锦江环境
JINJIANG ENVIRONMENT

China Jinjiang Environment Holding Company Limited

DRIVING GROWTH AND EXPANSION

ANNUAL REPORT 2017

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公司简介

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

As at 31 December 2017, Jinjiang Environment operates 20 WTE facilities in 12 provinces, autonomous regions and centrally-administered municipalities in China, with a total waste treatment capacity of 28,280 tons/day and an installed electricity power generation capacity of 521MW. In 2017, the total amount of waste treated increased by 3.2% to 8.4 million tons, while the annual electricity generated increased by 5.2% to 2.4336 billion kWh. In addition, the Company has three WTE facilities currently undergoing construction and has commenced preparatory work for another 21 projects in China and three overseas projects for construction or further expansion, which when fully completed, will bring the Company's total installed waste treatment capacity to approximately 59,261 tons/day.

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

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

截止2017年12月31日，锦江环境在中国12个省、自治区和直辖市拥有20个已投入运营的垃圾焚烧发电项目，垃圾处理能力累计28,280吨/日，装机容量达521MW。2017年全年垃圾处理量达840万吨，增长3.2%；全年的发电量为24.336亿千瓦时，增长5.2%。此外，公司还有3个在建垃圾焚烧发电厂项目，以及21个国内可筹建项目和3个境外筹建项目，正按计划积极推进开工前各项准备工作。在所有筹建项目全部建成后，垃圾处理总能力将达59,261吨/日。

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

CHAIRMAN'S MESSAGE
主席致辞

DEAR SHAREHOLDERS,

First of all, on behalf of China Jinjiang Environment Holding Company Limited, I would like to express my heartfelt thanks for the trust and support you have given towards the healthy and sustainable development of the company!

Policy Guidance

As one of the key areas of environmental risk prevention, WTE has become a frontrunner among industries in the field of environmental governance. In October 2017, the 19th National Congress of the Communist Party of China was held in Beijing. The report of the 19th National Congress included "strengthening standards in solid waste and refuse disposal", a directive to "build a government-led and enterprise-based environmental governance system, with participation from social organizations and the public". At the national policy level, it is clear that we have taken a solid step forward in the building of an ecological civilisation from concept to direction and have laid out more systematic and specific plans and requirements to make this happen.

尊敬的各位股东：

首先，我谨代表中国锦江环境控股有限公司向一直信任、支持本公司健康可持续发展的各位表示衷心的感谢！

政策导向

作为环境风险防范的重要领域之一，垃圾焚烧发电已成为环境治理的先锋践行者。2017年10月，中国共产党第十九次全国代表大会在北京召开，十九大报告包含了"加强固体废弃物和垃圾处置""构建政府为主导、企业为主体、社会组织和公众共同参与的环境治理体系"等纲领性措施。这预示着生态文明建设在国家政策层面上从概念和方向，向更系统、更具化的计划和要求迈进了坚实的一步。

Industry Analysis

2017 was an important year for China in terms of implementing the "13th Five-Year Plan" and also for the strengthening of supply-side structural reforms. China's GDP is expected to increase by 6.9% from the previous year, and the overall economic performance is expected to be steady with strong prospects of improvements and positive surprises. However, with the steady development of the Chinese economy, rising living standards of its residents, and urbanization continuing at an annual growth rate of 1.2%, municipal solid wastes volumes will increase. In 2017, the volume of China's urban waste collection was approximately 235.97 million tons. Hence, the phenomenon of "cities engulfed in waste" is by no means surprising.

According to the 13th Five-Year Plan for the Construction of Detoxification Treatment Facilities for Municipal Solid Waste, China's waste incineration capacity (including designated cities and counties) will reach a target of 591,000 tons per day at the end of 2020, an increase of 151% over the same period last year. This implies a compounded growth rate of 20%. China's waste incineration industry is in a rapid state of growth and its operational scale is estimated to reach RMB 39.0 billion by 2020.

Against the worsening situation of "cities infested with waste" and the general background of policies in the "13th Five-Year Plan", WTE is strongly positioned as one of the best ways to treat municipal solid waste within the environmental protection industry, being able to "reduce waste volume, treat waste into a harmless state and turn waste into a resource".

Business Review

2017 has been a year of both challenges and opportunities for Jinjiang Environment. Looking back, with the buoyant development of the clean energy sector in the PRC where current national policies are supportive of the growth in this industry, Jinjiang Environment has rode this trend, leveraging on its track record and well-grounded with deep industry insight. Leveraging on its mature investment, construction, operational system, its advanced Circulating Fluidised Bed ("CFB") technology as well as strong culture of innovation, the Group has reinforced its position in the domestic market.

During the year, Jinjiang Environment continued to expand its footprint and maintained its leading position in the WTE industry. As of December 31, 2017, the Company operated 20 WTE facilities in 12 provinces, autonomous regions and centrally-administered municipalities in China, had three projects under construction or expansion and 21 WTE projects in the preparatory stage.

行业分析

2017年是中国实施“十三五”规划的重要一年，是供给侧结构性改革的深化之年，中国GDP预计较上年增长6.9%，经济运行整体态势稳中有进、稳中向好、好于预期。但随着中国经济的稳步发展及居民生活水平的日益提高，随着城镇化以每年1.2%的年增长率持续推进，大量生活垃圾随之产生，预计2017年全年中国城市垃圾清运量规模约在23597万吨左右，由此引发的“垃圾围城”绝非危言耸听。

根据《“十三五”全国城镇生活垃圾无害化处理设施建设规划》，中国垃圾焚烧处理能力（包含设定城市和县城）在2020年末目标将达到59.1万吨/日，同比增长151%，复合增速将达20%，预计到2020年中国垃圾焚烧运营规模将达390亿元，整个行业处于快速成长期。

在“垃圾围城”日益严峻形势及“十三五规划”大背景下，垃圾焚烧发电将作为“减量化、无害化、资源化”处置生活垃圾的最佳方式在环保市场上大放异彩。

业务回顾

2017年锦江环境机遇与挑战并存。回顾2017，在步入国家大力倡导清洁能源发展的黄金时期，锦江环境“博观而约取，厚积而薄发”，凭借成熟的投资、建设、运营体系和先进的循环流化床技术，高举创新旗帜，矢志深耕国内市场。

2017年，是锦江环境不断攻城略地，在垃圾发电产业版图上持续领跑的一年。截至2017年12月31日，公司在中国12个省、自治区和直辖市内运行20处垃圾发电项目，拥有3个在建及扩建项目，21个处于准备阶段的筹建项目。目前运营项目垃圾处理能力达28,280吨/日，装机容量达521MW/日。

CHAIRMAN'S MESSAGE
主席致辞

At present, the Company's facilities have a total installed waste treatment capacity of 28,280 tons per day and installed electricity generation capacity of 521 MW per day.

The year 2017 saw Jinjiang Environment riding on China's "One Belt, One Road" Initiative and actively pursuing overseas projects. Through the acquisition of its wholly-owned subsidiary Ecogreen Energy Private Limited ("Ecogreen Energy"), the Company has successively secured three WTE projects in India and made an entry into the Indian market. As the group will be undertaking the construction and operation of a planned Mechanical Biological Treatment ("MBT") project in Singapore, the Company has successfully made an entry into the waste disposal market in Singapore. These developments have set the Company on a strong footing for expanding into overseas markets.

2017 was also a milestone year for Jinjiang Environment as it made its debut in the international capital markets, and made significant leaps forward in the internationalisation of the Company's business. During the year, the Company successfully issued US$200 million of three-year senior unsecured notes with a coupon rate of 6%, which received a rating of Ba2 Stable by Moody's and BB Stable by Standards & Poors. The issuance is a first for the Chinese WTE industry in the international bond market and it is also the first time a player in the Chinese WTE industry attains an international credit rating, reflecting the Company's stable market position in China's WTE sector.

Social Responsibility

At Jinjiang Environment, we are not just concerned about pursuing the goal of maximising shareholder value, but also hold the long-term maximisation of the enterprise's value as a key mission. Social responsibility occupies an important position in the Company's business development agenda and we aim to achieve a win-win situation of economic gains and gains for society.

In 2017, the Company treated a total of 8.4 million tons of municipal solid waste, generating nearly 2.434 billion kWh of sustainable electricity, which could meet the needs of 1.8 million households. In addition, the Company managed to reduce usage of 1.27 million tons of standard coal, reduce 2.98 million tons carbon dioxide emission, and conserve approximately 28,000 mu of land. Furthermore, the Company actively participated in various social welfare initiatives and performed its part in contributing to environmental protection in China.

2017年，是锦江环境紧跟国家“一带一路”倡议，积极落实海外项目的元年。通过收购全附属公司Ecogreen Energy先后取得3个印度垃圾发电项目，成功进入印度市场；集团将建设运营一项新加坡MBT项目，成功跻身新加坡垃圾处理领域；由此华丽揭开扩张海外市场的序幕。

2017年，是锦江环境进军国际资本市场里程碑式的一年，是公司国际化海外发展战略落地的一年。年内公司成功发行3年期2亿美元票息为6.0%的高级无抵押债券，并分获穆迪及标准普尔授予“Ba2”及“BB”评级，评级展望「稳定」。这是中国垃圾发电行业首次发行国际债券和首次进行国际评级，此次评级结果也反映了锦江环境在中国垃圾发电领域所具有的稳定市场地位。

社会责任

锦江环境不仅将实现股东价值最大化作为企业追求的目标，同时以企业长期价值最大化为使命，将社会责任摆在企业战略发展的重要位置，以达到企业经济效益和社会效益的共赢。

2017年公司累计处理了840万吨生活垃圾，提供近24.34亿千瓦时的绿色电力，可满足180万户居民的生活用电需求，经折算公司在2017年共减少标煤约127万吨，减少二氧化碳排放298万吨，至少为地球节约了近2.8万亩土地。与此同时，公司积极参与各项社会公益事业，为中国环境保护领域做出应有的贡献：

In 2017, the Company's subsidiary enterprises arranged site visits to its projects for more than 10,000 people including government officials, investors, students and the general public. Through frequent and deep interaction and communication, we gradually helped raise public awareness about environmental protection. The Company adheres to a people-oriented approach and places employees' health and safety at the top of its priorities. It strives to offer the best health protection to employees, providing physical examination and occupational health checks for all employees every year.

Future Prospect

In a race with hundreds of boats, the hardest-working one will emerge first. When thousands of boats compete, the most courageous one will win!

With the increasing competition in the domestic WTE market, the Company will continue to adhere to its growth strategy of sustainable development in 2018. It will carry out careful and rational strategic planning, continue to optimise management efficiency, expand its markets, grow its business, and satisfy the steadily growing waste treatment and electricity supply needs. The Company will take advantage of China's "One Belt One Road" strategy, capture major development opportunities that arise as the domestic environmental protection industry 'goes global' to enter the international market, actively grow the Company's footprint in the broader overseas markets, and bring the Company's experience and advanced technologies to overseas markets. It will also continue to research, import, process and adopt advanced concepts, technologies and equipment from overseas, increase its independent research and development efforts at the same time, actively promote the efficient use of waste resources and achieve better environmental emission standards; as well as diversify its businesses along the industrial chain, forming a complete and competitive industrial suite of solutions. Jinjiang Environment will continue to enhance its core technology and operational capabilities and consolidate its leading position in China's WTE market. We will stay true to our mission, stay innovative, and seize the future!

Heartfelt Thanks

On behalf of the Board of Directors, I would like to express my heartfelt thanks again to all shareholders and business partners for their full support, as well as my sincere gratitude to all the staff for their dedication!

WANG YUANLUO
Chairman

2017年公司所属企业为政府人士、投资者、学生及社会公众安排项目实地参观考察超10000人次，通过高频深入的互动交流，逐步强化大众的环保意识；公司坚持以人为本，将员工的健康与安全放于首位，每年都为所有的员工提供身体检查及职业健康检查，全力保障员工的身体健康。

未来展望

百舸争流，奋楫者先；千帆竟发，勇进者胜！

基于国内垃圾焚烧发电市场日趋激烈的竞争态势，公司在2018年将继续坚持可持续发展的增长策略，合理部署战略规划，不断优化管理效能，稳健发展市场，不断拓展业务，满足持续增长的垃圾处理量和供电需求；借助国家"一带一路"的战略，把握环保产业"走出去"面向国际市场的重大发展机遇，积极在更为广阔的海外市场开拓布局，将公司先进的经验及技术拓展至海外市场；持续研究、引进、消化和吸收国外先进理念、技术和装备，并同步加大自主研发，积极推进垃圾资源的高效利用和达到更优的环保排放标准；向产业链延伸多样性业务，形成完整且有竞争力的产业链。锦江环境将不断提升核心技术和运营能力，巩固公司在中国垃圾焚烧发电市场的引领者地位，不忘初心、创新求变、把握未来！

衷心致谢

本人谨代表董事会再次衷心致谢各位股东、商业伙伴的鼎力支持，并且由衷感谢全体员工的辛勤奉献！

王元珞
董事长

GENERATING FUTURE VALUE, POWERING PROGRESS

We seek to remain dynamic and responsive to the WTE industry's trends and shifts. Our foundation is rooted in a commitment to initiate bright new ideas as we strive to deliver the best environmental services. That is why we continue to realise operational synergies, drive new breakthroughs and invest in technologies to illuminate our direction forward. At the heart of our business is our vision to provide sustainable solutions to our customers and creating a brighter future for the community.

OPERATIONS AND FINANCIAL REVIEW
经营和财务回顾

Overview of Company's Main Business

China Jinjiang Environment Holding Company Limited (hereinafter referred to as "Jinjiang Environment" or "Company") is China's first private WTE operator, and its business mainly focuses on the planning, development, construction, operation and management of WTE facilities and energy management contracting ("EMC") projects.

With China's clean energy sector entering a "golden age", Jinjiang Environment has been riding this trend and harnessing the opportunities that have been presented, leveraging on advanced CFB technology and mature investment, construction and operation system to expand its business in the international market.

The WTE business involves the construction and operation of WTE plants that treats municipal solid waste. We usually enter into long-term service concession agreements with local governments and sell the electricity and steam generated from the waste incineration and electricity generation process. During the period under review, the Company has 20 WTE plants in operation in 12 provinces, autonomous regions and centrally-administered municipalities throughout China, and they have a total installed waste treatment capacity of 28,280 tons per day and electricity generation capacity of 521 MW.

As a supplement to the WTE business, growing the EMC business is also a key direction the Company is heading. The EMC segment is able to bring about the synergies within the business and operations, has higher potential profit margins and will help to diversify the business further. As at the end of 2017, the Company implemented a total of 50 EMC business contracts, including 25 energy management contracting projects and 25 technical consulting services projects, and out of which three EMC contracts are under project construction.

As a leading company in China's WTE industry, Jinjiang Environment is taking advantage of favorable environmental protection policies, further consolidating its leading position, improving the standards of its technologies, and developing its strategy and industrial structure. At the same time, the Company actively takes the cue from the "One Belt One Road" initiative, setting its sights overseas, and successfully secured three WTE projects in India. This attests to the fact that the strategic decision to list the Company in Singapore was a correct and forward-thinking one, putting us on a sturdy foundation for steady progress and more overseas acquisitions in the future.

公司主要业务概述

中国锦江环境控股有限公司（以下简称“锦江环境”或“公司”）是中国第一家民营垃圾焚烧发电运营商，业务主要集中于垃圾焚烧发电设施的规划、开发、建造、运营、管理以及合同能源管理。

在步入国家大力倡导清洁能源发展的黄金时期，公司把握机遇，顺势而为，凭借先进的循环流化床技术和成熟的投资、建设、运营体系，矢志深耕国内市场，不断开拓国际市场。

垃圾焚烧发电业务涉及处理城市生活垃圾的垃圾焚烧发电厂的建设和运营，通常与当地政府订立长期特许经营协议及出售垃圾焚烧发电过程中产生的电能和蒸汽。于回顾期内，公司在中国的12个省、自治区和直辖市已运行了20家垃圾焚烧发电厂，运营日处理垃圾能力达28280吨，装机容量达521MW。

合同能源管理业务作为垃圾焚烧发电业务的有益补充，亦为公司重点发展的业务方向，能够带来业务和运营的协同效应，同时具有较高的盈利能力，有助于实现业务多元化。截止2017年底，公司累计实施50个业务合同，其中合同能源项目25个，咨询服务项目25个，有3个EMC合同处于项目建设期，其它项目均已享受节能收益或咨询服务带来的收益。

作为中国垃圾发电行业的领军企业，锦江环境乘环保政策利好东风，进一步巩固自身领先地位，不断优化技术水平、发展策略及产业结构。同时积极响应“一带一路”倡议，放眼海外，顺利取得三个印度垃圾发电项目，证明于新加坡上市这一发展策略的前瞻性与正确性，亦为接下来稳中求进、继续获得更多海外项目打下坚实基础。

OPERATIONS AND FINANCIAL REVIEW
经营和财务回顾

Operation and Business Review

Riding on a first-mover advantage and actively widening the domestic business footprint

During a year in which it experienced numerous opportunities and challenges, Jinjiang Environment reinforced its own market position and its own technological process and processing capabilities and responded to national policies which promoted "constructing market-oriented green technology innovation systems, developing green financing, expanding the energy-saving and environmental protection industry, clean production industry and clean energy industry". It has also actively sought new growth avenues, extended the green industrial chain in an innovative way and worked intensively in the development of new projects out of the foundations built with existing projects.

