteed/secured by	2021 RMB'000	2020 RMB'000
Secured and guaranteed other borrowings	Guarantees mainly from subsidiaries of the Group and the following:		
	Certain property, plant and equipment (Note 21)	1,031,512	1,289,501
	Certain trade receivables (Note 14), property, plant and equipment (Note 21)	955,291	-
	Certain intangible Asset (Note 28)	37,254	-
	Certain trade receivables (Note 14)	278,029	289,038
	Certain trade receivables (Note 14), property, plant and equipment (Note 21), and certain shares of a subsidiary with carrying value of RMB136,336,000	260,547	-
	Certain shares of a subsidiary with carrying value of RMB36,790,000	540,000	-
		<u>3,102,633</u>	<u>1,578,539</u>
Secured other borrowings	Property, plant and equipment (Note 21)	431,504	658,564
	Pledge of certain electricity tariffs receivables (Note 14)	2,750	13,500
		<u>434,254</u>	<u>672,064</u>

Company

Type of borrowings	Guaranteed/secured by	2021 RMB'000	2020 RMB'000
Guaranteed borrowings	Guarantees mainly from subsidiaries of the Group	1,495,364	2,236,791
		<u>1,495,364</u>	<u>2,236,791</u>
Secured bank borrowings	Certain bank deposits held by the Group (Note 13)	519,269	-
		<u>519,269</u>	<u>-</u>

The ranges of effective interest rates on the Group's and Company's borrowings are as follows:

	Group		Company	
	2021	2020	2021	2020
Effective interest rate:				
- Fixed-rate borrowings	0.9% to 10.25%	2.25% to 10.75%	0.9% to 3.50%	NA
- Variable-rate borrowings	2.86% to 6.54%	2.05% to 8.54%	2.86% to 2.90%	2.90% to 4.86%

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

30. Borrowings (continued)

Reconciliation of liabilities arising from financing activities.

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2021	Financing cash flows	Other changes ⁽¹⁾	Exchange difference	31 December 2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings	8,679,340	1,838,340	17,428	(53,725)	10,481,383
Lease liabilities	44,676	(35,274)	(1,910)	-	7,492
	8,724,016	1,803,066	15,518	(53,725)	10,488,875

	1 January 2020	Financing cash flows	Other changes ⁽¹⁾	Exchange difference	31 December 2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings	6,039,296	2,831,201	5,971	(197,128)	8,679,340
Lease liabilities	375,200	(366,963)	36,439	-	44,676
Notes payable	1,423,212	(1,415,900)	(27,721)	20,409	-
	7,837,708	1,048,338	14,689	(176,719)	8,724,016

⁽¹⁾ Other changes include interest accruals and payments

The cash flows make up the net amount of proceeds and repayments of the financial liabilities presented under the financing activities in the statement of cash flows.

The carrying amount of borrowings approximate their fair value.

31. Deferred income taxes

	Undistributed earnings of PRC subsidiaries	Fair value adjustment on acquisition of subsidiaries	Accelerated tax depreciation	Profit recognised on construction services provided under service concession arrangements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020	59,939	4,207	249,366	169,234	482,746
Charge/(credit) to profit or loss (Note 11)	(208)	(325)	14,984	45,195	59,646
At 31 December 2020	59,731	3,882	264,350	214,429	542,392
Charge/(credit) to profit or loss (Note 11)	-	(134)	30,449	46,246	76,561
At 31 December 2021	59,731	3,748	294,799	260,675	618,953

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31. Deferred income taxes (continued)

At 31 December 2021, the Group has unused tax losses of approximately RMB 754,036,000 (2020: RMB657,029,000), 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	
	2021	2020
	RMB'000	RMB'000
2021	–	19,242
2022	20,384	20,514
2023	81,281	95,834
2024	135,519	156,362
2025	330,099	365,077
2026	186,753	–
	<u>754,036</u>	<u>657,029</u>

At 31 December 2021, the Group has deductible temporary differences of RMB187,571,000 (2020: RMB138,743,000). No deferred tax asset has been recognised in relation to such deductible temporary differences due to uncertainty of the deductible temporary differences being utilised.

At 31 December 2021, temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised are RMB5,016,030,000 (2020: RMB4,535,903,000). 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.

32. Share capital

	Group and Company	
	Number of ordinary shares	Share capital
	'000	RMB'000
As at 1 January 2020	1,454,025	96
Issued during the year	–	–
At 31 December 2020	1,454,025	96
Issued during the year	–	–
At 31 December 2021	<u>1,454,025</u>	<u>96</u>

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).

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For the financial year ended 31 December 2021

33. Other reserves

	Group		Company	
	31 December		31 December	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Capital reserve (i)	393,694	393,694	1,057,112	1,057,112
Merger reserve (ii)	(67,642)	(67,642)	-	-
Statutory surplus reserve (iii)	191,243	155,288	-	-
Foreign currency translation reserve (iv)	(57,577)	(46,405)	-	-
Other reserve (v)	56,172	56,172	-	-
	<u>515,890</u>	<u>491,107</u>	<u>1,057,112</u>	<u>1,057,112</u>

(i) Capital reserve

	Group		Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January and 31 December	<u>393,694</u>	<u>393,694</u>	<u>1,057,112</u>	<u>1,057,112</u>

The Group's capital reserve represents deemed capital contribution. The Company's capital reserve represents waiver of debts by its subsidiaries and deemed capital contribution.

(ii) Merger reserve

	Group	
	2021	2020
	RMB'000	RMB'000
At 1 January and 31 December	<u>(67,642)</u>	<u>(67,642)</u>

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 then ultimate holding company or ultimate shareholder using the merger accounting method.

(iii) Statutory surplus reserve

	Group	
	2021	2020
	RMB'000	RMB'000
At 1 January	155,288	118,271
Appropriation to reserves	35,955	37,017
At 31 December	<u>191,243</u>	<u>155,288</u>

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.

Notes to the Consolidated Financial Statements

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33. Other reserves (continued)

(iv) Foreign currency translation reserve

	Group	
	2021	2020
	RMB'000	RMB'000
At 1 January	(46,405)	(8,575)
Other comprehensive income	(11,172)	(37,830)
At 31 December	(57,577)	(46,405)

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(v) Other reserve

	Group	
	2021	2020
	RMB'000	RMB'000
At 1 January and 31 December	56,172	56,172

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.