As at December 31, 2017, Jinjiang Environment had 20 projects that had been put into operation, with a total operating capacity of 28,280 tons/day and a total installed capacity of 521 MW.

In 2017, the Company treated a total of 8.4 million tons of municipal solid waste, generating nearly 2.434 billion kWh of sustainable electricity, which could meet the needs of 1.8 million households. In addition, the Company actively responded to the national energy saving and emission reduction mechanism. The Company managed to reduce usage of 1.27 million tons of standard coal, reduce 2.98 million tons carbon dioxide emission, and conserve approximately 28,000 mu of land.

During the year under review, the Company completed the construction of three new projects and put them into operation successively, creating an additional capacity of 2,800 tons/day. In January, the Shandong Gaomi Lilangmingde WTE Facility completed its construction and started trial operations, with a waste treatment capacity of 800 tons/day and estimated electricity generation capacity of 104 million kWh/year. In May, the Qitaihe WTE Facility in the Heilongjiang province completed its construction and started trial operations with waste treatment capacity reaching 1,000 tons/day and estimated electricity generated at 110 million kWh/year. In November, the Hohhot WTE Facility in Inner Mongolia started trial operation with a waste treatment capacity of 1,000 tons/day, and expected electricity generation capacity of 120 million kWh/year.

经营及业务回顾

把握领先优势，积极深化国内业务布局

在充满机遇与挑战的2017年，锦江环境立足自身市场地位、自有技术及处理能力等优势，响应中国“构建市场导向的绿色技术创新体系，发展绿色金融，壮大节能环保产业、清洁生产产业、清洁能源产业”的号召，积极寻找新增长点，以创新方式延伸绿色环保产业链，在深入发展已有项目基础上不断增加新的项目。

截至2017年12月31日，锦江环境拥有已投入运营项目20个，运营总处理能力累计28280吨/日，装机容量521MW。

2017年公司累计处理了840万吨生活垃圾，提供近24.34亿千瓦时的绿色电力，可满足近180万户居民的生活用电需求。公司积极响应国家节能减排机制，经折算2017年共减少标煤约127万吨，减少二氧化碳排放量298万吨，至少为国家节约近2.8万亩土地。

于回顾年度内，公司有3个项目陆续建成投产，新增运营处理能力2800吨/日：1月，山东高密利郎明德生活垃圾焚烧项目建成并网试运营，垃圾处理能力为800吨/日，预计发电量为1.04亿千瓦时/年；5月，黑龙江七台河生活垃圾焚烧项目建成并网试运营，垃圾处理能力为1,000吨/日，预计发电量为1.1亿千瓦时/年；11月，内蒙古呼和浩特西郊生活垃圾焚烧项目并网试运营，垃圾处理能力达1,000吨/日，预计发电量1.2亿千瓦时/年。

During the year under review, the Company had one new and two operating projects undergoing construction or expansion. In April, the Yinchuan Municipal Solid Waste Resource Recycling and the second phase of its WTE Facility started expansion. Upon completion of the project, the waste treatment capacity could reach 1,000 tons/day, and the electricity generated could reach an estimated 220 million kWh/year, while possibly achieving a 100% incineration rate of the municipal solid waste in Yinchuan. Also under construction is the Zibo New Energy WTE Facility in Linzi, Shandong province, with a waste treatment capacity of 2,000 tons/day. The Zhuji Bafang WTE Facility is undergoing the second phase of its expansion and will be able to generate 220 million kwh/year of electricity post-expansion. The above three projects under construction will be put into operation in 2018, creating an additional waste treatment capacity of 3,000 tons/day and additional electricity generation capacity of 107MW.

The Company has continued to reinforce its presence in the domestic market and has secured nine new projects under preparation during the year under review. Among them, the Kunming Jinjiang WTE Facility Remote Reconstruction project in Kunming has a total designed waste treatment capacity of 2,250 tons/day. The method of remote reconstruction and constructing before closure, adopted according to the adjustments in the government's plans and policies allows the waste treatment capacity to far exceed the existing 1,200 tons/day under the former Kunming Jinjiang WTE Facility in Kunming, Yunnan Province. The Yan'an WTE Facility, held by the Company through its investment in Yan'an Guojin, has a total design waste treatment capacity of 1,300 tons/day and sludge treatment capacity of 100 tons/day. In addition, the Company is actively laying the foundation for the commencement of several registered projects in Hebei, Shandong, Shanxi and Heilongjiang. These positive measures have helped raise the Group's total number of projects in the preparatory stage to 21 with a total design capacity of 21,550 tons/day and a total installed electricity generating capacity of 462 MW/day.

Moreover, the Company has accelerated the pace of technological upgrading by introducing advanced "pre-treatment" technology from Europe, and combining with its own independent research and development. This was applied in the conversion of waste into high-quality recycled fuel/Refuse Derived Fuel, improving the operating efficiency of its WTE facilities and reducing emissions. Focusing on the solid waste treatment market of small and medium-sized cities and towns, we use operating WTE plants as its base points, expanding our business to potential markets in the surrounding areas. Currently we have seven waste resource recycling projects in Jiangsu, Shandong, Hebei, Hubei and Heilongjiang. After completion of all projects, the new waste handling capacity will reach 3,160 tons/day.

于回顾年度内，公司有1个在建及2个扩建项目稳步推进中：4月，银川市生活垃圾资源化及焚烧发电二期机组扩建项目开工，建成后垃圾处理能力可达1,000吨/日，预计发电量2.2亿千瓦时/年，可实现银川市生活垃圾100%焚烧处理；山东临淄垃圾焚烧发电项目顺利建设中，设计处理能力达2,000吨/日；浙江诸暨八方热电联产二期扩建项目，扩建完成后预计增加发电量达2.2亿千瓦时/年。以上3个在建项目将陆续于2018年投产运行，届时将新增垃圾处理能力3000吨/日及装机容量107MW。

公司不断深耕国内市场，于回顾年度内新增加9个筹建项目。其中，云南昆明五华异地重建项目总设计垃圾处理能力2,250吨/日，根据政府规划调整及相关文件采取异地重建、先建后关的方式运作，远超过原云南昆明五华电厂现有1200吨/日的处理能力；陕西延安项目为公司通过投资延安国锦代持，总设计垃圾处理能力1,300吨/日，污泥处理能力100吨/日；此外，公司还在河北、山东、山西、黑龙江等地已注册项目公司积极开展项目落地工作。这一系列积极有效地举措使得我们在国内筹建项目总数达到21个，待所有国内筹建项目建成后，预计将新增21550吨/日的垃圾处理能力及462MW的装机容量。

同时，公司加快技术升级步伐，引进欧洲先进"预处理"技术结合自主研发，将垃圾转化为高质量的垃圾回收燃料/垃圾衍生燃料，提高垃圾发电设施营运效率，减少排放。围绕中小城镇的固废处理市场，以现有的企业作为辐射点，向周边区域进行延伸潜在的市场。目前于江苏、山东、河北、湖北和黑龙江拥有7个垃圾资源化项目。所有项目完成后将新增加处理量3,160吨/日。

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Due to constraints in the availability of land resources in urban areas for physical expansion to meet the growing demand for waste treatment, the need to meet higher emission standards for environmental protection and the need to calibrate WTE boilers to handle municipal solid waste of a higher calorific value following pre-treatment, the Group has continued to drive technical upgrading forward towards its goals and factored this into the annual work plan and budget. As at 31 December 2017, the Group completed its technical plan for the capacity expansion and upgrading of eight of its operational WTE facilities, which are older and have a higher increase in waste to be treated. The expected investment for the upgrading is approximately RMB1.0 billion, which works out to be about RMB200,000 per ton of daily waste treatment capacity, which is much lower than the investment required to construct a new WTE facility. When completed, the technical upgrading project is expected to expand the waste treatment capacity by approximately 5,000 t/d and increase operational efficiency, whilst also reducing emission levels and the proportion of coal used at the Group's WTE facilities.

The Company has been actively developing its EMC business and as at the end of 2017, the Company has implemented a total of 50 business contracts, including 25 energy management contracting projects and 25 technical consulting services projects. Three EMC contracts are under project construction while other projects have benefited from returns driven by the saving of energy or advisory from consulting services.

In order to strengthen business management, Jinjiang Environment has completed the restructuring of Hangzhou Jinjiang Environment Investment Co., Ltd., its domestic centre for decision-making and investment and financing platform during the year. This will serve as Jinjiang Environment's management platform for its domestic operations, with an aim to internally restructure to steamline the operations and improve the Company's shareholding structure.

In 2017, the Company obtained a total of nine patents, including two invention patents and seven utility model patents. The Company's project "Complete Equipment for Fuel Preparation, Incineration and Flue Gas Treatment for 1,000 t/d of SRF" which was submitted to the national industry body has been included in the Catalog of Major Environmental Protection Technologies and Equipment Developed under Encouragement of the State (Revision 2017) of the Ministry of Industry and Information Technology and the Ministry of Science and Technology.

由于城市地区土地资源使用的约束性，为满足日益增长的垃圾处理需求，以及适应欧洲先进的“预处理”技术实施后垃圾热值提升而提升的对锅炉的要求，持续进行技术升级改造是公司的既定战略目标，也列入每年度的工作计划和年度预算。于回顾期内，公司已组织完成对投运时间较长、垃圾增量较多的8家运营电厂的增容改造技术方案，设备采购、土建施工及安装等工作亦按照既定目标计划稳步推进。预计改造总投资10亿元，待改造提升完成后预计垃圾焚烧产能可增容达5000吨/日。吨垃圾投资强度20万元/吨，远低于新建电厂的投资强度。增容改造完成后，可显著提高运营效率，同时减少垃圾焚烧设施的排放量以及掺煤比率。

公司进一步扩展垃圾发电业务多样性，并积极开发具有较高盈利能力的合同能源管理业务，为垃圾发电业务带来有益补充，形成协同效应。截止2017年底，公司累计实施50个业务合同，其中合同能源项目25个，咨询服务项目25个，有3个EMC合同处于项目建设期，其它项目均已享受节能收益或咨询服务带来的收益。

为强化管理，年内搭建完成锦江环境国内决策中心和投融资平台——杭州锦环投资有限公司，作为锦江环境境内管理平台，完成股权特殊重组工作，不断规范和完善公司股权架构。

2017年，公司取得专利共9项，包括2项发明专利及7项实用新型专利。且申报的“1,000t/d SRF燃料制备、焚烧及其烟气处理成套设备”应用项目也被列入国家工信部、科技部《国家鼓励发展的重大环保技术装备目录（2017年版）》。

This year, the Company participated as chief editor in the compilation of the national standard entitled Municipal Solid Waste Fluidized Bed Incineration Boiler, which has been released and published, and also participated in the compilation of the industry standards entitled Standard for Marking signs of Municipal Solid Waste Incineration Plant and Technical Standards for Operation Maintenance and Safety of Municipal Solid Waste Incineration Plants, which have been issued and implemented.

The “National Engineering Laboratory for Waste Incineration Technology and Equipment”, a collaboration with Zhejiang University, was formally established in March. This laboratory is the only national-level engineering laboratory approved by the National Development and Reform Commission in the field of waste incineration, and it is an important base that integrates innovation resources, strengthens the development of technologies, collates basic research and industrial research and development and grooms in talents in innovation.

Zhejiang Shengyuan Environmental Analysis Technology Co., Ltd., a wholly-owned subsidiary of the Company, has successfully obtained the CMA qualification certificate issued by the Certification and Accreditation Administration of the People’s Republic of China by virtue of its advanced equipment and testing technology. It is now a professional environmental testing company with a CMA qualification and this lays a solid foundation for further improving the scope of its environmental protection testing services, enhancing its environmental testing capabilities and actively creating a “one-stop” service model.

The Company’s contribution to the development of the industry and environmental protection has also been widely recognised by many parties. Two of its WTE plants were included in the list of first power plants open to the public issued by the Ministry of Environmental Protection and the Ministry of Housing and Urban-Rural Development. Three environmental protection projects were supported with grants amounting to RMB 60.01 million from the national central budget during the year. Furthermore, we have also obtained full recognition from the industry and won many awards. In 2017, we continued to win the title of “Influential Company in China’s Solid Waste Industry”; the Company’s Shandong Zichuan Municipal Solid Waste Incineration Treatment Project won the National Quality Project Award; our Zhengzhou Xingjin Green Environmental Energy Co., Ltd. won the Annual Advanced Team of Solid Waste Management in Zhengzhou City; Ms. Wang Yuanluo, Chairman of the Board, won the 2017 China Ernst & Young Entrepreneurial Award in Clean Technology Category.

公司在年内参与主编的国家标准《生活垃圾流化床焚烧锅炉》已发布出版；参编的行业标准《生活垃圾焚烧厂标识标志标准》、《生活垃圾焚烧厂运行维护与安全技术标准》已发布实施。

公司与浙江大学等单位联合建设的“垃圾焚烧技术与装备国家工程实验室”于3月正式挂牌成立，该实验室是经国家发改委批准的垃圾焚烧领域唯一国家级工程实验室，是整合创新资源、强化技术供给，衔接基础研究与产业研发，凝聚、培养创新人才的重要基地。

旗下全资控股公司浙江盛远环境检测科技有限公司凭借先进的仪器设备和检测技术，成功获得了国家认证认可监督管理委员会批准颁发的CMA资质认定证书，成为具有CMA资质的专业环境检测公司，为进一步完善环保检测服务范围、增强环境检测能力，积极打造“一站式”服务模式奠定了坚实基础。

公司对行业发展及环保事业作出的贡献也广受各方肯定。旗下2家垃圾焚烧发电厂被纳入环保部、住房城乡建设部第一批对公众开放名单；3个环保项目于年内获人民币6,001万元国家中央预算内资金支持。同时，我们也获得行业充分认可，屡获各项荣誉：2017年继续蝉联“中国固废行业影响力企业”称号；旗下山东淄川生活垃圾焚烧处理项目获国家优质工程奖；旗下郑州荥锦绿色环保能源有限公司获年度郑州市固体废弃物管理工作先进单位；董事长王元珞女士荣获2017中国安永企业家清洁技术类别大奖等。

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Expand overseas markets and move towards internationalisation
In 2017, the Company actively responded to the "One Belt One Road" initiative, setting its sights on overseas markets, made progress step by step, and actively tapped into the WTE market in countries along the "One Belt One Road" zone, focusing on the Southeast Asian market which has waste characteristics similar to those of China. The Company seeks to capture major development opportunities that arise as the domestic environmental protection industry 'goes global' to enter the international market, and making the best of the forward-looking strategy of listing in Singapore, it will actively develop overseas markets.

Leveraging on Ecogreen Energy which the Company acquired in the first quarter of 2017, the Company secured three WTE projects in Lucknow, Gwalior and Gurgaon respectively, in the second quarter and the third quarter of the year, taking its first steps into the overseas markets. Among them, the Lucknow project is the Group's first overseas project and will be the first WTE facility in India to utilise CFB technology developed in the PRC. The three India projects will commence construction in 2018 and will add 3,271 tons/day of waste treatment capacity and 55 MW/day of installed electricity generation capacity upon completion.

With its advanced technology and strong management advantages, the Company has commenced its investment for the construction and operations of an MBT Project in Singapore, which has a service concession period of 20 years. The project adopts MBT technology, and has a daily waste treatment capacity of 500 tons/day. More importantly, this will help the Group gain a foothold in the Singapore market.