34. Deferred grant

	Group	
	2021	2020
	RMB'000	RMB'000
Grant received in advance	381,085	363,058
Analysed as:		
- Current liabilities	17,065	17,080
- Non-current liabilities	364,020	345,978
	381,085	363,058

Assets related grants are recognised over the estimated useful lives of the related assets. Income related grants are recognised on a systematic basis over the periods to match the related costs.

35. Other tax liabilities

	Group	
	2021	2020
	RMB'000	RMB'000
Value added tax	41,540	59,803
Others	19,556	19,067
	61,096	78,870

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36. 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	
	2021	2020
	RMB'000	RMB'000
At beginning of the year	23,053	19,032
Provision made during the year	1,773	4,021
At end of the year	24,826	23,053

37. Contingencies

Contingent liabilities

Legal claims were lodged by certain third parties against the Group's subsidiaries, in relation to alleged non-performance under sales or service contracts.

As at 31 December 2021, no contingent liabilities were provided, as management assessed that it is not practical to estimate the potential effect of the ongoing litigation and legal advice indicates that it is not probable that a significant liability will arise.

As at 31 December 2020, contingent liabilities of RMB2,400,000 were provided, as management assessed that the probability of litigation settlement for relevant cases was not remote with reference to the preliminary decision the court made. The judgements on the cases were issued during the financial year ended 31 December 2021 and all liabilities were settled during the year.

38. Commitments

Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements, excluding those relating to investments in associates (Note 22) and investments in joint ventures (Note 23), are as follows:

	Group	
	2021	2020
	RMB'000	RMB'000
Property, plant and equipment	816,755	1,475,812

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39. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group's risk management policies and guidelines are set to monitor and control the potential material adverse impact of these exposures. The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group.

(a) Market risk

(i) Currency risk

The Group collects most of its revenue and incurs most of its expenditures in RMB. Cash and cash equivalents of the Group are mainly denominated in RMB and United States Dollar ("USD"). The Group currently does not have a foreign currency hedging policy as management considers the foreign exchange risk exposure of the Group to be limited. However, the Group monitors currency risk exposure by periodically reviewing foreign currency exchange rates and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's and Company's monetary assets and liabilities which are significant at the reporting date that are denominated in currencies other than the respective functional currency of the group entities are as follows:

	Group		Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
USD	106,548	414,727	95,036	109,917
Financial liabilities				
USD	2,159,512	2,236,791	2,019,870	2,236,791

Sensitivity analysis

The following table details the Group's and Company's sensitivity to a 10% increase and decrease in the RMB against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

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39. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis (continued)

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

	Group		Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
USD	205,296	182,206	192,483	212,687

If the relevant foreign currency strengthens by 10% against the functional currency of each group entity, profit before tax will decrease/ (increase) by the same amount above.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to fair value interest rate risk related primarily to its fixed-rate borrowings (Note 30) and lease liabilities. The Group's exposure to cash flow interest rate risk relates primarily to its variable-rate borrowings (Note 30).

The Group and Company currently do not have a specific policy to manage its interest rate risk and has not entered into any interest rate swaps to hedge against the exposure. However, the Group and Company will monitor the interest rate exposure and manage interest cost using a mix of fixed and variable-rate debts.

Sensitivity analysis

The sensitivity analyses below have been prepared based on the exposure to interest rates for the variable-rate borrowings and bank balances at the end of the reporting period and the stipulated change taking place at the beginning of the year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates on variable-rate borrowings.

If interest rates had been 50 basis points higher/lower, the decrease/increase on profit before tax will be:

	Group		Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Profit before tax	41,978	39,212	6,691	11,184

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39. Financial risk management (continued)

(b) Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties of the Group is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Customers of the Group mainly consists of regional state-owned grid companies, local government and certain manufacturing companies whose production relies on the supply of electricity and steam by the Group. In this regard, management considers the Group's credit risk is significantly reduced.

As at 31 December 2021, the Group has trade balances due from 4 customers (2020: 4) who individually accounted for 5% or more of the total balance of trade receivables amounted to RMB687,033,000 (2020: RMB367,104,000).

As at 31 December 2021, the Group has trade balances due from 3 related parties (2020: 2) who individually accounted for 5% or more of the total balance of trade receivables amounted to RMB164,106,000 (2020: RMB142,992,000).

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except that the Company has significant non-trade receivables from 10 subsidiaries (2020: 8 subsidiaries) amounting to RMB2,112,195,000 (2020: RMB2,406,240,000) as at 31 December 2021. This represents advances made to the subsidiaries for purpose of capital expenditure fundings and working capital to other subsidiaries of the Group. Other than the above, there are no other significant receivables in the Company as at 31 December 2021 and 2020.

Receivables under service concession arrangements relate to consideration recoverable from certain governing bodies and agencies of the government of the PRC in respect of construction of WTE plants and are generally considered as having low risk of default.

Trade receivables and trade related amounts due from related parties and non-controlling interests

Loss allowance for trade receivables and trade related amounts due from related parties and non-controlling interests have been measured at an amount equal to lifetime ECL. Trade and bill receivables are mainly amounts due from local electrical power grid companies and local government sectors for the sale of electricity and waste treatment. Trade related amounts due from related parties and non-controlling interests are mainly for the sale of waste treatment.

The ECL on trade balances are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forward-looking macroeconomic factors affecting the ability of the debtors to settle the receivables.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

None of the trade receivables that have been written off are subject to enforcement activities.

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39. Financial risk management (continued)

(b) Credit risk (continued)

Trade receivables and trade related amounts due from related parties and non-controlling interests (continued)

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

	Group	
	2021	2020
	RMB'000	RMB'000
Current	1,628,741	941,681
Within 60 days	48,813	72,329
60 days to 90 days	37,883	29,273
90 days to 120 days	27,949	27,323
Over 120 days	236,396	171,883
	1,979,782	1,242,489

The following is an aged analysis of trade receivables due from related parties at the end of the reporting period

	2021	2020
	RMB'000	RMB'000
Current	92,194	34,524
0 to 90 days	2,078	11,858
91 to 120 days	6,259	7,729
Over 120 days	107,725	110,599
	208,256	164,710

For the financial year ended 31 December 2021 and 2020, the trade receivables have been assessed based on lifetime ECL individually and loss allowance was recognised for trade receivables that are credit impaired.