Develop capital markets to boost overseas strategies and optimize capital structure
In 2017, Jinjiang Environment successfully issued USD 200 million of three-year senior unsecured notes with a coupon rate of 6.0%. The funds raised were mainly used for developing the Company's overseas WTE projects. The issuance is a first for the Chinese WTE industry in the international bond market and it also marks the recognition of Jinjiang Environment by the international capital markets. This is beneficial to the Company as it connects it to more large-scale international investors. It is a first step for the Company in the international bond markets and also an important step in boosting the international development of its business.

力拓海外市场，昂首迈向国际化
2017年，公司积极响应"一带一路"倡议，放眼海外，稳中求进，积极开发"一带一路"沿线国家的垃圾焚烧发电市场，重点开拓垃圾特性类似于中国的东南亚市场，牢牢把握环保产业"走出去"面向国际市场的重大发展机遇，把握具有前瞻性和正确性的于新加坡上市这一发展策略，积极开拓海外市场。

依托2017年第一季度完成收购的印度Ecogreen Energy公司，公司在第二季度及第三季度先后中标印度勒克瑙、瓜廖尔及古尔冈3个垃圾发电项目，扎实迈出开辟海外市场的第一步。其中，勒克瑙市项目是我们首个海外项目，建成后也将成为印度首个使用中国流化床技术的垃圾焚烧发电厂。3个印度项目将陆续于2018年开工建设，建成投产后将新增垃圾日处理能力3,271吨及装机容量55MW。

公司凭借先进的技术水平、强大的管理优势，控股建设运营新加坡MBT项目，特许经营期20年，该项目采用机械生物干化（MBT）处理技术，项目日处理垃圾能力达500吨，由此，成功跻身新加坡垃圾处理领域。

发力资本市场，助推海外战略，优化资本结构
2017年，锦江环境成功发行3年期2亿美元票息为6.0%的高级无抵押债券，并顺利完成交割，所募集资金主要用于发展公司海外的垃圾焚烧发电项目。这是中国垃圾发电行业企业首次发行国际债券，本次债券发行标志着国际资本市场对锦江环境的认可，有利于公司接触更多更具规模的国际投资者，是公司在国际债券资本市场迈出里程碑式的第一步，是进军国际资本市场、助推国际化海外发展的重要举措。

Jinjiang Environment has a stable market position in China's WTE sector. The Company's domestic WTE assets are characterised by their geographical diversity and high predictability of cash flow, and the Company's credit quality is supported by favorable industry policies in the next 1 to 2 years. In 2017, Jinjiang Environment has been rated "Ba2 Stable" and "BB Stable" ratings by Moody's and Standard & Poor's respectively. This is the first time a player in the Chinese WTE industry has attained an international credit rating.

To accelerate the expansion its pipeline of WTE projects, the Company engaged Hangzhou Financial Investment Group Co., Ltd. ("HFIG"), owned by the Hangzhou municipal government in a joint venture to develop the WTE market. In view of the fact the there is a delay in receiving returns from newly-completed projects, the Company has signed sale and purchase agreements with an affiliate of HFIG for the transfer of a 70% stake in the Zibo New Energy WTE Facility and Hohhot New Energy WTE Facility from the Group to such affiliate of HFIG. The Group will continue to hold a 30% stake in the Zibo New Energy WTE Facility and Hohhot New Energy WTE Facility and will maintain operational and management control of the facilities. In the future, we will have the right of first refusal as a shareholder to acquire the 70% stake in these two projects held by HFIG, in accordance with the provisions of Article 71 of the Company Law.

In the third quarter of 2017, the Company sold 42% of the shares in Inner Mongolia Pulate Transportation Energy Co., Ltd. and also waived the right of first refusal of 38% of the shares. By selling 42% of the shares in Inner Mongolia Pulate Transportation Energy Co., Ltd., the Company has obtained a gain of approximately RMB68.5 million, rationalised its financial and capital resources, is able to focus on other profitable businesses.

<u>Adopting a people-oriented approach and various measures to tap into the value of human capital</u>

In 2017, Jinjiang Environment attached great importance to the management of human resources . We firmly believe that developing the potential of each employee to the fullest plays an important role in the long-term growth of business.

As a part of the Company's long-term succession plan, in order to ensure the sustainable development of the business, strengthen the operating team structure and further optimise management efficiency, the Company appointed Mr. Zhang Chao as the General Manager of Jinjiang Environment during the year. Ms. Wang Yuanluo continues to serve as Chairman of the Board. Ms. Wang will continue to provide leadership and lend her expertise in implementing the Group's strategic plans and developing its business.

锦江环境在中国垃圾发电领域具有稳定的市场地位，公司境内垃圾发电资产具有地域多元性和现金流高度可预测性，以及未来1-2年内公司信用状况受到当前有利的行业政策支撑，2017年，锦江环境分获穆迪及标准普尔授予"Ba2"及"BB"评级，评级展望「稳定」，这也是中国垃圾发电行业企业首次进行国际评级。

为加快垃圾发电项目在中国的布局，公司在2017年底引进杭州市政府所属的杭州市金融投资集团有限公司共同开发垃圾发电市场。鉴于新项目建成初期产生效益贡献较迟这一特点，与杭州市金融投资集团有限公司旗下环保产业基金就出让山东临淄项目和内蒙古呼和浩特电厂70%股权达成战略性合作。公司仍持有山东临淄项目和内蒙古呼和浩特电厂30%股权，并受托管理运营。根据中国公司法第71条的规定，作为股东享有优先购买权。

于2017年第三季度，公司出让内蒙古包头普拉特能源42%股权并同时放弃38%股权的优先购买权。通过出售内蒙古包头普拉特能源的42.0%股权，本公司已获得约人民币6850万元的收益，并合理化财务及资本资源，专注于其他盈利业务。

<u>以人为本，多种举措挖掘人力资源价值</u>

2017年锦江环境高度重视人力资源管理工作，我们深信发挥每个雇员的潜力对业务长远发展举足轻重。

作为公司长期继任计划的一部分，为了确保业务的可持续发展并加强运营团队结构，进一步优化管理效能，公司在年内任命张超先生为锦江环境总经理。王元珞女士继续担任董事长。王女士将继续发挥领导作用，为实施集团的战略及发展业务提供专业的知识及丰富的经验。

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Mr. Zhang Chao has a wealth of experience and solid research capabilities with regards to the development of the environmental industry and management of large environmental enterprises. His deep understanding of the industry and rich experience accumulated over the years enable him to make positive contributions towards the development of Jinjiang Environment in the future. The expansion of the management team and the enriching of its structure will bring faster growth to the Company and higher returns for shareholders.

In 2017, the Company tailored training in government and public relations for both management and operational staff at the Company's headquarters and subsidiary companies and attended classes at Zhejiang University on enterprise management, effectively improving management structure, broadening management ideas, and developing management initiatives. In order to attract new talents, enhance the team's vitality and strengthen the talent layers, the Company continued to broaden the talent introduction channels and launched targeted recruitment programs such as overseas recruitment, induction of external top talents and the Young Eagle Project (college student recruitment and training program) so as to meet the talents needs that are consistent with the development of business in various ways. At the same time, we carefully assessed the situation of the subsidiary companies' operating teams and helped enhance the economic efficiency of these companies by formulating optimisation plans for operation team and actively driving their implementation. We carried out various initiatives such as competitive recruitment and selection internally to inspire the enthusiasm of employees and allow the employees with strong mindset and capabilities to get more growth and development opportunities in more suitable positions, guided by the concept of "recruiting the capable, replacing the mediocre and eliminating the inferior". The Company also launched a number of human resource incentive polices to encourage employees' cross-over development in new areas and new projects so as to create greater value and returns out of the foundation of existing work.

Major economic indicators and financial summary

In 2017, the Company's production and operations grew steadily, while maintaining a dominant position in the industry. The annual waste treatment volume increased by 3.2% to 8.4 million tons, the power generation increased by 5.2% to 2.434 billion kwh, and the steam supply increased by 20.7% to 2.4 million tons.

The Company's operating revenue was RMB 2.715 billion in 2017, representing a year-on-year increase of 3.2%. The revenue from waste incineration power generation business was RMB 1.768 billion, an increase of 9.1% over the same period last year.

张超先生对环境行业发展和大型环境企业管理具有丰富的经验和扎实的研究能力，其对行业的深入认识以及过往积累的丰富经验，能为锦江环境未来加速发展做出积极的贡献。随着管理层的壮大和结构的丰富，未来能为公司带来高速增长轨道并为股东带来更高回报。

2017年，公司结合工作实际，为公司本部及下属企业经营管理层量身定制政府公共关系培训及浙江大学企业管理公开课等，有效提升管理格局、拓宽管理思路、梳理管理举措；为吸收新鲜血液，提升团队活力，加强人才梯队建设，公司不断拓宽人才引进渠道，开启了海外招聘、外部高端人才引进及雏鹰行动（大学生的招聘与培养计划）等针对性招聘专案，多种方式满足与业务发展相匹配的人才需求；与此同时，认真梳理下属企业各经营团队现状，制定经营团队优化方案并积极推动实施，助力企业经济效益提升；通过开展内部竞聘及选拔等多种举措，增强员工积极性，在"能者上，平者让，庸者下"思想指导下，让有想法、有能力的员工在更为匹配的岗位上得到更多的成长和发展机会；公司还推出了多项人力资源激励政策，鼓励员工在新领域、新项目跨界发展，在现有工作的基础上创造更为有益及丰富的价值。

主要经济指标及财务摘要

公司2017年生产经营稳步增长，在行业中始终保持优势地位，全年垃圾处理量增长3.2%至840万吨，发电量增长5.2%至24.34亿KWH以及供汽量增长20.7%达到240万吨。

公司2017年营业收入达到27.15亿元，同比增长3.2%。其中垃圾焚烧发电业务实现收入17.68亿元，较去年同期上升9.1%。

The increase in revenue was mainly due to the factors such as the completion of the upgrading and expansion of its subsidiary Zhuji Bafang Thermal Power Plant's Cogeneration Phase II Project (completed in November 2016) and the operation of the waste collection and transportation business of the Lucknow Project in India, which increased the operating income; revenue realised from the BOT business was RMB 556.3 million, 23.6% lower than the same period of last year. The decrease in revenue was mainly due to the completion of the construction of the Gaomi Lilangmingde WTE Facility and Songyuan Xinxiang WTE Facility, before the end of 2016 successively and the decrease in new BOT projects constructed in 2017 when compared with the same period of last year; the project technical and management services and energy management contracting business realised a revenue of RMB 391.1 million, an increase of 38% over the same period of last year. The increase in revenue was mainly due to the year-on-year increase in energy-saving technical service and management service business. The proportion of operating revenue in each segment is as follows: WTE business revenue accounted for 65% of operating revenue, BOT business revenue accounted for 21% of operating revenue, and EMC business revenue accounted for 14% of operating revenue.

With regard to profits, the net profit attributable to shareholders was RMB 601 million, a year-on-year increase of 0.6%. The increase in WTE business and EMC business drove the year-on-year increase in net profit.

At the time of listing, the Company intends to distribute dividends equal to 50% of the net profits attributable to owners in the first and second year after the listing. Therefore, based on the overall performance by 2017, the Board of Directors recommended a dividend of SGD 5.10 cents per share.

As at December 31, 2017, the Company had total assets of RMB 12.744 billion, net assets of RMB 4.891 billion and net assets per share of RMB 4.00, an increase of 6.1% when compared with the net assets per share of RMB 3.77 at the end of 2016. The Company's debt-to-asset ratio was 62%, an increase of 9 percentage points from 53% at the end of 2016, mainly due to the issuance of USD 200 million in bonds in 2017, resulting in a year-on-year increase in the debt-to-asset ratio.

The net cash inflow income from the Company's operating activities in 2017 was RMB 617 million, which was mainly due to the increase in cash flow arising from the increase in operating income and increased 17.8% as compared to 2016; the net cash outflow from investing activities was RMB 1.6718 billion, which was mainly used as expenditures of WTE projects under construction in Hohhot and Linzi, etc. and the investment and development of overseas projects; the net cash income from financing activities was RMB 1.8350 billion, which was mainly due to the USD 200 million bonds issuance, increase in bank loans and advance payment received in respect of the equity transfer of Linzi and Hohhot.

收入增加，主要由于子公司诸暨八方电厂热电联产一期（2016年11月完工）改扩建完成加上印度勒克瑙项目垃圾收运业务投运等因素，提升了运营收入；BOT业务实现收入5.563亿元，较去年同期减少23.6%，收入减少，主要由于松原、高密项目于2016年末陆续建造完工，2017年度新建BOT项目较去年同期减少；项目技术与管理服务和EMC业务实现收入3.911亿元，较去年同期上升38%，收入增加，主要由于节能技术服务与管理服务业务同比增加。各板块营业收入的比重为：WTE业务收入占营业收入65%，BOT业务收入占营业收入21%，EMC业务收入占营业收入14%。

利润方面，归属于股东的净利润6.01亿元，同比增长0.6%，WTE业务以及EMC业务的增加确保了净利润的同比增加。

本公司在上市时承诺，上市后的第1和第2年按照股东净利润的50%进行分红，故对于截止2017年的整体表现，董事局推荐了以每股新币5.10分的股息。

截止2017年12月31日，公司总资产为人民币127.44亿元，净资产为人民币48.912亿元，每股净资产为4.00元，较2016年底的每股净资产3.77元增加6.1%。公司资产负债比率为62%，较2016年底的53%增加9个百分点，主要由于2017年发行2亿美元债券，造成资产负债率同比上升。

公司2017年经营活动所得净现金流收入为人民币6.17亿元，主要来自于运营收益增加引起的现金流增加，较去年同比增加17.8%；投资活动净现金流支出为人民币16.718亿元，主要用于呼和浩特、临淄等在建垃圾发电项目的支出以及海外项目的投资和开发；融资活动所得净现金收入为人民币18.350亿元，主要来自于2亿美元发债、银行贷款的增加，以及预收的临淄和呼市股权转让款。

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Company's EBITDA for 2017 is RMB1.390 billion, an increase of 6.4% over 2016. Cashflow from operating activities, after adjusting for BOT, is RMB1.10 billion, which is about 40.6% of total revenue.

The Company adopted the principle of prudence in cash and financial management, properly managed risks and reduced capital costs. The operating funds are basically derived from internal cash flow, loans from banks and financial institutions and its reserved funds, for participation in the development of environmental protection businesses. As at December 31, 2017, the Company's cash position remained stable and it held a cash balance of RMB 1.1234 billion, an increase of RMB 582.6 million from the end of 2016. In addition, the Company's interest-bearing debt totalled RMB 5.098 billion, an increase of RMB 1.833 billion from the same period of last year.

Goals and strategies

The Company's long term goal is to sustain the expansion of its market share and consolidate its position as a leader in China's WTE industry. At the same time, it will also extend its business vertically into other areas of the WTE industry and strive to become an integrated WTE provider.

The Company hopes to achieve the aforesaid goals through the following strategies and plans: to maintain market leadership through organic and inorganic growth opportunities; improve operating efficiency through further technological transformation; extend its business along the WTE value chain; utilise existing market position and experience to expand its EMC, project construction and third-party project management businesses; and expand its international market with a focus on Southeast Asia and other developing countries.

Environmental and national policies

In order to effectively carry out waste sorting and classification, in March 2017, the General Office of the State Council put forth the Implementation Plan for the Classification System of Municipal Solid Waste issued by the National Development and Reform Commission and the Ministry of Housing and Urban-Rural Development, made concrete arrangements for the implementation of waste classification, clarified the classification requirements for all types of waste, determined the scope of areas where the waste classification work will be carried out, made concrete regulations on how residents shall classify domestic solid waste as well as the improved collection and terminal disposal systems, and thus achieved new breakthroughs in waste classification in China. The gradual improvement of the waste classification system will effectively improve the quality and calorific value of municipal solid waste, reduce the cost of waste sorting, increase WTE efficiency, and help the development of the industry.

公司2017年未计利息、折旧及摊销税前利润总额13.90亿元，较去年同期增加6.4%。经营活动现金流，调整了BOT，总额11.0亿元，占总收入的40.6%。

公司对现金及财务管理采取审慎原则，妥善管理风险及降低资金成本，运营资金基本来自内部现金流及银行及金融机构贷款，并储备资金配合环保业务的发展。截止2017年12月31日，公司现金状况维持稳健，持有现金结余11.234亿元，较2016年底增加5.826亿元，同时公司有息债务总额50.98亿元，较去年同期增加18.33亿元。

目标与策略

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

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

环境及国家政策

为切实开展垃圾分类工作，国务院办公厅在2017年3月转发了国家发展改革委和住建部印发的《生活垃圾分类制度实施方案》，对开展垃圾分类工作作出了具体部署，明确了各类垃圾的分类要求，确定了开展垃圾分类工作的区域范围，对于居民如何进行生活垃圾分类，以及完善收集和终端处理体系都作出了具体规定，实现了我国垃圾

In April 2017, the Ministry of Environmental Protection formally printed and distributed the Notice on Matters concerning the Automatic Monitoring Equipment Installation and Networking for Pollutant Emissions by Municipal Solid Waste Incineration Plants, requiring the waste incineration enterprises to fully complete the "installation, erection and networking" tasks by September 30, 2017. The implementation of "installation, erection and networking" work is an important measure to actively promote industrial environmental protection supervision, and it helps the public actively participate in the supervision of waste incineration emission enterprises so as to gradually accept and trust them. In addition, this work will further regulate the development of the WTE industry, promote the industry's environmental protection requirements, urge enterprises to continuously improve their core technologies, and effectively reduce the environmental impact that may result from WTE projects.

In July 2017, in order to better implement the "13th Five-Year Plan" for renewable energy, the National Energy Administration issued the Guiding Opinions for the Implementation of the 13th Five-Year Plan for Renewable Energy Development. The Opinions for the first time specified the specific goals and layout of biomass power generation projects including WTE projects, defined the planning and layout programs for the cities and counties according to the five-year development requirements, and provided the requirements and guidance for many works including planning guidance, monitoring assessment, power recycling, technological progress, financial subsidies and industrial security, etc. for of waste incineration power generation projects. For the first time, it specified that the projects included in the "13th Five-Year Plan" layout program for biomass power generation could enjoy the support of national renewable energy subsidies. The promulgation and implementation of the Opinions have provided important policy support and guidelines for the development of the WTE industry during the "13th Five-Year Plan" period, and effectively promoted the healthy development of the industry.

The National Development and Reform Commission's Thirteenth Five Year Plan for Urban Waste Treatment recently reported that the total capacity of waste treatment in China is targeted to increase by 46% over the next five years as the government continues to push for waste treatment due to rapid urbanisation and its aim to create a better living environment for its people. With increased demand for WTE services in sight, Jinjiang Environment will be well positioned to capture the growth opportunities it brings.

分类工作新的突破。垃圾分类制度体系的逐步完善，将有效提升生活垃圾的品质与热值，减少垃圾分拣部分的成本，提升垃圾焚烧发电效率，助力产业发展。

2017年4月，环保部正式印发《关于生活垃圾焚烧厂安装污染物排放自动监控设备和联网有关事项的通知》，要求垃圾焚烧企业于2017年9月30日前全面完成“装、树、联”三项任务。“装、树、联”工作的开展，是积极推动产业环保监管的重要举措，有助于社会公众通过主动参与对垃圾焚烧排放企业的监管，从而逐步接受和信任，同时此工作将进一步规范垃圾焚烧发电产业的发展，提升产业的环保要求，督促企业不断提升自身核心技术，切实减少因垃圾焚烧发电项目可能导致的环境影响。

2017年7月，为更好地将可再生能源“十三五”规划落地实施，国家能源局印发了《关于可再生能源发展“十三五”规划实施的指导意见》。《意见》首次提出了包括垃圾焚烧发电在内的生物质能发电项目的具体目标和布局，按照五年发展要求明确了到各市县的规划布局方案，提出垃圾焚烧发电项目规划引导、监测考核、电力消纳、技术进步、资金补贴、行业保障等多项工作要求与指导，并首次提出纳入生物质发电“十三五”规划布局方案的项目可享受国家可再生能源补贴资金支持。《意见》的颁布实施为“十三五”期间垃圾焚烧发电产业发展提供重要政策支持和指引，有力促进了产业健康发展。

根据发改委近期发布的《“十三五”城镇垃圾无害化设施规划》，五年内，全国垃圾处理能力预计提升46%，政府将继续推行垃圾无害化处理，以应对加快的城镇化进程，实现为人民创造更优生活环境的目标。面对不断增加的垃圾焚烧发电需求，公司不断调整战略定位，以抓住这一政策带来的良好发展机遇。

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In August 2017, the National Energy Administration formally issued the Notice of the General Affairs Department of the National Energy Administration on the Construction of Demonstration Projects for Clean Heating of Biomass Cogeneration in Counties, requested the Development and Reform Commissions (Energy Bureaus) of all provinces (autonomous regions and municipalities) to actively organize the declaration of their demonstration projects for clean heating of biomass cogeneration in counties, and gave priority to the approval of newly constructed demonstration projects so as to ensure that demonstration projects can enjoy the support policies of clean heating in their location and have priority access to the national renewable energy electricity price subsidies after their completion. The Notice pointed out that the biomass cogeneration project has the characteristics of green, low carbon environmental protection, and is an effective way to control coal pollution in counties. The issuance of the Notice provided the basis for exploring the overall shift of biomass power generation to cogeneration path and improving the policy of biomass cogeneration.

In December 2017, the National Development and Reform Commission, the Ministry of Housing and Urban-Rural Development, the National Energy Administration, the Ministry of Environmental Protection and the Ministry of Land and Resources jointly printed and distributed the Notice on Further Implementing the Planning and Site Selection for Municipal Solid Waste Incineration Power Plants. The Notice made it a requirement to scientifically prepare the medium and long-term special plans for the waste incineration power generation, coordinate the planning of municipal solid waste incineration power generation, promote the smooth implementation of projects, and actually safeguard the healthy and orderly development of the industry by taking the measure of project storage management in combination of the policies such as the national renewable energy subsidy fund support, etc. The Notice implements the strategic development goal of "solving prominent environmental problems and promoting ecological civilisation construction" in the report of the 19th National Congress. It is the most authoritative, systematic and instructive document in the management of the planning and site selection for municipal solid waste incineration power generation.

In October 2017, the National Development and Reform Commission printed and distributed the Guiding Opinions on Promoting the Construction of Resource Recycling Bases, stated that resource recycling base was one of the major approaches to solving the "neighboring effect" of waste treatment, and suggested improving the environment of waste treatment facilities so as to make them recognized by the surrounding residents and thus allow them to change from "being avoided by neighborhood" into "benefiting the neighborhood".

2017年8月，国家能源局正式发布《国家能源局综合司关于开展生物质热电联产县域清洁供热示范项目建设的通知》，要求各省（区、市）发展改革委（能源局）积极组织申报本省生物质热电联产县域清洁供热示范项目，并对示范新建项目优先核准，保障示范项目享受各地清洁供热支持政策，建成后优先获得国家可再生能源电价补贴。通知指出，生物质热电联产项目具有绿色低碳环保的特点，是治理县域燃煤污染的有效途径。《通知》的发布为探索生物质发电全面转向热电联产道路、完善生物质热电联产政策提供了依据。

2017年12月，国家发展改革委、住建部、国家能源局、环境保护部、国土资源部五部委联合印发了《关于进一步做好生活垃圾焚烧发电厂规划选址工作的通知》，《通知》提出科学编制垃圾焚烧发电中长期专项规划，以项目入库管理为手段，以国家可再生能源补贴资金支持等政策措施为抓手，统筹做好生活垃圾焚烧发电规划工作，推动项目顺利实施，切实保障产业健康有序发展。《通知》贯彻落实了十九大报告中关于“解决突出环境问题，促进生态文明建设”战略发展目标，是迄今为止我国生活垃圾焚烧发电规划选址管理工作中最权威、系统和最具指导意义的文件。

2017年10月，国家发展改革委印发的《关于推进资源循环利用基地建设的指导意见》，提出资源循环利用基地是破解垃圾处理“邻避效应”的主要途径之一，并建议通过改善垃圾处置设施环境来获得周边居民认可，变“邻避”为“邻利”。

Through the joint efforts made by the Chinese government and all sectors of the society, a long-term effective mechanism will be formed to prevent and resolve the problem of waste incineration power generation "being avoided by neighborhood", and the industry-related constraints brought about by the problem issue of "being avoid by neighborhood" are faced with historical opportunities for settlement.

A series of favorable policies have laid a solid foundation for the rapid development of China's municipal solid waste incineration power generation industry, and Jinjiang Environment will usher in unprecedented new opportunities.

Major risks and uncertainties

Over the past year in 2017, on one hand, domestic environmental supervision has been continuously strengthened, and on the other hand, the environmental protection industry remains very competitive, and the industry is dealing with the impacts and is making adjustments. In the face of a significant market competition, the companies in the industry are committed to continuously improving their own technological and scale advantages. For Jinjiang Environment, the competition does exist in the new market development process, but for the project areas where the Company has obtained service concession rights, it has achieved an obvious first-mover advantage. Through the merger and acquisition of WTE projects in existing areas; the upgrading and expansion of existing WTE plants to increase treatment capacity and vigorously promote SRF or RDF (solid recovered fuel or refuse derived fuel) preparation systems to facilitate the construction of resource recycling projects, expand the radius of coverage to increase the energy conversion rate; and the use of the strategies such as gaining revenue from high levels of operational efficiency, we further expanded market share versus the weaker competitors and created collective benefits.

In the foreseeable future, we will keep our focus on the Chinese market, but our international expansion has started with the acquisition of offshore projects such as those in India and Singapore and the continuous development of Southeast Asian market. As the group expands its international operations to new markets, we may face business and regulatory risks, political and social instability, and shorter history of operating in these local jurisdictions, etc. In this regard, the Company will prevent risks through various measures such as strict due diligence, selecting local partners and employees, acquiring existing management teams and formulation of risk management and control methods, etc.

通过中国政府及社会各界的共同努力，形成防范和化解垃圾焚烧发电邻避问题的长效机制，由邻避问题带来的行业性制约因素面临着历史性的化解机遇。

一系列有利政策为中国生活垃圾焚烧发电行业实现快速发展奠定了坚实的基础，锦江环境将迎来前所未有的新机遇。

主要风险及不确定性

在刚刚过去的2017年里，一方面国内环保督查力度不断加大，另一方面环保行业市场竞争依旧十分激烈，行业面临着冲击和洗牌。面对巨大的市场及日趋激烈的竞争，业内公司均致力不断提升自身的技术及规模优势。对于锦江环境而言，竞争确实存在于新的市场开拓过程中，但对于公司已取得特许经营权的项目地区而言，已取得明显的先发优势：通过并购整合已有地区的垃圾焚烧发电项目、改扩建已有的垃圾焚烧发电厂以提升处理量、大力推进SRF或RDF（垃圾回收燃料或垃圾衍生燃料）制备系统以利于兴建燃料资源化项目扩大辐射范围提升能源转化率、通过已运营项目的高运营水平获得收益等策略，以此来进一步扩大市场占有率并形成集合效益。

在可预见的将来，我们的重点仍是中国市场，但国际化的扩张已随印度、新加坡等境外项目的取得和不断拓展的东南亚市场而展开，鉴于此前缺少国际经营的经验，在拓展国际市场时可能会面临业务和监管风险，如政治和社会的不稳定性、缺乏本地优势等。对此，公司将通过严格尽职调查、雇员属地化、制定风险管控应对办法等多种手段来防范风险发生。

OPERATIONS AND FINANCIAL REVIEW
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In addition, as previously disclosed, due to the adjustment of land use planning by local government, the Company may have to shut down or stop the operations of three older WTE facilities, including the Yuhang WTE Facility in Hangzhou, Zhejiang Province, for which the Company had voluntarily ceased operations since August 2017, and the Zibo Jinjiang WTE Facility in Shandong Province and Kunming Jinjiang WTE Facility in Yunnan, which are still operating normally currently. Among them, the Yuhang WTE Facility in Hangzhou, Zhejiang Province, which was put into operation in 1998, had a daily waste treatment capacity of 700 tons. The area it is located has been positioned as the Hangzhou Chengxi Science and Creativity Corridor and Hangzhou West Transportation Hub in recent years. Thus, it is no longer possible for the facility to continue its operation and development. It is expected to be disposed of in the first half of 2018 through the method of the government acquiring the facility and shutting it down.

The Zibo Jinjiang WTE Facility and Kunming Jinjiang WTE Facility are projects constructed by the remote capacity expansion and relocation method. Currently, they are in normal operation. The specific time of ceasing operation will be determined according to the progress of the Company's new local construction project, and the waste will also be treated by the new facility. The Company will negotiate with the government about the compensation upon closure according to the actual operation. About RMB 30 million compensation has been received to date for the Yuhang closure.

Furthermore, we are fully aware that the stable and long-term development of the Company cannot be ensured without effective strengthening of risk control management. Through the engagement of an external professional consulting company, the Company formally established an independent risk control department in 2017. Through systematic risk management system construction, the department carried out the works including, but not limited to, collation of existing systems and procedures, review of contract terms, and audit of operating businesses, etc., so as to achieve the Company's overall risk prevention capabilities.

Future development

2017 is a year Jinjiang Environment made advances, in the domestic market and while adopting a new global perspective to developing its business. In the face of increasing market competition and rapidly increasing demand for waste treatment, Jinjiang Environment took some strides forward, promoted the establishment of guidelines for the upgrading and transforming of technology, and seized industry development opportunities in domestic and foreign markets.

另外，如之前所披露，由于地方政府土地利用规划的调整，公司可能需要关闭或停止运营三个比较旧的垃圾焚烧设施，包括公司从2017年8月起主动停止运营的浙江杭州余杭电厂和截至目前仍在正常运营的山东淄博锦江和云南昆明锦江垃圾焚烧设施。其中，自1998年投运的浙江杭州余杭电厂，日处理生活垃圾700吨，其所在区块近年先后被定位为杭州城西科创大走廊和杭州西部交通枢纽，该区块已不再适合工厂继续运营与发展，预计于2018年上半年采用征收关停的模式进行处置。

山东淄博锦江和云南昆明锦江均为异地扩能迁建，目前均在正常运营，具体停止运营时间根据当地我们的新建项目进度确定，垃圾也由新建项目处置。公司将根据实际运行情况与政府洽谈关停补偿等事宜。至今，针对余杭电厂，公司已收到了人民币3000万的补偿。

同时，我们深知切实强化风险控制管理才能确保企业稳健长远发展。在原有委托专业外部顾问公司基础上，2017年公司正式组建了独立的风险控制部门，通过系统性的风险管理体系建设，工作内容包括但不限于对现有制度流程梳理、合同条款审核、经营业务审计等等，从而达到提高公司整体风险防范的能力。

未来的发展

2017是锦江环境立足国内、放眼国际的征程奋进之年。面对逐步加剧的市场竞争及急速增长的垃圾处理需求，锦江环境提前布局、稳步推进技术升级改造的既定方针，抢占国内外市场行业发展先机。

Owing to its advanced technology and mature investment, construction and operation management system, all its main business operations maintained a good momentum of development. During the year, a number of key projects were put into operation and added to the network, and several projects under construction and expansion were implemented systematically. Its total treatment capacity has reached a new height. With the goal of solidifying our leading position in the domestic market, the Company deepened its core competitiveness of technological innovation, expanded and diversified businesses along its industrial chain, and achieved salient growth in business scale and corporate strength.

In 2018, Jinjiang Environment will complete the Yinchuan Zhongke Municipal Solid Waste Recycling and WTE Phase II Unit Expansion Project, the Zibo New Energy WTE Facility and Zhejiang Zhuji Bafang Cogeneration Phase II Expansion Project in accordance with the established targets. After they are completed and put into operation, the additional waste treatment capacity will reach 3,000 tons/day and the additional installed electricity generation capacity will reach 107MW. By then, the Company's total treatment capacity will reach 31,280 tons/day, and the Company can continue to maintain its leading position in the industry.

Based on the current and expected project approvals and expected funding situation, the Company expects to commence the construction of several projects in 2018. Currently, the Shijiazhuang Jiasheng WTE Facility, Kunming Jinjiang WTE Facility, Tangshan Jiasheng WTE Facility, Wenling Green New Energy WTE Expansion project, Linzhou Jiasheng WTE Facility, and Yueyang Sunrise WTE Facility have basically completed the preliminary preparation and approval works. The Yulin Green Energy WTE Facility, Yan'an Guojin WTE Facility and Zhongwei Green Energy WTE Facility. are actively advancing the preliminary preparation and approval works for the commencement of construction. After all domestic preparatory construction projects are completed, the company is expected to add 21,550 tons/day waste treatment capacity and 462MW installed electricity generation capacity. In 2018, the Company will also continue to increase its pipeline projects and accelerate the growth of its WTE project footprint in China.