Other receivables and non-trade related amounts due from related parties and non-controlling interests

For purpose of impairment assessment, other receivables and non-trade related amounts due from related parties and non-controlling interests are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition.

In determining the ECL, management has estimates the loss allowance on other receivables and non-trade related amounts due from related parties and non-controlling interests at an amount equal to 12-month ECL, taking into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each these financial assets and the loss upon default.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

For the financial year ended 31 December 2021 and 2020, other receivables and non-trade related amounts due from related parties and non-controlling interests have been assessed based on 12-month ECL individually and are not credit impaired.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

39. Financial risk management (continued)

(b) Credit risk (continued)

The Group's and the Company's credit risk on cash and cash equivalents and pledged bank deposits is limited because the counterparties are banks with good reputation.

The Group develops and maintains its credit risk grading to categorise exposures according to their degree of risk of default. The Group uses its trading records to rate its major customers and other debtors. The Group does not hold any collateral to cover its credit risks associated with its financial assets.

The Group's current credit risk framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is more than 90 days past due for corporate/individual debtors, more than 180 days past due for amounts due from related parties and more than 3 years past due for government debtors or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is more than 1 year past due for corporate/individual debtors, more than 2 years past due for amounts due from related parties and more than 5 years past due for government debtors or there is evidence indicating the asset is credit impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

The assessment of the credit quality and exposure to credit risk of the Group's and Company's trade and other receivables, amounts due from non-controlling interests, related parties and subsidiaries, service concession receivables and contract assets have been disclosed in Notes 14, 15, 16, 17, 18 and 4 to the financial statements respectively. The tables below detail the credit quality of the Group's financial assets and contract assets, as well as maximum exposure to credit risk by credit risk rating grades:

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

39. Financial risk management (continued)

(b) Credit risk (continued)

The movements in credit loss allowance are as follows:

	Trade receivables	Other receivables	Total
	RMB'000	RMB'000	RMB'000
Group			
2021			
Balance at 1 January 2021	24,990	31,457	56,447
Loss allowance recognised in profit or loss during the year	5,918	10,899	16,817
Balance at 31 December 2021	<u>30,908</u>	<u>42,356</u>	<u>73,264</u>
2020			
Balance at 1 January 2020	13,900	18,141	32,041
Loss allowance recognised in profit or loss during the year	11,090	13,316	24,406
Balance at 31 December 2020	<u>24,990</u>	<u>31,457</u>	<u>56,447</u>

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				RMB'000	RMB'000	RMB'000
Group						
2021						
Trade and bills receivables	14	(i)	Lifetime ECL (simplified approach)	2,010,690	(30,908)	1,979,782
Other receivables	14	Performing	12-month ECL	406,102	(42,356)	363,746
Trade amounts due from non-controlling interests	15	(i)	Lifetime ECL (simplified approach)	14,866	-	14,866
Non-trade amounts due from non-controlling interest	15	Performing	12-month ECL	11,030	-	11,030
Trade amounts due from related parties	16	(i)	Lifetime ECL (simplified approach)	208,256	-	208,256
Non-trade amounts due from related parties	16	Performing	12-month ECL	510,720	-	510,720
Contract assets	4	(i)	Lifetime ECL (simplified approach)	17,832	-	17,832
Service concession receivables	18	Performing	12-month ECL	800,408	-	800,408
					<u>(73,264)</u>	
Company						
2021						
Amount due from subsidiaries	17	Performing	12-month ECL	2,116,567	-	2,116,567
					<u>-</u>	

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

39. Financial risk management (continued)

(b) Credit risk (continued)

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Group						
<u>2020</u>						
Trade receivables	14	(i)	Lifetime ECL (simplified approach)	1,267,479	(24,990)	1,242,489
Other receivables	14	Performing	12-month ECL	396,104	(31,457)	364,647
Trade amounts due from non- controlling interests	15	(i)	Lifetime ECL (simplified approach)	21,084	-	21,084
Non-trade amounts due from non-controlling interest	15	Performing	12-month ECL	11,030	-	11,030
Trade amounts due from related parties	16	(i)	Lifetime ECL (simplified approach)	164,710	-	164,710
Non-trade amounts due from related parties	16	Performing	12-month ECL	484,779	-	484,779
Contract assets	4	(i)	Lifetime ECL (simplified approach)	81,540	-	81,540
Service concession receivables	18	Performing	12-month ECL	698,986	-	698,986
					(56,447)	
Company						
<u>2020</u>						
Amount due from subsidiaries	17	Performing	12-month ECL	2,410,053	-	2,410,053
					-	

- (i) For trade related balances and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Notes 14, 15, 16 and 4 includes further details on the loss allowance for these receivables and contract assets.

(c) Liquidity risk

To manage the liquidity risk, the Group and the Company maintain a level of cash and cash equivalents considered adequate by management to finance the Group's and the Company's operations. Management monitors the level of bank borrowings and ensures compliance with loan undertakings. The Group and the Company also rely on borrowings and amounts due to related parties for liquidity requirements. The directors believe the Group and the Company have sufficient resources to continue its operational existence for the foreseeable future.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

39. Financial risk management (continued)

(c) Liquidity risk (continued)

Liquidity and interest risk tables

The following table details the Group's and Company's remaining contractual maturity for its financial liabilities as at the end of the reporting period. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The undiscounted cash flows column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