In addition, we will integrate high-quality technical resources into the areas of waste heat utilisation, energy conservation and waste recycling, etc., continue to explore the internal energy conservation space, and continuously improve the operating efficiency of our power plants. At the same time, we will explore the resource partnership model, enhance our business expansion capabilities and expand our business externally.

凭借先进的技术和成熟的投资、建设、运营管理体系，期内各主营业务均维持良好的发展势头。年内多个重点项目并网运行，有条不紊地推进多个在建及扩建项目，总处理能力再创新高，在持续稳固国内行业领先地位的基础上，深化技术创新的核心竞争力，向产业链延伸拓展多样性业务，业务规模及企业实力提升有目共睹。

2018年，锦江环境将按既定计划目标完成银川市生活垃圾资源化及焚烧发电二期机组扩建项目、山东临淄垃圾焚烧发电项目、浙江诸暨八方热电联产二期扩建项目，建设完成投运后将新增垃圾处理能力3,000吨/日及装机容量107MW。届时公司总的运行处理能力将达到31,280吨/日，继续保持行业领先地位。

根据项目审批及资金筹措情况，公司预计2018年将有多个项目陆续开工建设。目前，河北石家庄项目、昆明五华迁建项目、河北唐山项目、浙江温岭垃圾电厂扩建项目、河南林州项目、湖南岳阳项目已基本完成前期筹备和审批工作。陕西榆林项目、陕西延安项目和宁夏中卫项目正积极推进开工的前期筹备和审批工作。待所有国内筹建项目建成后，预计将新增21,550吨/日的垃圾处理能力及462MW的装机容量。2018年，公司还将不断增加新的储备项目，加快垃圾发电项目在中国的布局。

我们还将在余热利用节能、垃圾资源化等方面整合优质技术资源，持续挖掘内部节能空间，不断提高旗下电厂的运行效率，同时尝试资源合伙模式，提升业务拓展能力，将业务向外部延升。

OPERATIONS AND FINANCIAL REVIEW
经营和财务回顾

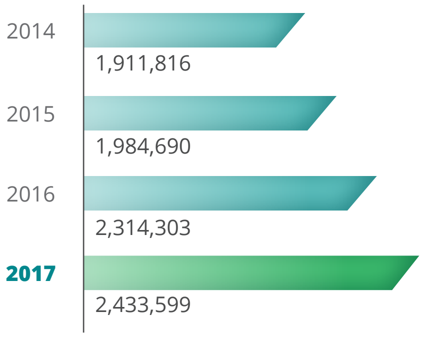
When all of Jinjiang Environment's operating projects and construction and preparatory projects at home and abroad are completed, its waste treatment capacity will reach 59,261 tons/day, an increase of 6,571 tons/day when compared with the same period of 2016, allowing it to maintain its leading position in the industry.

In the future, Jinjiang Environment will continue to emphasize technological innovation, actively promote technological research and development and cooperation through various methods such as industry-university-research cooperation, extend the business vertically to other areas of the WTE industry, and strive to maintain its leading position in the increasingly competitive market environment. Furthermore, using the existing India and Singapore projects as our foothold, the Company will explore opportunities from China's "One Belt One Road' initiative to go global, deepen its global footprint, focus on the acquisition and merger of WTE projects in domestic and overseas markets, share its advanced experience and technologies in overseas markets, continuously improve its brand image and awareness, and hence, develop the Company into an international environmental protection enterprise. In addition, the Company will continue to strengthen internal management, strive to achieve improvement in both effectiveness and efficiency, respond to changing market demands by building stronger core competitiveness, find collaborative development opportunities at home and abroad, fulfill its corporate and social responsibilities, and contribute towards building a greener environment!

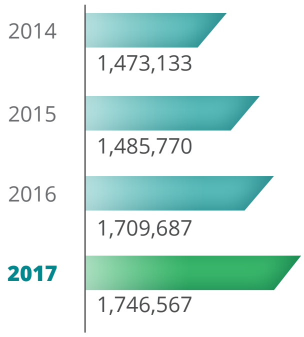
届时，锦江环境所有在运和境内外在建、筹建项目全部建成后，垃圾处理能力将达到59,261吨/日，与2016年同期相比增加6,571吨/日，以继续保持行业领先地位。

未来，锦江环境将继续强调技术创新，通过产学研等多种方式积极推动技术研发与合作，将业务垂直延伸至垃圾发电行业的其他领域，在日趋激烈的市场环境中努力保持行业领先地位。同时，我们将以已有的印度及新加坡项目为立足点，贯彻国家‘一带一路’倡议积极走出去，深化全球化布局战略，着力海内外市场收购及并购垃圾发电项目，将锦江环境先进的经验及技术拓展至海外市场，不断提高品牌形象及知名度，建设国际化环保企业。同时公司也将不断加强内部管理，努力实现效率、效益双提升，用更强的核心竞争力应对不断变化的市场需求，海内外协同发展，更好地肩负企业和社会责任，守护绿水青山，为建设绿色环境贡献力量！

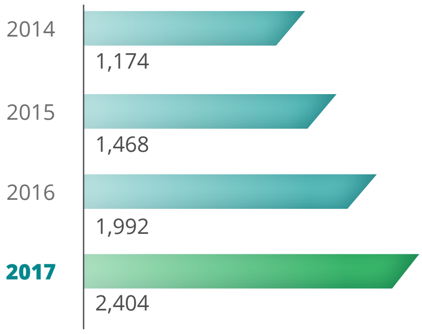
ELECTRICITY GENERATED (MWh)



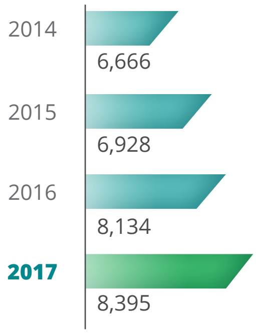
ON-GRID ELECTRICITY (MWh)



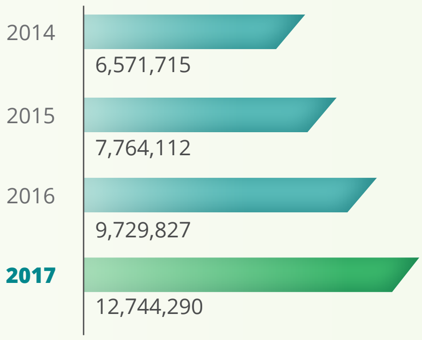
STEAM SUPPLY ('000 tons)



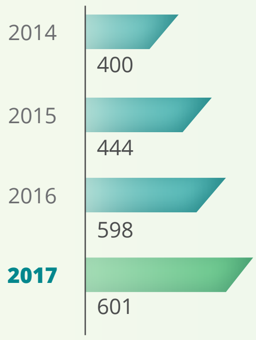
WASTE TREATMENT ('000 tons)



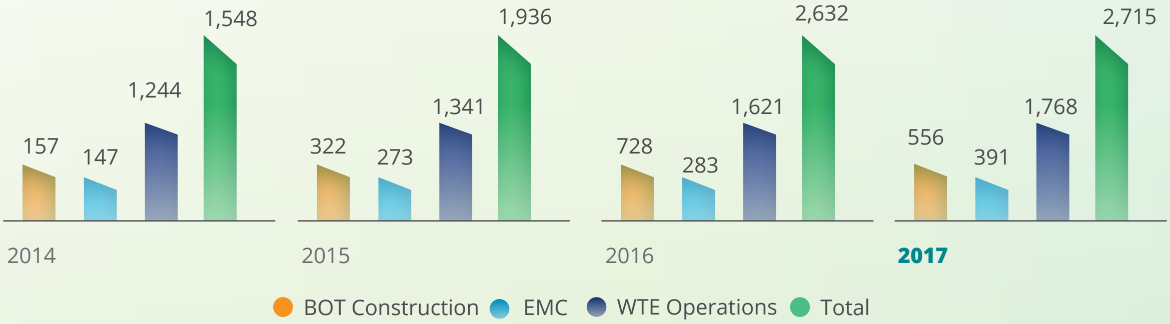
TOTAL ASSETS (RMB '000)



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



REVENUE (RMB million)



20 FACILITIES IN OPERATION


1 SUIHUA GREEN ENERGY 黑龙江绥化


2 JILIN XINXIANG 吉林长春


3 SONGYUAN XINXIANG 吉林松原


4 TIANJIN SUNRISE 天津


5 ZIBO JINJIANG 山东淄博


6 ZIBO GREEN ENERGY 山东淄博


7 ZHENGZHOU XINGJIN 郑州荥阳


8 LIANYUNGANG SUNRISE 江苏连云港


9 HANKOU JINJIANG 武汉汉口

3 FACILITIES UNDER CONSTRUCTION


10 WUHAN JINJIANG 武汉武昌

LÜLIANG GREEN ENERGY WTE FACILITY
吕梁绿能新能源有限公司

YULIN GREEN ENERGY WTE FACILITY
榆林绿能新能源有限公司

TAIGU ZHANNENG WTE FACILITY
太谷湛能环保有限公司

ZHONGWEI GREEN ENERGY WTE FACILITY
中卫市绿能新能源有限公司

YAN'AN GUOJIN WTE FACILITY
延安国锦环保能源有限责任公司

SHIJIAZHUANG JIASHENG WTE FACILITY
石家庄嘉盛新能源有限公司

LINZHOU JIASHENG WTE FACILITY
林州市嘉盛新能源有限公司

YUEYANG SUNRISE WTE FACILITY
岳阳晨兴环保产业有限公司

GAOZHOU GREEN ENERGY WTE FACILITY
高州市绿能新能源有限公司

YUNNAN JINDE WTE FACILITY
云南锦德绿色能源有限公司


11 WUHU JINJIANG 安徽芜湖


12 XIAOSHAN JINJIANG 杭州萧山


13 ZHUJI BAFANG 浙江诸暨


14 WENLING GREEN ENERGY 浙江温岭


15 YUNNAN ENERGY 云南西山


16 KUNMING JINJIANG 昆明五华


17 YINCHUAN ZHONGKE 宁夏银川


18 GAOMI LILANGMINGDE 山东高密


19 QITAIHE GREEN ENERGY 黑龙江七台河


20 HOHHOT NEW ENERGY 呼和浩特嘉盛

OUR WTE NETWORK IN THE PRC
中国垃圾焚烧网络

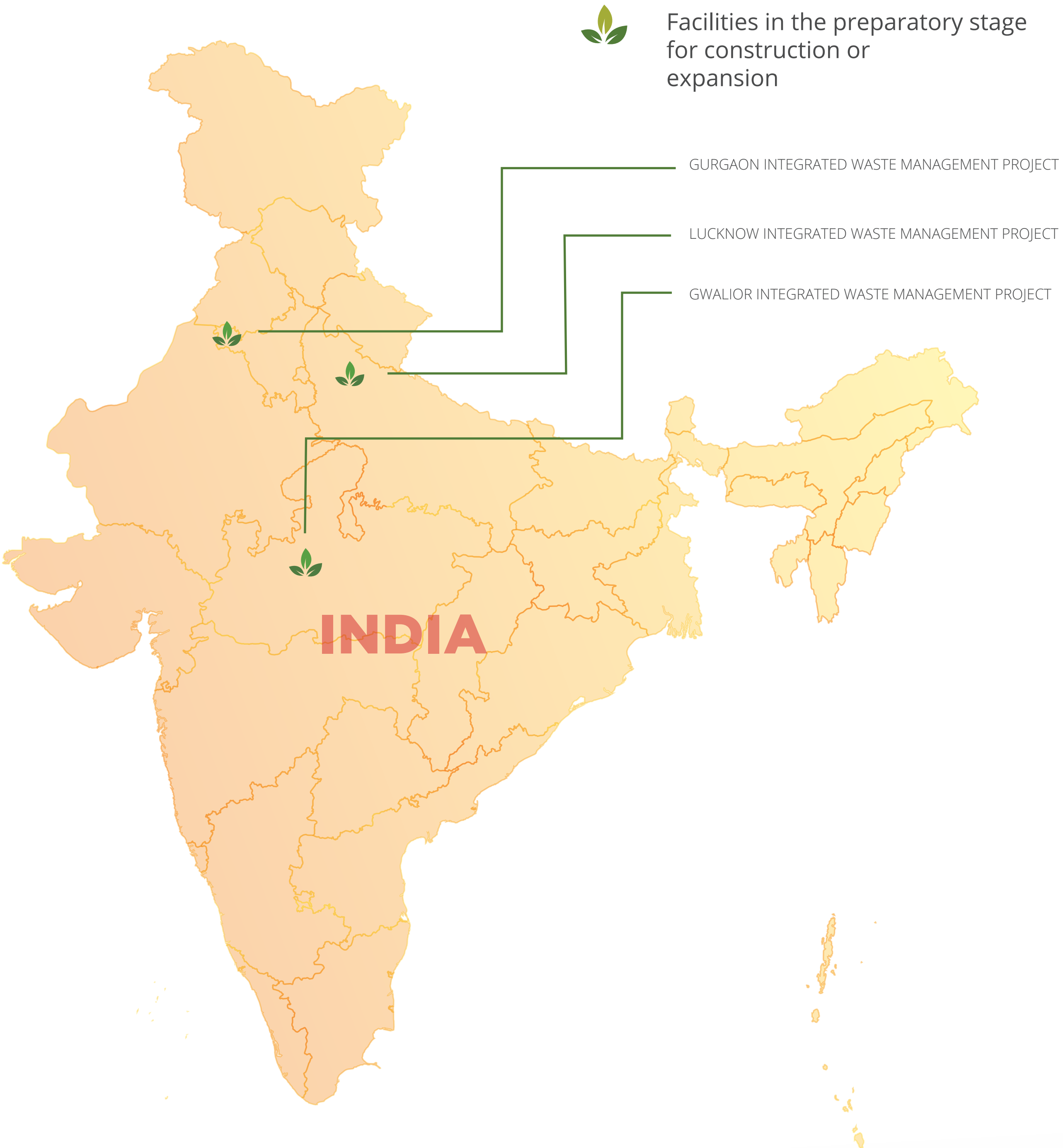
As at 31 December 2017

GROWING CAPABILITIES AND STRENGHTS

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

OUR WTE NETWORK IN INDIA
印度垃圾焚烧网络

As at 31 December 2017



GROWING CAPABILITIES AND STRENGHTS

BOARD OF DIRECTORS
董事会

WANG Yuanluo (王元珞)

Non-Executive, Non-Independent Chairman

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

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

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

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

BOARD OF DIRECTORS
董事会

WANG Wuzhong (王武忠)
Executive Director and Deputy General Manager

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

Mr. Wang has more than 20 years of industry experience. Prior to joining our Group, Mr. Wang worked as director of product department in the Lin'an thermal power plant of Jinjiang Group from July 1992 to June 1995. From June 1995 to December 1995, he served as deputy general manager responsible for production in the Yuhang thermal power plant of Jinjiang Group. From January 1996 to February 1997, he served as deputy plant manager responsible for production and operation in the Lin'an thermal power plant of Jinjiang Group. From February 1997 to September 1998, he took up various positions including plant manager, deputy general manager responsible for production and assistant to the general manager in the Jiaxing power plant of Jinjiang Group. From September 1998 to March 2001, he took up various positions including director of technical team, plant manager and general manager in the Yuhang thermal power plant of Jinjiang Group. From March 2001 to August 2001, he served as a manager in the operations department of Jinjiang Group. He then served as general manager of the Yuhang thermal power plant of Jinjiang Group from September 2001 to May 2002 and general manager of the Qiaosi power plant of Jinjiang Group from June 2002 to June 2005. From July 2005 to March 2013, he served as the general manager of group operations in Jinjiang Group. Since March 2013, Mr. Wang has also been the executive vice-president of Green Energy Hangzhou.

Mr. Wang is registered as a senior certified electrical engineer (国际注册电气工程师(高级)) and an expert engaged by the China Association of Comprehensive Resource Utilisation (中国资源综合利用协会). Mr. Wang completed his Executive Master of Business Administration at the Zhejiang University (浙江大学) in March 2006. He has completed a distance learning course in electromechanical integration technology (机电一体化技术) at Shandong University (山东大学) for a college diploma on July 2016.

WANG Ruihong (王瑞红)

Executive Director and Deputy General Manager

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

Mr. Wang has more than 15 years of experience in accounting and corporate finance. Prior to joining our Group, Mr. Wang took up various positions at Zhejiang Institute of Silk Textile (浙江丝绸工学院) (currently known as Zhejiang Sci-Tech University (浙江理工大学)) from July 1985 to March 1999, including deputy director of infrastructure construction department (基建处), deputy director of finance department (财务处) and the director of state owned asset management office (国有资产管理办公室). From March 1999, Mr. Wang took up several positions at Jinjiang Group, including the director of finance department and accounting department, the assistant to general manager, deputy general manager and chief officer of inspection and evaluation department (稽查评估中心) and general management center (综合管理中心) and has been the chief director of office (办公室) since 2013. Mr. Wang was also the chairman of the board of directors of Zhejiang Huadong Aluminum Co., Ltd. (浙江华东铝业有限公司), a non-ferrous metal smelting and processing company and a subsidiary of Jinjiang Group, from December 2013 to June 2016.

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

Roy Edwin CAMPBELL II

Non-Executive Director

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

Mr. Campbell has more than 20 years of management and investment experience. Prior to joining Fortress Real Estate (HK) Limited in October 2015, he successively took up several positions, including Executive Director, at Morgan Stanley & Co. from August 1995 to April 2004, where he was mainly responsible for managing investments in performing corporate credit, sub-debt and NPLs in the US, Asia and Europe. Mr. Campbell successively served as a Managing Director in the European Special Situations Group (ESSG) at Goldman Sachs International in London, holding the roles of Co-Head of NPL portfolio investing and then Head of Private Finance, where he was mainly responsible for corporate private equity, sub-debt, and NPL investments across Europe. He was a Managing Director for affiliates of Mount Kellett Capital Management LP from July 2010 to October 2015 and served first as Head of Corporate Investing in Europe and more recently as Co-Head of Asia, where he focused on private corporate investing and portfolio management.

BOARD OF DIRECTORS
董事会

ANG Swee Tian
Lead Independent Director

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

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

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

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

HEE Theng Fong
Independent Director

HEE Theng Fong is an Independent Director of our Company. Mr. Hee is a senior lawyer in Singapore with over 30 years of experience. Mr. Hee is an Independent Non-Executive Director of several public listed companies, including First Resources Limited, YHI International Limited, Tye Soon Limited, Straco Corporation Limited and APAC Realty Limited. He was also an Independent Non-Executive Director of Datapulse Technology Limited and Delong Holdings Limited.

Mr. Hee has handled more than one hundred cases in civil litigation and arbitration as lead counsel, presiding arbitrator, co-arbitrator and sole arbitrator. Many of the cases have been reported and referred to in the Singapore Law Reports, textbooks and various legal journals.

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

Mr. Hee also serves as a director of Chinese Development Assistance Council (CDAC) and Singapore Chinese Culture Center. He is also the Deputy Chairman of Singapore Medishield Life Council and Chairman of Citizenship Committee of Inquiry (ICA).

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

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

TAN Huay Lim

Independent Director

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

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

Mr. Tan is an Independent Non-Executive Director and Chairman of the Audit and Risk Committee of Dasin Retail Trust Management Pte Ltd, the trustee manager of Dasin Retail Trust, a listed business trust, and Ren Ci Hospital, a charitable organisation.

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

NI Mingjiang (倪明江)

Independent Director

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

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

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

KEY MANAGEMENT
管理层

ZHANG Chao (张超)

Chief Executive Officer

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

Mr Zhang has over 20 years of experience. Prior to joining our Group, Mr Zhang worked as a Deputy Director Clerk at the Beijing Municipal Bureau of Justice from July 1994 to May 1999. From May 1999 to July 2001, he was a lawyer at King & Wood Mallesons and Guolian Law Firm. From July 2001 to May 2010, Mr Zhang served as director of legal affairs and general counsel of China Energy Conservation Investment Corporation. From May 2010 to December 2016, Mr Zhang had served as general counsel and deputy general manager of China Energy Conservation and Environmental Protection Group. From January 2017 to November 2017, he was assistant to the Chairman of Jinjiang Group as well as general manager of its eco-environment division. Mr Zhang graduated from the China University of Political Science and Law (中国政法大学) majoring in political science in June 1994, obtained a master's degree in law from the Renmin University of China (中国人民大学) in June 2002 and obtained an executive master's degree in business administration from Tsinghua University (清华大学) in September 2015.

XU Yongqiang (徐永强)

Chief Financial Officer

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

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

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

E Hongbiao (鄂宏彪)

Deputy General Manager

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

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

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

YAO Xiaodong (姚晓东)

Deputy General Manager

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

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

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

CHOO Beng Lor

Financial Controller

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

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

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

SUSTAINABILITY REPORT
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Leading Technology

Innovation in science and technology is a powerful engine for enterprise growth, so the Company is dedicated to developing waste incineration power generation technology and has continuously improved its scientific research capability and technological standards. In 2017, we obtained 9 patents, including 2 invention patents and 7 utility model patents. Furthermore, the Company's project "Complete Equipment for Fuel Preparation, Incineration and Flue Gas Treatment for 1,000t/d of SRF" which was submitted to the national industry body has been included in the Catalog of Major Environmental Protection Technologies and Equipment Developed under Support of the State (Revision 2017) issued by the Ministry of Industry and Information Technology and the Ministry of Science and Technology. This year, the Company participated as chief editor in the compilation of the national standard entitled Municipal Solid Waste Fluidized Bed Incineration Boiler (GB/T 34552-2017), which has been released and published, and also participated in the compilation of the industry standards entitled Standard for Marking signs of Municipal Solid Waste Incineration Plant and Technical Standards for Operation Maintenance and Safety of Municipal Solid Waste Incineration Plants, which have been issued and implemented.

The "National Engineering Laboratory for Waste Incineration Technology and Equipment", a collaboration with Zhejiang University, was formally established in March. This laboratory is the only national-level engineering laboratory approved by the National Development and Reform Commission in the field of waste incineration.

Health and Occupational Safety

Safety is a basic principle and prerequisite on which enterprises can create economic and social benefits, and it is also the key to ensuring healthy living, ability to work, and smooth production. Therefore, we have a responsibility to ensure the personal safety of our employees at work. The Company continues to improve its performance in ensuring occupational safety and health, eliminating, reducing and controlling hazards and risks in occupational safety and health, thus providing them with a safe environment for construction activity. In strict accordance with the relevant safety regulations and standards, we implement a system of "three concurrent indicators" for environmental protection facilities during the project construction period in order to ensure adequate safety for employees.

The Company has established a number of comprehensive safety management systems and business emergency plans designed to achieve better management of the WTE plants and minimise the occurrence of accidents. In addition to strengthening employees' safety awareness and providing standard operating procedures for employees' actions, we work on improving their ability to respond to emergencies.

技术引领

科技技术创新是企业发展的强大引擎，本公司深耕垃圾焚烧发电技术，不断提升科研能力和技术水平。2017年共获得9项专利，其中2项发明专利以及7项实用新型专利。并且公司申报的“1,000t/d　SRF燃料制备、焚烧及其烟气处理成套设备”应用项目已被列入国家工信部、科技部《国家鼓励发展的重大环保技术装备目录（2017年版）》。在年内公司参与主编了国家标准《生活垃圾流化床焚烧锅炉》（GB/T　34552-2017）并且已发布出版；参编的行业标准《生活垃圾焚烧厂标识标志标准》、《生活垃圾焚烧厂运行维护与安全技术标准》已发布并实施。

与浙江大学等单位联合建设的“垃圾焚烧技术与装备国家工程实验室”于3月正式成立，该实验室是经国家发改委批准的垃圾焚烧领域唯一国家级工程实验室。

健康与工作安全

安全是企业实现经济效益及社会效益的基础和前提，是人们健康生活、工作和生产劳动的基本保障，我们有责任确保员工在工作时的人身安全。公司持续改进职业安全健康绩效，不断消除、降低和控制职业安全健康危害和风险，从而为他们提供安全的建设施工环境，我们谨遵相关安全法规和标准，在项目建设期间严格执行环境保护设施的“三同时”制度，为员工提供充足的安全保障。

公司设有完善的多项安全管理制度及企业应急预案，旨在更好的管理我们的垃圾焚烧发电厂，减少事故发生。在强化员工的安全意识，规范员工的安全行为的同时提高应对突发事件能力。

We also ensure operational safety by implementing the international occupational health and safety management system with OHSAS 18001 (GB/T28001-2011) certification in various project companies.

The Company conscientiously adheres to the policy of "Safety First; Focus on Prevention oriented; Comprehensive Management", consistently provides regular training and lectures on production safety and fire control, seeks to deepen employees' knowledge and understanding with respect to fire control safety, safe practices on the use of facilities as well as storage and use of dangerous goods, etc. through training and onsite teaching. Overall, these practices help to effectively establish employees' awareness of safety and create an environment where everyone understands safety principles, puts safety as a priority and takes charge of ensuring safety.

The Company adheres to a people-oriented approach and regards employees' health and safety as the top priority. To protect the health of employees, the Company provides physical examinations and occupational health checks for all employees every year.

Staff Training

Talent is the foundation of entrepreneurship and a growth driver for a company's development, so we place emphasis on the development of talent, regardless of the employee's gender, race, marital status, religion, age, nationality, disability and family status. We are committed to safeguarding the rights and interests of female employees and strictly abide by the national laws and regulations on protecting the rights and interests of women. The Company has a comprehensive recruitment system, which seeks to recruit the best talents through various methods including on-the-spot recruitment, overseas recruitment and campus recruitment in cooperation with recruitment agencies and universities. We are committed to creating a diversified and inclusive work environment where each individual's unique talents, experiences and perspectives are respected.

我们在各项目公司推行具有国际性的OHSAS 18001（GB/T28001-2011）认证的职业健康和安全管理体系，保障运营安全。

公司认真贯彻“安全第一、预防为主、综合治理”的安全生产方针，坚持定期开展生产安全消防知识培训讲座，通过培训及现场教学的方式加深员工对消防安全、设施的安全使用及危险物品的储存和使用等知识的了解和认识。切实树立起员工安全意识，形成“人人懂安全、人人讲安全、人人管安全”的安全氛围。

公司坚持以人为本，把员工的健康与安全放于首位，为保障员工身体健康，公司每年为所有雇员提供身体检查及职业健康检查。

员工培养

人才是创业之本、发展之源，我们十分重视人才的开发。绝不受雇员的性别、种族、婚姻状况、宗教、年龄、国籍、残疾及家庭状况等因素影响。我们重视保障女性员工的权利和权益，严格准守国内有关保障女性权利及权益的法例。公司设立完善的招聘体系，通过与人才招聘机构、高等院校合作，以实地招聘、海外招聘、校园招聘等方式招揽优秀人才。我们致力于创建多元化和包容的工作环境，尊重每一个人独特的才能、经验和观点。

SUSTAINABILITY REPORT
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Grooming competent and motivated employees is one of our most important goals. The Company has designed a variety of development programs, under which we provide internal and external training and learning opportunities, run leadership cultivation activities, launch professional skills competitions or language training, as well as help employees develop into professionals in different fields. In addition to attracting external talents , we will also provide employees with various opportunities to spearhead their personal development, offer internal competition opportunities regularly to employees, create considerable space for growth and development, and offer strong support to them in overall professional development.

We focus on building channels conducive to the growth and development of our employees, enhancing long-term and systematic training of our core employees, and helping them form forward-looking global perspectives. We regularly select potential management personnel to attend senior business administration seminars at Zhejiang University and MBA education for management at Zhejiang University, etc. The Company will also send outstanding technical talents to foreign countries to observe and study their systems so as to further enhance our management and technological innovation capabilities.

The Company strives to build a platform for talent and puts great efforts into grooming a talent pool so as to provide a solid foundation to help the Company realise its vision and strategic goals. Under our "Young Eagle Project", we promote communication and exchange among employees of a high calibre and outstanding management potential through systematic comprehensive course training and development training. The Company places emphasis on the inheritance of knowledge and implements a "mentor" system. Newly recruited employees have the opportunity to learn from experienced mentors, who will help them become familiar with the Company's culture and adapt to their new positions in the shortest time possible, thus strengthening cohesion and the employees' sense of belonging.

We attach great importance to the physical and mental health of our employees and are committed to creating a comfortable, healthy and happy working environment for our employees. Our project companies regularly hold various recreational activities, such as basketball matches, outreach activities, singing competitions, football matches and employee sports meets, etc. to enable employees to have proper relaxing time and achieve a work-life balance. We aim to strengthen team rapport, raise staff morale and increase employees' sense of belonging.

培养能力卓越、积极进取的员工是我们最重要的目标之一。公司制定了多种发展计划，提供内外部培训学习机会、定向领导力培养，举办职业技能大赛或语言培训等，帮助员工成长为不同领域的专业人。除了从企业外部吸纳人才外，我们亦会为员工提供各类机会培养其发展，我们会定期给予员工内部竞聘的机会，提供广阔的成长和发展空间，为他们的职业发展提供强有力的支持。

我们致力于构建有利于员工成长发展的通道，提升核心员工长期的、系统性的培训，帮助他们形成具有前瞻性的全球观。我们定期选出具有潜力的管理人员参加包括浙江大学高级工商管理研修班、浙江大学管理人员工商管理硕士教育等。我们亦会选派优秀的技术骨干前往海外国家进行考察调研，观摩学习，进一步提升我们的管理、技术创新能力。

公司努力构筑"人才高地"，着力打造"人才梯队"，为实践企业的愿景和战略目标提供坚实的人才保障。我们开展"雏鹰计划"，针对素质较高，具备优秀的管理潜质的新员工，通过系统全面的课程培训及拓展培训增加新员工之间的沟通及交流。公司注重知识的传承，实施"导师"制度，新入职的员工有机会向经验丰富的导师学习，帮助他们尽快熟悉公司文化，尽早适应新职位，加强企业凝聚力及员工归属感。

我们高度重视员工的身心健康，致力于为员工创造一个舒适健康快乐的工作环境，我们项目公司定期举办例如：篮球赛、拓展活动、唱歌比赛、足球赛、员工运动会等多项休闲娱乐活动，让员工适时放松，实现工作与生活之间的平衡。加强团队默契度，激励员工士气，加大员工归属感。

Environment and Natural Resources

The Company adheres to the philosophy of "commitment to environmental protection with perseverance", and spares no effort in the innovation and development of the environmental protection industry and on the improvement of the environment which we live in. As a leading company in the waste management industry, we have maintained our original mission of extending the green environmental protection industrial chain in an innovative manner, implementing the concept of sustainable development, and actively promoting the healthy development of the environmental protection industry.

Each of our WTE projects is equipped with pollution source monitoring equipment, which allows real-time monitoring of the discharge of pollutants, and the electronic displays are installed at a prominent location at the entrance to the plants. In addition, the automatic monitoring systems of all enterprises are connected to the environmental protection department. We have implemented the announcement of environmental monitoring data of each operating waste power generation project according to the daily average value, which can be found in the environmental publicity management section of the Company's official website at www.jinjiang-env.com.

The Company has accelerated the pace of technological upgrading and introduced advanced European "pretreatment" technologies, which are integrated with our independent research and development knowledge to transform waste into high-quality waste recycling fuel/waste-derived fuel, allowing improved efficiency of WTE facility operation and reduction in emissions. We seek to further expand the diversity of WTE business, actively develop energy management contract businesses with high profitability, provide beneficial supplements to the WTE business and create a synergistic effect.

环境与自然资源

公司秉持着“心系环保、持之以恒”的发展理念，致力环保产业创新发展，改善社会生活环境。作为固废行业的领军企业，我们不忘初心，以创新方式延伸绿色环保产业链，践行可持续发展理念 积极推动环保行业健康发展。

我们每个垃圾焚烧发电项目均安装污染源监控设备，实时监测污染物的排放情况，并在厂区门口显著位置设立电子显示屏公布，且各企业的自动监控系统都与环保部门联网。我们目前已经实现按日均值对外公布各运营垃圾发电项目的环保监测数据，公司的官方网站www.jinjiang-env.com的环境公示管理栏目可进行查询。

公司加快技术升级步伐，引进欧洲先进“预处理”技术结合自主研发，将垃圾转化为高质量的垃圾回收燃料/垃圾衍生燃料，提高垃圾发电设施营运效率，减少排放。我们进一步扩展垃圾发电业务多样性，积极开发具有较高盈利能力的合同能源管理业务，为垃圾发电业务带来有益补充，形成协同效应。

SUSTAINABILITY REPORT
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We actively promote the development of a green ecosystem and do our part in the protection of our clear water bodies and skies. In 2017, the Company treated a total of 8.4 million tons of municipal solid waste, generating nearly 2.434 billion kWh of sustainable electricity, which could meet the needs of 1.8 million households. In addition, the Company managed to reduce usage of 1.27 million tons of standard coal, reduce 2.98 million tons carbon dioxide emission, and conserve approximately 28,000 mu of land.