Group	Weighted average effective interest rate	On demand, or less than 1 year	1 - 5 years	>5 years	Undiscounted cash flows	Carrying amount closing balance
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2021						
Non-derivative financial liabilities						
Trade and other payables	-	2,039,319	-	-	2,039,319	2,039,319
Amounts due to related parties	-	55,680	-	-	55,680	55,680
Borrowings	4.63	3,930,789	6,174,653	1,587,806	11,693,248	10,481,383
Lease liabilities	4.85	5,218	2,495	-	7,713	7,492
		<u>6,031,006</u>	<u>6,177,148</u>	<u>1,587,806</u>	<u>13,795,960</u>	<u>12,583,874</u>
2020						
Non-derivative financial liabilities						
Trade and other payables	-	1,544,230	-	-	1,544,230	1,544,230
Amounts due to related parties	-	91,056	-	-	91,056	91,056
Borrowings	4.89	2,908,725	5,057,728	1,996,236	9,962,689	8,679,340
Lease liabilities	5.56	40,617	5,676	-	46,293	44,676
		<u>4,584,628</u>	<u>5,063,404</u>	<u>1,996,236</u>	<u>11,644,268</u>	<u>10,359,302</u>
Company						
2021						
Non-derivative financial liabilities						
Trade and other payables	-	10,505	-	-	10,505	10,505
Amounts due to subsidiaries	-	85,884	-	-	85,884	85,884
Borrowings	2.47	938,574	1,138,470	-	2,077,044	2,014,633
		<u>1,034,963</u>	<u>1,138,470</u>	<u>-</u>	<u>2,173,433</u>	<u>2,111,022</u>
2020						
Non-derivative financial liabilities						
Trade and other payables	-	8,969	-	-	8,969	8,969
Amounts due to subsidiaries	-	85,885	-	-	85,885	85,885
Borrowings	3.65	953,193	1,395,829	-	2,349,022	2,236,791
		<u>1,048,047</u>	<u>1,395,829</u>	<u>-</u>	<u>2,443,876</u>	<u>2,331,645</u>

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

39. Financial risk management (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payments, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings. The Group's and the Company's current strategy remains unchanged from the previous financial year.

The Group monitors capital based on a net debt to total equity ratio. The net debt to total equity ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalents and pledged bank deposits. Total equity comprises share capital, share premium, other reserves, retained profits/(accumulated losses) and non-controlling interests.

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	RMB'000	RMB'000	RMB'000	RMB'000
Net debt	9,275,348	8,075,415	1,919,488	2,126,508
Total equity	6,544,892	6,103,002	1,906,267	1,993,717
Net debt to equity ratio	142%	132%	101%	107%

Under the terms of the major borrowing facilities, as of 31 December 2021, the group is required to comply with the following financial covenants:

- Net debt to equity ratio shall not at any time exceed 125% (2020: 145%);
- Earnings before interest and tax expense, depreciation and amortisation to interest expense ratio shall not less than 2.75 times (2020: 3 times); and
- Tangible net worth shall not be less than RMB 5,500,000,000 (2020: RMB3,500,000,000).

Except for the borrowing facilities which require the fulfilment of covenants relating to certain of the Group's financial ratios as disclosed in Note 30, the Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2021 and 2020.

(e) 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 consolidated financial statements approximate their fair values at the end of the reporting period.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

39. Financial risk management (continued)

- (f) Financial instruments by category

The carrying amount of the different categories of financial instruments are as follows:

	Group 31 December		Company 31 December	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at amortised cost	4,294,441	3,673,190	2,213,970	2,522,043
Financial liabilities at amortised cost	12,583,874	10,438,172	2,025,138	2,245,760

40. Segment information

The Executive Committee ("Exco") is the Group's chief operating decision-maker. The Exco comprises the Chief Executive Officer, the Chief Financial Officer, and the heads of each business within each primary geographic segment. Management has determined the operating segments based on the reports reviewed by the Exco that are used to make strategic decisions, allocate resources and assess performance.

The Exco considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the two primary geographic areas namely People's Republic of China and the India. From a business segment perspective, management separately considers the waste-to-energy project construction and operation and project technical and management service, equipment selection and sale and EMC business in these geographic areas.

Specifically, the group's reportable segment and operating segments are as follows:

- (1) Waste-to-energy project construction and operation

Comprise sales of electricity and steam, waste treatment, construction services provided and financial income under service concession.

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

Comprise service income.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

40. Segment information (continued)

(a) Segment revenue and profit

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

2021	Waste-to-energy project construction and operation	Project technical and management service, equipment selection and sale and EMC business	Total
	RMB'000	RMB'000	RMB'000
Segment revenue			
External revenue - non-related parties	3,596,312	400,218	3,996,530
External revenue - related parties (Note 4)	2,988	60,858	63,846
Inter-segment revenue	-	503,858	503,858
	3,599,300	964,934	4,564,234
Elimination	-	(503,858)	(503,858)
Revenue	3,599,300	461,076	4,060,376
Segment profit	974,408	78,103	1,052,511
Government grants and value added tax refund	60,264	1,716	61,980
Loss on disposal of property, plant and equipment	(444)	-	(444)
Other gains relating to closure of WTE plant	2,750	-	2,750
Impairment loss on intangible assets	(30,202)	-	(30,202)
Impairment loss on prepayments	(71)	-	(71)
Loss on disposal of shares of joint venture			(556)
Administrative expenses			(233,372)
Foreign exchange gains			42,059
Other income			79,603
Loss allowance recognised on financial assets			(16,817)
Finance costs			(361,676)
Share of loss of associates			(534)
Share of loss of joint ventures			(11,931)
Profit before tax			583,300

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

40. Segment information (continued)

(a) Segment revenue and profit (continued)

2020	Waste-to-energy project construction and operation	Project technical and management service, equipment selection and sale and EMC business	Total
	RMB'000	RMB'000	RMB'000
Segment revenue			
External revenue - non-related parties	2,870,756	127,315	2,998,071
External revenue - related parties (Note 4)	1,518	85,075	86,593
Inter-segment revenue	-	190,643	190,643
	2,872,274	403,033	3,275,307
Elimination	-	(190,643)	(190,643)
Revenue	2,872,274	212,390	3,084,664
Segment profit			
Government grants and value added tax refund	74,986	1,366	76,352
Loss on disposal of property, plant and equipment	(52,055)	-	(52,055)
Compensation income on closure of WTE plant	21,026	-	21,026
Write-off of property, plant and equipment upon closure of WTE plant	(12,896)	-	(12,896)
Other gains relating to closure of WTE plant	4,155	-	4,155
Impairment loss on property, plant and equipment	(4,366)	-	(4,366)
Impairment loss on prepayments	(33,152)	-	(33,152)
Administrative expenses			(252,518)
Foreign exchange gains			161,276
Other losses			(2,553)
Other income			59,139
Loss allowance recognised on financial assets			(24,406)
Finance costs			(355,490)
Share of loss of associates			(325)
Share of profit of joint ventures			1,004
Profit before tax			477,683

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

40. Segment information (continued)

(b) Segment assets

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

	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
<u>2021</u>			
Segment assets	16,543,333	1,593,395	18,136,728
Unallocated			2,243,999
Consolidated total assets			<u>20,380,727</u>
<u>2020</u>			
Segment assets	15,033,801	1,099,278	16,133,079
Unallocated			1,633,605
Consolidated total assets			<u>17,766,684</u>

All assets are allocated to reportable segments other than investments in joint ventures and associates, other tax recoverable, pledged bank deposits, cash and cash equivalents and the non-trade related balances due from related parties and non-controlling interests.

(c) Segment liabilities

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

	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
<u>2021</u>			
Segment liabilities	11,938,893	1,046,589	12,985,482
Unallocated			850,353
Consolidated total liabilities			<u>13,835,835</u>
<u>2020</u>			
Segment liabilities	10,246,973	628,891	10,875,864
Unallocated			787,818
Consolidated total liabilities			<u>11,663,682</u>

All liabilities are allocated to reportable segments other than income tax liabilities, other tax liabilities, dividend payable, deferred tax liabilities and the non-trade related balances due to related parties.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

40. Segment information (continued)

(d) Geographical information

The Group's revenue from external customers and information about its segment assets (non-current assets) by geographical location are detailed below:

	Revenue from external customers (including related parties)	Non-current assets
	RMB'000	RMB'000
<u>2021</u>		
<u>Based on location of customer</u>		
PRC	3,909,722	14,829,441
India	130,200	213,088
Others	20,454	198,118
	<u>4,060,376</u>	<u>15,240,647</u>

	Revenue from external customers (including related parties)	Non-current assets
	RMB'000	RMB'000
<u>2020</u>		
<u>Based on location of customer</u>		
PRC	2,988,856	13,569,716
India	84,856	257,254
Others	10,952	190,753
	<u>3,084,664</u>	<u>14,017,723</u>

(e) 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 2021 and 2020, no single customer accounted for 10% or more of the Group's revenue.

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

In 2021 and 2020, no single customer accounted for 10% or more of the Group's revenue.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

41. Events occurring after balance sheet date

Subsequent to year end, as of the date of this report, the Group refinanced short-term borrowings amounting to RMB247,363,000 by renewing the maturity date to another 12 months.

The Group has also secured additional credit facilities amounting to RMB1,343,000,000 with tenure ranging from 1 to 13 years, inclusive of RMB460,000,000 and RMB369,000,000 for finance leases and project financing respectively.

42. Business impact and financial implications of the Coronavirus Disease 2019 (“COVID-19”) Pandemic

On 30 January 2020, the World Health Organisation announced the Coronavirus Disease 2019 (“COVID-19”) as a global health emergency and has impacted adversely the economic activities globally, which included China and other geographical regions where the Group operates.

In 2021, the COVID-19 situation in the PRC has been on a steady recovery trend. The resumption of work, production, business and market activities has been accelerated. The Group’s WTE and other facilities in the PRC are essential services and have remained operational in 2021.

As the impact of the COVID-19 pandemic gradually decreases, the amount of waste treated and steam supply business increased 6.8% and 11.3% in 2021 as compared with the prior year.

In 2020, the Group had obtained RMB19,285,000 social security relief and RMB3,543,000 in various subsidies. In 2021, the Group no longer enjoys the preferential policies for epidemic social security exemptions.

The Company and its subsidiaries have not exercised temporary relief, force majeure clauses or termination of contractual obligations for material contracts nor faced any threats to its contractual rights or ability to fulfil its obligations for material contracts as a result of the COVID-19 situation. There were no material contractual terms that have been waived or newly imposed. The Company has not been in breach of any COVID-19 restrictions which may lead to penalties from the authorities.

43. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group’s accounting periods beginning on or after 1 January 2022 and which the Group has not early adopted.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to IFRS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period.

Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IFRS 1 means when it refers to the ‘settlement’ of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management’s intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

Amendments IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2021

43. New or revised accounting standards and interpretations (continued)

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

The Group does not expect any significant impact arising from applying these amendments.

44. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Zheneng Jinjiang Environment Holding Company Limited on 8 April 2022.

Statistics of Shareholdings

As at 18 March 2022

Class of shares	:	Ordinary shares of US\$0.00001 each
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	:	Aggregate of US\$10,000, RMB748,000,000 and S\$1,510,857,322
Number of Ordinary Shares issued	:	1,454,024,700
Voting rights	:	One vote per share

The Company has no treasury shares and subsidiary holdings.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
100 - 1,000	102	19.96	90,100	0.01
1,001 - 10,000	181	35.42	1,041,900	0.07
10,001 - 1,000,000	213	41.68	17,276,900	1.19
1,000,001 and above	15	2.94	1,435,615,800	98.73
	511	100.00	1,454,024,700	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 18 MARCH 2022

No.	Name of Shareholders	Number of Shares	%
1.	RAFFLES NOMINEES (PTE.) LIMITED	556,926,151	38.30
2.	UOB KAY HIAN PRIVATE LIMITED	442,316,275	30.42
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	220,387,500	15.16
4.	DBS NOMINEES (PRIVATE) LIMITED	193,092,374	13.28
5.	WANG YUANLUO	5,140,000	0.35
6.	LIM & TAN SECURITIES PTE LTD	2,957,700	0.20
7.	WANG RUIHONG	2,100,000	0.14
8.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,086,200	0.14
9.	WANG WUZHONG	1,993,300	0.14
10.	PHILLIP SECURITIES PTE LTD	1,964,800	0.14
11.	OCBC SECURITIES PRIVATE LIMITED	1,782,100	0.12
12.	E HONGBIAO	1,260,000	0.09
13.	XU YONGQIANG	1,260,000	0.09
14.	LIM PUAY TIANG	1,191,000	0.08
15.	GOH BEE LAN	1,158,400	0.08
16.	IFAST FINANCIAL PTE. LTD.	615,700	0.04
17.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	615,000	0.04
18.	ZHOU RONGQIN	500,000	0.03
19.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	417,000	0.03
20.	YANG LEIYUAN	401,000	0.03
	Total	1,438,164,500	98.90

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

11.73% 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.