Social Contributions

Adhering to our original mission, we actively participate in various social welfare projects, make contributions to the environmental sector in China, and disseminate "positive energy" to the society and the business community through our actions. Our project companies regularly arrange visits and inspections on project sites for government officials, investors, students and the public. Through mutual exchanges, we enhance transparency and increase public awareness of environmental protection. Many of our project companies have been designated as environmental education bases, of which two WTE power plants under our Group have been included in the list of the first plants of its kind to be open to the public, as issued by the Ministry of Environmental Protection and the Ministry of Housing and Urban-Rural Development. In 2017, we received a total of more than 10,000 visitors in social inspection groups.

We are committed to establishing close long-term relationships with neighboring communities, improving the living environment of the surrounding residents, forming a community of shared interests with neighboring residents and communities, and growing together with local communities. We invite local residents to visit the project site, raise the public's awareness of environmental protection, maintain close communication with them and answer their questions. We actively build service facilities that can benefit the neighborhood, set up shared areas for neighboring residents, and work to create a beautiful and green living environment for them. We enter the surrounding communities, establish mutual trust relationship through joint launch of events such as artistic performances, environmental protection education and charity relief, etc., and achieve sustainable and healthy development.

我们积极推进绿色生态发展，共同守护碧水蓝天。2017年公司累计处理了840万吨生活垃圾，提供近24.34亿千瓦时的绿色电力，可满足近180万户居民的生活用电需求，同时经折算公司在2017年共减少标煤约127万吨，减少二氧化碳排放298万吨，至少为地球节约了近2.8万亩土地。

社会贡献

我们不忘初心，积极参与各项社会公益事业，为国家环境领域做出贡献，以行动向社会、向企业界传播“正能量”。我们项目公司定期为政府官员、投资者、学生和社会公众安排项目实地参观考察。通过相互交流提升透明度，提高大众的环保意识。我们多个项目公司被指定为环保教育基地，其中下属2家垃圾焚烧发电厂被纳入环保部、住房城乡建设部第一批对公众开放名单。2017年我们共接待社会考察团体人数超10000人。

我们致力于与周边社区建立长久融合的关系，改善周边居民的社会环境，努力与周边居民、社区形成利益共同体，和当地社区共成长。我们邀请当地居民到项目现场进行参观，提高公众的环保意识，于他们保持密切的交流，为他们答疑解惑。我们积极构建“邻利型”服务设施，面向周边居民设立共享区域，为他们创造美好绿色的生活环境，达到共享发展。我们走进周边社区，通过联合举办文艺演出、环保教育、慈善救助等活动建立双方信赖关系，实现可持续健康发展。

While achieving its own growth as a business, Jinjiang Environment never loses sight of its social responsibilities. We have actively and enthusiastically participated in the development of social welfare projects over a long period of time, with the aim of stirring up the spirit of compassion, inspiring hope and spreading positive energy. We have fostered a good culture of involvement within the Company, where we contribute to society with our care and actions. Our project companies launch charitable activities in various places, strengthening interaction and communication with the local communities, providing the communities with assistance within their capabilities, and improving the lives of disadvantaged social groups.

We have launched "Green Love with Books", a book donation initiative. Our employees donate children's books, inspirational books or reference books and they get green plants in return. Through the activity, we advocate the virtue of "Going green with books" among employees and promote the concept of a 'green' life with environmental protection and recycling. We organise and classify these books in a unified manner, and then give the books after disinfection to the schools under the Hope Project, schools in impoverished mountainous areas or the disadvantaged children in the mountainous areas.

We visit the elderly in nursing homes, send festive greetings and gifts to them, help socially distressed groups and personally solve problems for them, thus promoting traditional virtues and conveying warmth with our hearts.

Adhering to the original mission of "Dedication, Care and Reciprocity", we have set up a fund to receive contributions and present such contributions to the employees of Jinjiang Environment who are in need of support.

锦江环境在自身发展的同时，始终不忘社会责任，长期积极、热心地参与社会公益事业建设，汇聚爱心，托起希望，传递正能量。在企业内部形成了良好的公益参与意识和氛围，以实质性的关怀行动回馈社会。我们的项目公司在各地展开爱心公益活动，加强与当地社界的融合交流，用他们提供力所能及的帮助，改善弱势社会群体的生活。

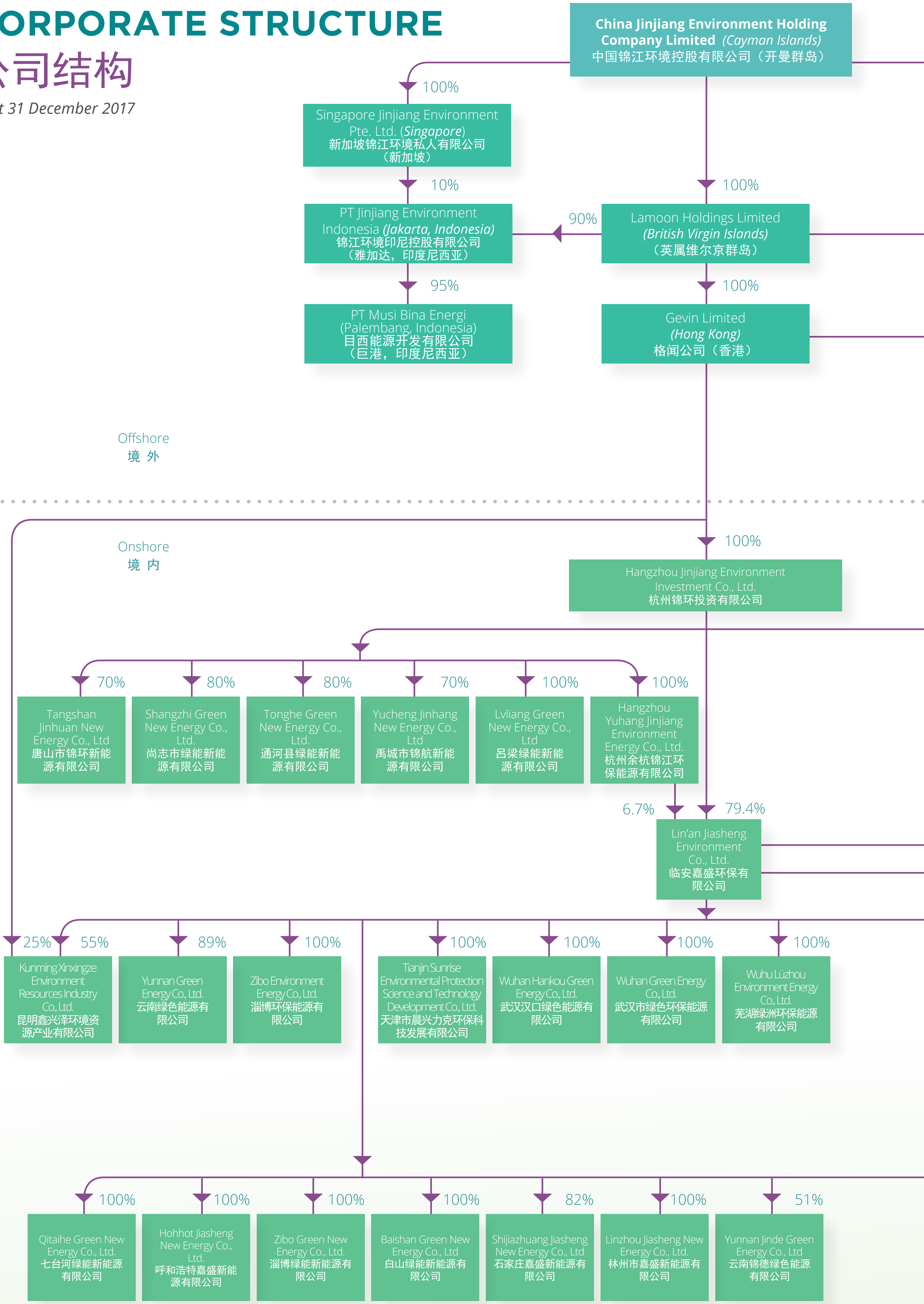
我们开展了“绿意伴书香”爱心公益捐书活动，员工们将闲置在家的少儿读物、励志或是工具类图书捐赠后换取绿色植物。通过活动倡导大家赠人以书、手留余香的爱心美德，宣传环保再利用的绿色生活理念。我们将这些图书经过统一整理和分类，消毒后赠与希望工程学校、贫困山区学校或山区的留守儿童。

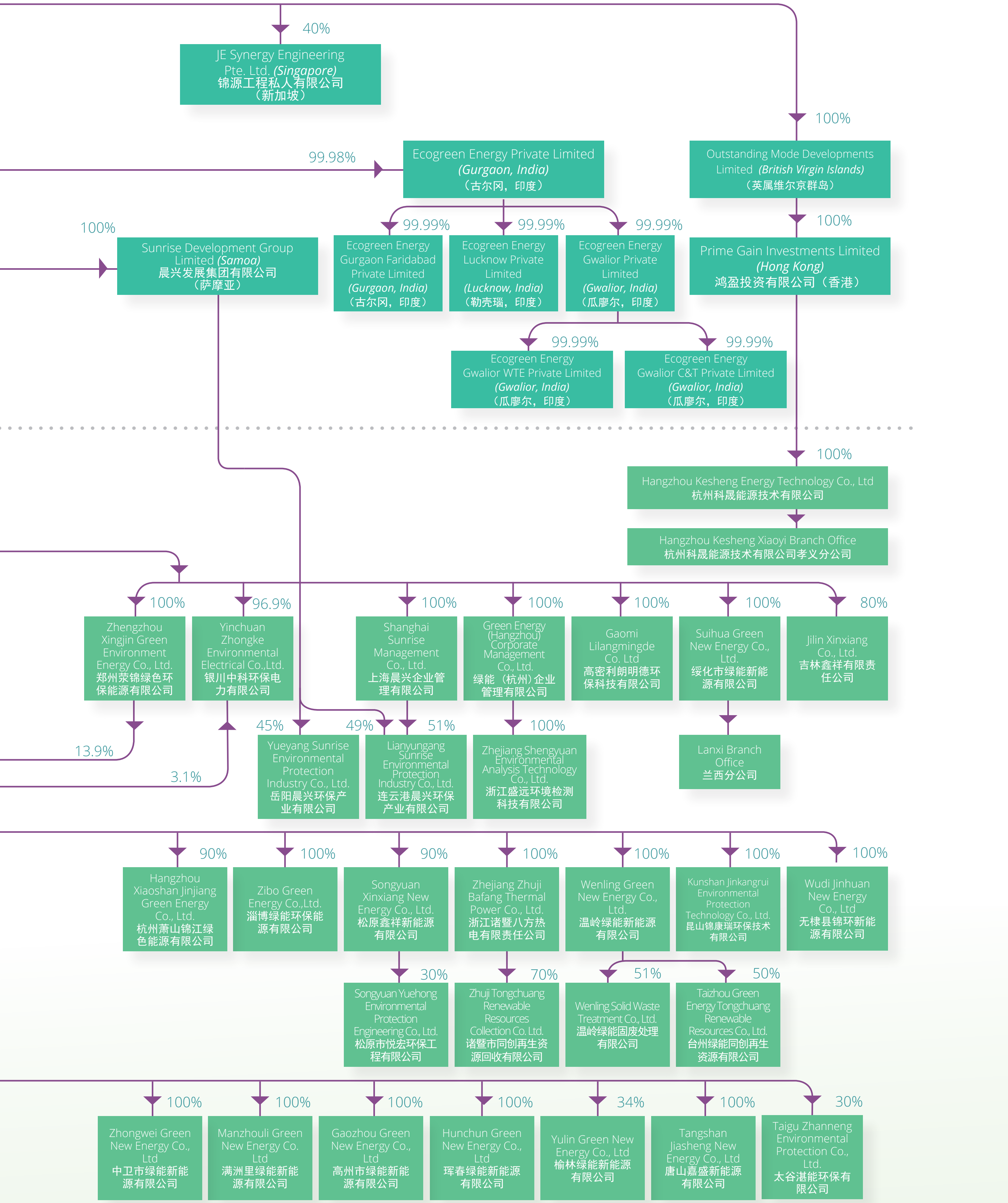
我们前往敬老院慰问孤寡老人，为老人们送去节日祝福和暖心的节日礼品，用自己的行动去帮助社会上的困难群体、为他们排忧解难。弘扬传统美德，用爱心传递温暖。

我们本着“奉献 关爱 互助”的初衷，成立爱心基金，汇聚平日里的点滴爱心，把爱传递给最需要帮助的锦江人，情暖员工。

CORPORATE STRUCTURE
公司结构

As at 31 December 2017




40%
JE Synergy Engineering Pte. Ltd. *(Singapore)*
锦源工程私人有限公司（新加坡）
100%
99.98%
Ecogreen Energy Private Limited *(Gurgaon, India)*
（古尔冈，印度）
Outstanding Mode Developments Limited *(British Virgin Islands)*
（英属维尔京群岛）
100%
99.99%
99.99%
99.99%
100%
Sunrise Development Group Limited *(Samoa)*
晨兴发展集团有限公司（萨摩亚）
Ecogreen Energy Gurgaon Faridabad Private Limited *(Gurgaon, India)*
（古尔冈，印度）
Ecogreen Energy Lucknow Private Limited *(Lucknow, India)*
（勒克瑙，印度）
Ecogreen Energy Gwalior Private Limited *(Gwalior, India)*
（瓜廖尔，印度）
Prime Gain Investments Limited *(Hong Kong)*
鸿盈投资有限公司（香港）
99.99%
99.99%
Ecogreen Energy Gwalior WTE Private Limited *(Gwalior, India)*
（瓜廖尔，印度）
Ecogreen Energy Gwalior C&T Private Limited *(Gwalior, India)*
（瓜廖尔，印度）
100%
Hangzhou Kesheng Energy Technology Co., Ltd
杭州科晟能源技术有限公司
Hangzhou Kesheng Xiaoyi Branch Office
杭州科晟能源技术有限公司孝义分公司
100%
96.9%
100%
100%
100%
100%
80%
Zhengzhou Xingjin Green Environment Energy Co., Ltd.
郑州荥锦绿色环保能源有限公司
Yinchuan Zhongke Environmental Electrical Co.,Ltd.
银川中科环保电力有限公司
Shanghai Sunrise Management Co., Ltd.
上海晨兴企业管理有限公司
Green Energy (Hangzhou) Corporate Management Co., Ltd.
绿能（杭州）企业管理有限公司
Gaomi Lilangmingde Co. Ltd
高密利朗明德环保科技有限公司
Suihua Green New Energy Co., Ltd.
绥化市绿能新能源有限公司
Jilin Xinxiang Co., Ltd.
吉林鑫祥有限责任公司
13.9%
3.1%
45%
49%
51%
100%
Yueyang Sunrise Environmental Protection Industry Co., Ltd.
岳阳晨兴环保产业有限公司
Lianyungang Sunrise Environmental Protection Industry Co., Ltd.
连云港晨兴环保产业有限公司
Zhejiang Shengyuan Environmental Analysis Technology Co., Ltd.
浙江盛远环境检测科技有限公司
Lanxi Branch Office
兰西分公司
90%
100%
90%
100%
100%
100%
100%
Hangzhou Xiaoshan Jinjiang Green Energy Co., Ltd.
杭州萧山锦江绿色能源有限公司
Zibo Green Energy Co.,Ltd.
淄博绿能环保能源有限公司
Songyuan Xinxiang New Energy Co., Ltd.
松原鑫祥新能源有限公司
Zhejiang Zhuji Bafang Thermal Power Co., Ltd.
浙江诸暨八方热电有限责任公司
Wenling Green New Energy Co., Ltd.
温岭绿能新能源有限公司
Kunshan Jinkangrui Environmental Protection Technology Co., Ltd.
昆山锦康瑞环保技术有限公司
Wudi Jinhuan New Energy Co., Ltd
无棣县锦环新能源有限公司
30%
70%
51%
50%
Songyuan Yuehong Environmental Protection Engineering Co., Ltd.
松原市悦宏环保工程有限公司
Zhuji Tongchuang Renewable Resources Collection Co. Ltd.
诸暨市同创再生资源回收有限公司
Wenling Solid Waste Treatment Co., Ltd.
温岭绿能固废处理有限公司
Taizhou Green Energy Tongchuang Renewable Resources Co., Ltd.
台州绿能同创再生资源有限公司
100%
100%
100%
100%
34%
100%
30%
Zhongwei Green New Energy Co., Ltd
中卫市绿能新能源有限公司
Manzhouli Green New Energy Co. Ltd
满洲里绿能新能源有限公司
Gaozhou Green New Energy Co., Ltd
高州市绿能新能源有限公司
Hunchun Green New Energy Co., Ltd
珲春绿能新能源有限公司
Yulin Green New Energy Co., Ltd
榆林绿能新能源有限公司
Tangshan Jiasheng New Energy Co., Ltd
唐山嘉盛新能源有限公司
Taigu Zhanneng Environmental Protection Co., Ltd.
太谷湛能环保有限公司