Statistics of Shareholdings

As at 1 April 2022

SUBSTANTIAL SHAREHOLDERS AS AT 1 APRIL 2022

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest ⁽²⁾	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Zhejiang Energy Hong Kong Holding Limited ⁽³⁾	-	-	430,000,000	29.57
Zheneng Capital Holdings Co., Ltd. ⁽⁴⁾	-	-	430,000,000	29.57
Zhejiang Energy International Limited ⁽⁴⁾	-	-	430,000,000	29.57
Zhejiang Provincial Energy Group Co., Ltd. ⁽⁴⁾	-	-	430,000,000	29.57
Win Charm Limited ⁽⁵⁾	-	-	372,560,575	25.62
Hangzhou Zhengcai ⁽⁶⁾	-	-	372,560,575	25.62
Jinjiang Group ⁽⁷⁾	-	-	372,560,575	25.62
Dou Zhenggang ⁽⁸⁾	-	-	372,560,575	25.62
Wei Xuefeng ⁽⁹⁾	-	-	372,560,575	25.62
Zhejiang Hengjia ⁽¹⁰⁾	-	-	372,560,575	25.62
Dou Baibing ⁽¹¹⁾	-	-	372,560,575	25.62
Hangzhou Yande ⁽¹²⁾	-	-	372,560,575	25.62
Harvest Global Dynamic Fund SPC acting on behalf of and for the account of Harvest Environmental Investment Fund SP ⁽¹³⁾	214,000,000	14.72	-	-
Kung Chak Ming ⁽¹³⁾	2,487,300	0.17	214,000,000	14.72
Jee Up Enterprises Limited ⁽¹³⁾	-	-	214,000,000	14.72
Huang Bohao ⁽¹³⁾	-	-	214,000,000	14.72
Whitel Management Company Limited ⁽¹⁴⁾	180,620,574	12.42	-	-
Whitel International Management Holding Limited ⁽¹⁴⁾	-	-	180,620,574	12.42
HOPU USD Master Fund III, L.P. ⁽¹⁴⁾	-	-	180,620,574	12.42
HOPU Investments Co. III Ltd ⁽¹⁴⁾	-	-	180,620,574	12.42
Fang Fanglei ⁽¹⁴⁾	-	-	180,620,574	12.42
Lau Teck Sien ⁽¹⁴⁾	-	-	180,620,574	12.42
AEP Investments (Mauritius) Limited ⁽¹⁵⁾	81,478,351	5.60	-	-

Notes:

- (1) Based on 1,454,024,700 Shares in issue as at 18 March 2022.
- (2) Deemed interests refer to interests determined pursuant to Section 4 of the Securities and Futures Act ("SFA").
- (3) Zhejiang Energy Hong Kong Holding Limited (浙江能源香港控股有限公司) is deemed to have an interest in 430,000,000 Shares held by Raffles Nominees (Pte.) Limited.
- (4) Zhejiang Energy International Limited (浙江能源国际有限公司) owns the entire issued and paid-up share capital of Zhejiang Energy Hong Kong Holding Limited (浙江能源香港控股有限公司). Zhejiang Provincial Energy Group Co., Ltd. (浙江省能源集团有限公司) and Zheneng Capital Holdings Co., Ltd. (浙能资本控股有限公司) own 60% and 40% of the equity interests in Zhejiang Energy International Limited (浙江能源国际有限公司), respectively. Zheneng Capital Holdings Co., Ltd. (浙能资本控股有限公司) is 100% controlled by Zhejiang Provincial Energy Group Co., Ltd. (浙江省能源集团有限公司). Zhejiang Provincial Energy Group Co., Ltd. (浙江省能源集团有限公司) is 100% controlled by the State-owned Assets Supervision and Administration Commission of the People's Government of Zhejiang Province (浙江省人民政府国有资产监督管理委员会). Accordingly, each of Zhejiang Energy International Limited (浙江能源国际有限公司), Zheneng Capital Holdings Co., Ltd. (浙能资本控股有限公司) and Zhejiang Provincial Energy Group Co., Ltd. (浙江省能源集团有限公司) are deemed to have an interest in the Shares in which Zhejiang Energy Hong Kong Holding Limited (浙江能源香港控股有限公司) has an interest by virtue of Section 4 of the SFA.

Statistics of Shareholdings

As at 1 April 2022

- (5) Win Charm is deemed to have an interest in 328,365,000 Shares held by UOB Kay Hian Private Limited. Win Charm holds approximately 50.0% of the voting shares in the issued and paid-up share capital of Jin Jiang Green Energy Limited (“**Jinjiang Green Energy**”), which in turn is deemed to have an interest in 44,195,575 Shares held by UOB Kay Hian Private Limited. Accordingly, Win Charm is also deemed to have an interest in the Shares in which Jinjiang Green Energy has an interest by virtue of Section 4 of the SFA.
- (6) Hangzhou Zhengcai holds 45.0% of the issued and paid-up share capital of Win Charm. Win Charm is deemed to have an interest in the Shares held by Jinjiang Green Energy by virtue of Section 4 of the SFA – please refer to Note (5) above. Accordingly, Hangzhou Zhengcai is deemed to have an interest in the Shares in which Jinjiang Green Energy and Win Charm have an interest by virtue of Section 4 of the SFA.
- (7) Jinjiang Group directly and indirectly (through its wholly-owned subsidiary Hangzhou Zhengcai) holds the entire issued and paid-up share capital of Win Charm. Win Charm is deemed to have an interest in the Shares held by Jinjiang Green Energy by virtue of Section 4 of the SFA – please refer to Note (5) above. Accordingly, Jinjiang Group is deemed to have an interest in the Shares in which Jinjiang Green Energy and Win Charm have an interest by virtue of Section 4 of the SFA.
- (8) Dou Zhenggang holds approximately 46.63% of the registered capital of Jinjiang Group. Jinjiang Group is deemed to have an interest in the Shares in which Jinjiang Green Energy and Win Charm have an interest by virtue of Section 4 of the SFA – please refer to Note (7) above. Accordingly, Dou Zhenggang is deemed to have an interest in the Shares in which Jinjiang Green Energy and Win Charm have an interest by virtue of Section 4 of the SFA.
- (9) Wei Xuefeng, who is Dou Zhenggang’s spouse, holds the entire registered capital of Zhejiang Hengjia. Zhejiang Hengjia holds approximately 27.04% of Jinjiang Group’s registered capital. Jinjiang Group is deemed to have an interest in the Shares in which Jinjiang Green Energy and Win Charm have an interest by virtue of Section 4 of the SFA – please refer to Note (7) above. Accordingly, Wei Xuefeng is deemed to have an interest in the Shares in which Jinjiang Green Energy and Win Charm have an interest by virtue of Section 4 of the SFA.
- (10) Zhejiang Hengjia holds approximately 27.04% of Jinjiang Group’s registered capital. Jinjiang Group is deemed to have an interest in the Shares in which Jinjiang Green Energy and Win Charm have an interest by virtue of Section 4 of the SFA – please refer to Note (7) above. Accordingly, Zhejiang Hengjia is deemed to have an interest in the Shares in which Jinjiang Green Energy and Win Charm have an interest by virtue of Section 4 of the SFA.
- (11) Dou Baibing, who is Dou Zhenggang’s daughter, holds 90% of the registered capital of Hangzhou Yande. Hangzhou Yande holds approximately 26.33% of Jinjiang Group’s registered capital. Jinjiang Group is deemed to have an interest in the Shares in which Jinjiang Green Energy and Win Charm have an interest by virtue of Section 4 of the SFA - please refer to Note (7) above. Accordingly, Dou Baibing is deemed to have an interest in the Shares in which Jinjiang Green Energy and Win Charm have an interest by virtue of Section 4 of the SFA.
- (12) Hangzhou Yande holds approximately 26.33% of Jinjiang Group’s registered capital. Jinjiang Group is deemed to have an interest in the Shares in which Jinjiang Green Energy and Win Charm have an interest by virtue of Section 4 of the SFA - please refer to Note (7) above. Accordingly, Hangzhou Yande is deemed to have an interest in the Shares in which Jinjiang Green Energy and Win Charm have an interest by virtue of Section 4 of the SFA.
- (13) While Harvest Global Capital Investments (Cayman) Limited is the manager of the relevant fund, the investment committee of the fund comprises a representative from the fund manager, and a representative from each of its two investors, being Kung Chak Ming and Jee Up Enterprises Limited. Accordingly, each of Kung Chak Ming and Jee Up Enterprises Limited has control over the business and affairs of Harvest Global Dynamic Fund SPC acting on behalf of and for the account of Harvest Environmental Investment Fund SP (the “**SPC**”), including making investment and divestment decisions and voting the securities and interests held by the SPC, including those in the Company. Pursuant to Section 4 of the SFA, each of Kung Chak Ming and Jee Up Enterprises Limited is deemed to have an interest in the Shares held by the SPC. Huang Bohao is the sole shareholder of Jee Up Enterprises Limited. Accordingly, each of Kung Chak Ming, Jee Up Enterprises Limited and Huang Bohao is deemed to have an interest in the Shares held by the SPC by virtue of Section 4 of the SFA.
- (14) Whitel Management Company Limited is 100% owned by Whitel International Management Holding Limited. Whitel International Management Holding Limited is in turn 100% owned by HOPU USD Master Fund III, L.P. HOPU Investments Co. III Ltd is the general partner of HOPU USD Master Fund III, L.P., and each of Fang Fenglei and Lau Teck Sien is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares of HOPU Investments Co. III Ltd. Accordingly, each of Whitel International Management, HOPU USD Master Fund III, L.P., HOPU Investments Co. III Ltd, Fang Fenglei and Lau Teck Sien may be deemed to have an interest in the Shares held by Whitel Management Company Limited by virtue of Section 4 of the SFA.
- (15) 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).

Notice of Annual General Meeting

Due to the COVID-19-related control and safe distancing measures put in place in Singapore, members of the Company will not be able to attend the AGM in person. Please refer to the explanatory notes to this Notice of AGM for further details.

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the “AGM” or “Meeting”) of Zheneng Jinjiang Environment Holding Company Limited 浙能锦江环境控股有限公司 (the “Company”) will be held at 1 Yinxiu Road, Level 19, Meeting Room 1930, Tower A, Hangyue Commercial Center, Gongshu District, Hangzhou City, Zhejiang Province, People’s Republic of China 310011 (浙江省杭州市拱墅区隐秀路1号杭悦商业中心写字楼A座19楼1930会议室 (邮编: 310011)) on Monday, 25 April 2022 at 3.00 p.m. for the following purposes:-

AS ORDINARY BUSINESS

- To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Auditors’ Report thereon. **(Resolution 1)**
- To re-elect the following Directors of the Company retiring pursuant to Article 127 of the Company’s Articles of Association.

Mr Wang Ruihong **(Resolution 2)**
Mr Hee Theng Fong **(Resolution 3)**
Mr Tan Huay Lim **(Resolution 4)**
[See Explanatory Note (i)]
- To approve the payment of Directors’ fees of S\$420,000 for the financial year ended 31 December 2021. **(Resolution 5)**
- To re-appoint Messrs PricewaterhouseCoopers LLP as the Company’s auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**
- To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without modifications:-

6. “THE PROPOSED RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

That:-

- approval be and is hereby given for the purposes of Chapter 9 of the Listing Manual (“Chapter 9”) of the Singapore Exchange Securities Trading Limited (“SGX-ST”), for the Company, its subsidiaries and associated companies that are considered to be “entities at risk” (as that term is used in Chapter 9), or any of them to enter into any of the transactions falling within the types of Mandated Transactions described in the Appendix to the Notice of Annual General Meeting dated 8 April 2022 (the “Appendix”) with any party who is of the class of Mandated Interested Persons described in the Appendix, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;
- the approval given in paragraph (a) above (the “IPT General Mandate”) shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company; and

Notice of Annual General Meeting

- (c) the Directors of the Company and/or any of them be and are and/or is hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.”
[See Explanatory Note (ii)]

(Resolution 7)

By Order of the Board of Directors

Wei Dongliang
Executive Chairman
8 April 2022

Explanatory Notes:-

- (i) The Ordinary Resolution 3 proposed in item 2. above is to re-elect Mr Hee Theng Fong as a Director of the Company. Mr Hee Theng Fong will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual.

The Ordinary Resolution 4 proposed in item 2. above is to re-elect Mr Tan Huay Lim as a Director of the Company. Mr Tan Huay Lim will, upon re-election as a Director of the Company, remain as Chairman of the Audit and Risk Management Committee and a member of the Nominating Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual.

The profile of Mr Wang Ruihong, Mr Hee Theng Fong and Mr Tan Huay Lim can be found under the sections entitled “Board of Directors” and “Supplemental Information on Director Seeking Re-election” of the Company’s Annual Report for the financial year ended 31 December 2021 (“**Annual Report 2021**”).

- (ii) The Ordinary Resolution 7 proposed in item 6. above, if passed, is to authorise the interested person transactions as described in Appendix to this Notice of Annual General Meeting and recurring in the year, and will empower the Directors to do all acts necessary to give effect to the IPT General Mandate. This authority will, unless revoked or varied by the Company in a general meeting, 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 by law to be held, whichever is the earlier. Please refer to the Appendix to this Notice of Annual General Meeting for more details.

Notes:-

1. In respect of the AGM of the Company to be held on Monday, 25 April 2022 at 3.00 p.m. (Singapore time) at 1 Yinxiu Road, Level 19, Meeting Room 1930, Tower A, Hangyue Commercial Center, Gongshu District, Hangzhou City, Zhejiang Province, People’s Republic of China 310011 (浙江省杭州市拱墅区隐秀路1号杭悦商业中心写字楼A座19楼1930会议室 (邮编: 310011)) (and any adjournment thereof), notwithstanding the place in which the AGM is to be physically held, other than in respect of the Chairman, Directors and/or representatives of the Company present at such location, the AGM is being convened, and will be held, by way of electronic means pursuant to the Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation and checklist jointly issued by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and Singapore Exchange Regulation on 13 April 2020 and updated on 27 April 2020, 22 June 2020, 1 October 2020 and 4 February 2022 which is based on the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of AGM and the proxy form will not be sent to members. Instead, this Notice of AGM and the proxy form will be sent to members by electronic means via publication on the Company’s website at <http://en.znjhj.com/info.html> and the SGXNet.

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- The proceedings of this AGM will be broadcasted “live” through an audio-and-video webcast and an audio-only feed. Members and investors holding shares in the Company through the Central Provident Fund (“CPF”) or Supplementary Retirement Scheme (“SRS”) (“CPF/SRS investors”) who wish to follow the proceedings through a “live” webcast via their mobile phones, tablets or computers or listen to the proceedings through a “live” audio feed via telephone must pre-register at <https://smartagm.sg/ZhenengJinjiangAGM2022> (the “Pre-registration Website”) no later than 3.00 p.m. on Friday, 22 April 2022 (“Registration Cut-Off Time”). Following verification, an email containing instructions on how to access the “live” webcast and audio feed of the proceedings of the AGM will be sent to authenticated members and CPF/SRS investors by Saturday, 23 April 2022. Members and CPF/SRS investors who do not receive any email by 5.00 p.m. on Sunday, 24 April 2022, but have registered by the Registration Cut-Off Time, should contact the Company at AGM.TeamE@boardroomlimited.com.

Investors holding Shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore) (“Investors”) (other than CPF/SRS investors) will not be able to pre-register at the Pre-registration Website for the “live” broadcast of the AGM. An Investor (other than CPF/SRS investors) who wishes to participate in the “live” broadcast of the AGM should instead approach his/her relevant intermediary as soon as possible in order for the relevant intermediary to make the necessary arrangements to pre-register. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/passport number) to the Company’s Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., via email to AGM.TeamE@boardroomlimited.com no later than 3.00 p.m. on Friday, 22 April 2022.

- Due to the various control and safe distancing measures put in place in Singapore to prevent the spread of COVID-19, members will not be able to attend the AGM in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM. A member (whether individual or corporate) must submit his/her/its proxy form appointing the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The Chairman of the Meeting, as proxy, need not be a member of the Company.** The accompanying proxy forms for the AGM will be announced together with this Notice and may be accessed at the Company’s website at <http://en.znjhj.com/info.html> and on the SGXNet.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

- The proxy form is not valid for use by Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify his/her voting instructions. A CPF/SRS investor who wishes to vote should approach his/her CPF Agent Bank or SRS Operator at least 7 working days before the date of the AGM to submit his/her voting instructions.
- The proxy form must be submitted to the Company in the following manner:**
 - if submitted by post, be lodged at the office of the Company’s Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue #14-07, Keppel Bay Tower, Singapore 098632; or
 - if submitted electronically, be submitted via email to the Company’s Share Transfer Agent at AGM.TeamE@boardroomlimited.com.

in either case, **not less than 72 hours before the time appointed for the AGM.**

A member who wishes to submit the proxy form must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

- In the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any Proxy Form lodged if such members are not shown to have Shares entered against their names in the Depository Register (as defined in Part IIIA of the Securities and Futures Act 2001 of Singapore), as at 72 hours before the time appointed for holding this AGM as certified by The Central Depository (Pte) Limited to the Company.

Notice of Annual General Meeting

7. **Members and Investors will not be able to ask questions “live” during the broadcast of this AGM. All members and Investors may submit questions relating to the business of this AGM no later than 3.00 p.m. Saturday, 16 April 2022:**
- (a) via the Pre-registration Website <https://smartagm.sg/ZhenengJinjiangAGM2022>; or
 - (b) by email to AGM.TeamE@boardroomlimited.com; or
 - (c) by post to the Company’s Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue #14-07, Keppel Bay Tower, Singapore 098632.

In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult to submit questions by post, members and Investors are strongly encouraged to submit their questions via the Pre-registration Website or by email.

The Company will address all substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM or the Company’s businesses and operations by publishing its responses to such questions, if any, on the Company’s corporate website at the following URL: <http://en.znjjhj.com/info.html> and on SGXNET at the following URL: <https://www.sgx.com/securities/company-announcements> at least 48 hours prior to the closing date and time for the lodgement of the proxy forms (“**Responses to Q&A**”).

8. All documents (including the Annual Report 2021, proxy forms, this Notice of Annual General Meeting and the Appendix to this Notice of Annual General Meeting) or information relating to the business of this AGM have been, or will be, published on SGXNet and/or the Company’s website at <http://en.znjjhj.com/info.html>. **Printed copies of the documents will not be despatched to members.** Members and CPF/SRS investors are advised to check SGXNet and/or the Company’s website regularly for updates.

Personal data privacy:-

By pre-registering for the Live Webcast, submitting a Proxy Form appointing the Chairman of the Meeting as proxy to vote at the AGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company’s businesses and operations, a member of the Company: (i) consents to the collection, use and disclosure of such member’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, regulations and/or guidelines (collectively, the “**Purposes**”); (ii) warrants that where such member discloses the personal data of such member’s proxy(ies) and/or representative(s) to the Company (or its agents), such member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that such member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of such member’s breach of warranty.