CORPORATE INFORMATION
公司信息

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

Ang Swee Tian (Chairman)
Wang Yuanluo (Member)
Roy Edwin Campbell II (Member)
Tan Huay Lim (Member)
Ni Mingjiang (Member)

REMUNERATION COMMITTEE

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

JOINT COMPANY SECRETARIES

Choo Beng Lor (Chartered Accountant of Singapore)
Hoon Chi Tern (LLB (Hons))
Chan Poh Kuan (FCIS)

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

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

LEGAL ADVISER TO THE COMPANY AS TO SINGAPORE LAW

Rajah & Tann Singapore LLP
9 Battery Road #25-01 MYP Centre
Singapore 049910

LEGAL ADVISER TO THE COMPANY AS TO PRC LAW

Jingtian & Gongcheng
34th Floor, Tower 3, China Central Place
77 Jianguo Road, Chaoyang District
Beijing 100025
People's Republic of China

LEGAL ADVISER TO THE COMPANY AS TO CAYMAN ISLANDS LAW AND BRITISH VIRGIN ISLANDS LAW

Walkers (Singapore) Limited Liability Partnership
3 Church Street
#16-02 Samsung Hub
Singapore 049483

INDEPENDENT AUDITORS

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

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

SHARE REGISTRAR AND SHARE TRANSFER AGENT

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

董事

王元珞（非执行、非独立董事长）
王武忠（执行董事和副总经理）
王瑞红（执行董事和副总经理）
Roy Edwin Campbell II（非执行董事）
汪瑞典（首席独立董事）
许廷芳（独立董事）
陈怀林（独立董事）
倪明江（独立董事）

审计委员会

陈怀林 （主席）
Roy Edwin Campbell II （会员）
汪瑞典 （会员）
许廷芳 （会员）

提名委员会

汪瑞典 （主席）
王元珞 （会员）
Roy Edwin Campbell II （会员）
陈怀林 （会员）
倪明江 （会员）

薪酬委员会

许廷芳 （主席）
汪瑞典 （会员）
倪明江 （会员）

联席公司秘书

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

注册办公室

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

主要业务地点

浙江省杭州市湖墅南路111号锦江大厦19层

公司的新加坡法律事务法律顾问

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

公司的中国法律事务法律顾问

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

公司的开曼群岛法律事务和英属维尔京群岛法律事务法律顾问

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

独立审计师

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

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

股票过户登记处和股票过户代理人

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

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

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

This report sets out Jinjiang Environment's corporate governance practices with reference to the principles and guidelines of the Code of Corporate Governance 2012 (the "CG Code"). Where the Company's practices differ from the recommendations under the CG Code, the Company's position in respect of such differences is explained in this report.

Board Matters

Principle 1: The Board's Conduct of Affairs

Role of the Board

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

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

Independent Judgement

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

Delegation by the Board

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

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

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

CORPORATE GOVERNANCE REPORT

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

The number of Board and Committees meetings held for the financial year ended 31 December ("**FY**") 2017 and the attendance of each Director where relevant is as follows:

Directors' Attendance at Board and Committee Meetings in 2017

	Board	AC	NC	RC
Number of meetings held in 2017	**4**	**5**	**1**	**2**
Name of Director	**Number of meetings attended in 2017**			
Wang Yuanluo	4	4 ^	1	2 ^
Wang Wuzhong	3	3 ^	1 ^	1 ^
Wang Ruihong	4	5 ^	1 ^	1 ^
Roy Edwin Campbell II	4	5	1	1 ^
Ang Swee Tian	4	5	1	2
Hee Theng Fong	4	5	1 ^	2
Tan Huay Lim	4	5	1	1 ^
Ni Mingjiang	3	3 ^	1	2

^ : by invitation

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

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

- the Group's long-term objectives and commercial strategy, and the annual operating and capital expenditure budgets;
- material investments and acquisitions and disposal of assets 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 AC, NC and RC evaluate and report to the Board on other specific matters including, the non-competition agreement entered into by the Group's controlling shareholders, interested person transactions and any general mandate for interested person transactions, management's remuneration packages and the Jinjiang Environment Performance Share Plan.

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

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

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

Principle 2: Board Composition and Guidance

Board of Directors
The Board comprises 8 Directors: 1 non-executive, non-independent Director and Chairman, 2 executive Directors, 1 non-executive Director and 4 independent non-executive Directors. As at the date of this Report, the Board comprises the following members:

Name of Director	Age	Date of first appointment	Position
Wang Yuanluo	59	08 Sep 2010	Non-Executive, Non-Independent Chairman
Wang Wuzhong	45	16 Dec 2014	Executive Director and Deputy General Manager
Wang Ruihong	52	23 Dec 2010	Executive Director and Deputy General Manager
Roy Edwin Campbell II	44	05 Nov 2012	Non-Executive Director
Ang Swee Tian	69	29 Jun 2016	Lead Independent Director
Hee Theng Fong	63	29 Jun 2016	Independent Director
Tan Huay Lim	61	29 Jun 2016	Independent Director
Ni Mingjiang	68	29 Jun 2016	Independent Director

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

Lead Independent Director
Given that the Chairman is not independent, Mr Ang Swee Tian ("**Mr Ang**") has been appointed as the Lead Independent Director ("**Lead ID**"). The Board is of the view that the process of decision making by the Board is independent and based on collective decisions without any individuals exercising any considerable concentration of power or influence. All major decisions made by the Group will be subject to review by the Board. The Lead ID is available to shareholders where they have concerns and for which contact through the normal channels of the Board Chairman or management has failed to resolve or is in appropriate. No concerns were received from shareholders in the year 2017. The Lead ID has also held discussions with the other independent Directors without the presence of the Non-Executive, Non-Independent Chairman or management.

Principle 4: Board Membership

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company's articles of association provide that each Director shall retire at least once every three years and a retiring Director shall be eligible for re-election. At the forthcoming annual general meeting ("**AGM**"), three of the Directors, Mr Wang Wuzhong, Mr Ang Swee Tian and Mr Ni Mingjiang ("**Mr Ni**"), will be retiring. Mr Ang and Mr Ni have offered themselves for re-election. Each member of the NC had abstained from the deliberation in respect of his re-nomination as a Director. The NC recommended that Mr Ang and Mr Ni be nominated for re-appointment at the forthcoming AGM.

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

In the selection process, the NC considers:

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

CORPORATE GOVERNANCE REPORT

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

Name	Present Directorships	Past Directorships
Wang Yuanluo (王元珞)	*Group Companies* Lamoon Holdings Limited Gevin Limited Outstanding Mode Developments Limited Prime Gain Investments Limited (鸿盈投资有限公司) Sunrise Development Group Limited Hangzhou Xiaoshan Jinjiang Green Energy Co., Ltd. (杭州萧山锦江绿色能源有限公司) Hangzhou Yuhang Jinjiang Environmental Protection Energy Co., Ltd. (杭州余杭锦江环保能源有限公司) Lin'an Jiasheng Environmental Protection Co., Ltd. (临安嘉盛环保有限公司) Green Energy (Hangzhou) Enterprise Management Co., Ltd. (绿能(杭州)企业管理有限公司) Zhengzhou Xingjin Green Environment Energy Co., Ltd. (郑州荥锦绿色环保能源有限公司) Wuhu Lüzhou Environmental Protection Energy Co., Ltd. (芜湖绿洲环保能源有限公司) Wuhan Green Energy Co., Ltd. (武汉市绿色环保能源有限公司) Wuhan Hankou Green Energy Co., Ltd. (武汉汉口绿色能源有限公司) Kunming Xinxingze Environment Resources Industry Co., Ltd. (昆明鑫兴泽环境资源产业有限公司) Yunnan Green Energy Co., Ltd. (云南绿色能源有限公司) Zibo Environmental Energy Co., Ltd. (淄博环保能源有限公司)	*Group Companies* – *Other Companies* Zhejiang Huadong Aluminium Co., Ltd. (浙江华东铝业有限公司) Beijing Jinjiang Huaxue Business Consulting Co., Ltd. (北京锦江华学商务顾问有限公司) Jinjiang International Media Co., Ltd. (锦江国际传媒有限公司) Jinjiang International Advertising Co., Ltd. (江国际广告有限公司) Zhejiang Central Desulphurisation Co., Ltd. (浙江中环脱硫除尘有限公司) Inner Mongolia Liancheng Light Alloy Co., Ltd (内蒙古联晟轻合金股份有限公司) Anji Xiannanyuan Property Development Co., Ltd. (安吉县南苑房地产开发有限公司) Hangzhou Jinjiang Group Co., Ltd. (杭州锦江集团有限公司) Zhejiang University Jinjiang Environmental Energy Development Co., Ltd. (浙江大学锦江环保能源开发有限公司) Hangzhou Jinjiang Engineering Research Co., Ltd. (杭州锦江工程设计研究有限公司) Zhejiang East China Aluminum Co., Ltd. (浙江华东铝业股份有限公司) Zhejiang Zhuji Thermal Power Development Co., Ltd. (浙江诸暨热电发展有限公司) Sanmenxia Green Energy Environmental Protection Energy Co., Ltd. (三门峡绿能环保能源有限公司)

Name	Present Directorships	Past Directorships
	Zibo Green Environmental Energy Co., Ltd. (淄博绿能环保能源有限公司)	Wuhan Jinhongde Biological Energy Co., Ltd. (武汉锦弘德生物能源有限公司)
	Tianjin Sunrise Environmental Protection Science and Technology Development Co., Ltd. (天津晨兴力克环保科技发展有限公司)	Guangxi Tiandong Jinsheng Chemical Co., Ltd. (广西田东锦盛化工有限公司)
	Shanghai Sunrise Management Co., Ltd. (上海晨兴企业管理有限公司)	Guangxi Tiandong Jinxi Co., Ltd. (广西田东锦鑫化工有限公司)
	Yinchuan Zhongke Environmental Electrical Co., Ltd. (银川中科环保电力有限公司)	Shanxi Rongguang Energy Co., Ltd (山西荣光能源有限公司)
	Hohhot Jiasheng New Energy Co., Ltd. (呼和浩特嘉盛新能源有限公司)	Shanxi Heguang Energy Co., Ltd. (山西和光能源有限公司)
	Lianyungang Sunrise Environmental Protection Industry Co., Ltd. (连云港晨兴环保产业有限公司)	Kuitun Jinjiang Thermoelectricity Co., Ltd. (奎屯锦疆热电有限公司)
	Jilin Xinxiang Co., Ltd. (吉林省鑫祥有限责任公司)	Kuitun Jinjiang Chemical Co., Ltd. (奎屯锦疆化工有限公司)
	Songyuan Xinxiang New Energy Co., Ltd. (松原鑫祥新能源有限公司)	Inner Mongolia Jinlian Aluminum Co., Ltd. (内蒙古锦联铝材有限公司)
	Suihua Green New Energy Co., Ltd. (绥化市绿能新能源有限公司)	Inner Mongolia Jinlian Coal Mining Co., Ltd. (内蒙古霍煤锦联矿业有限责任公司)
	Qitaihe Green New Energy Co., Ltd. (七台河绿能新能源有限公司)	Inner Mongolia Kaiyuan Ecological Aluminum Co., Ltd (内蒙古开元生态铝业有限公司)
	Yunnan Jinde Green Energy Co., Ltd. (云南锦德绿色能源有限公司)	Guizhou Huajin Aluminum Co., Ltd. (贵州华锦铝业有限公司)
	Zhongwei Green New Energy Co., Ltd (中卫市绿能新能源有限公司)	Shenyang Jieshen Environmental Energy Technology Co., Ltd. (沈阳洁神环境能源科技有限公司)
	Gaozhou Green New Energy Co., Ltd. (高州市绿能新能源有限公司)	Hangzhou Capital Star Hotel Co., Ltd. (杭州星都宾馆有限公司)
	Baishan Green New Energy Co., Ltd. (白山绿能新能源有限公司)	Zhejiang Jiyang Thermal Power Co., Ltd. (浙江暨阳协联热电有限公司)
	Hunchun Green New Energy Co., Ltd. (珲春绿能新能源有限公司)	Zhejiang Private Enterprise Joint Investment Co., Ltd. (浙江民营企业联合投资股份有限公司)
	Tangshan Jiasheng New Energy Co., Ltd. (唐山嘉盛新能源有限公司)	Anji Jingxin Property Development Co., Ltd. (安吉景欣房地产开发有限公司)
	Linzhou Jiasheng New Energy Co., Ltd. (林州市嘉盛新能源有限公司)	

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Name	Present Directorships	Past Directorships
	Yulin Green New Energy Co., Ltd. (榆林绿能新能源有限公司) Zibo Green New Energy Co., Ltd. (淄博绿能新能源有限公司) Gaomi Lilangmingde Environmental Protection Technology Co., Ltd. (高密利朗明德环保科技有限公司) Manzhouli Green New Energy Co., Ltd. (满洲里绿能新能源有限公司) Zhejiang Zhuji Bafang Thermal Power Co., Ltd. (浙江诸暨八方热电有限责任公司) Wenling Green New Energy Co., Ltd. (温岭绿能新能源有限公司) Hangzhou Jinjiang Environment Investment Co., Ltd. (杭州锦环投资有限公司) *Other Companies* China Green Energy Jiande Limited Grand Energy Co., Ltd.	Jiande Jinjiang Comprehensive Coal Utilisation Co., Ltd. (建德锦江石煤综合利用有限公司) Hangzhou Hailu Heavy Industry Co., Ltd. (杭州海陆重工有限公司) Sanmenxia Sanlian Thermal Power Co., Ltd. (三门峡市三联热电有限公司) Zhejiang University Jinjiang Environmental Protection Energy Development Co., Ltd. (浙江大学锦江环保能源开发有限公司) Inner Mongolia Pulate Transportation Energy Co., Ltd. (内蒙古普拉特交通能源有限公司) China Green Energy Limited
Wang Wuzhong (王武忠)	*Group Companies* Lamoon Holdings Limited Gevin Limited Hangzhou Xiaoshan Jinjiang Green Energy Co., Ltd. (杭州萧山锦江绿色能源有限公司) Hangzhou Yuhang Jinjiang Environmental Energy Co., Ltd. (杭州余杭锦江环保能源有限公司) Green Energy (Hangzhou) Enterprise Management Co., Ltd. (绿能(杭州)企业管理有限公司) Hangzhou Kesheng Energy Technology Co., Ltd. (杭州科晟能源技术有限公司) Zhengzhou Xingjin Green Environmental Energy Co., Ltd. (郑州荥锦绿色环保能源有限公司)	*Group Companies* - *Other Companies* Changxing Jinlong Mining Co., Ltd. (长兴锦龙矿业有限公司) Sanmenxia Green Energy Environmental Protection Energy Co., Ltd. (三门峡绿能环保能源有限公司) Wuhan Jinhongde Biological Energy Co., Ltd. (武汉锦弘德生物能源有限公司) Shenyang Jieshen Environmental Energy Technology Co., Ltd. (沈阳洁神环境能源科技有限公司) Shanxi Rongguang Energy Co., Ltd (山西荣光能源有限公司)

Name	Present Directorships	Past Directorships
	Wuhu Lüzhou Environmental Protection Energy Co., Ltd. (芜湖绿洲环保能源有限公司)	Shanxi Heguang Energy Co., Ltd. (山西和光能源有限公司)
	Wuhan Hankou Green Energy Co., Ltd. (武汉汉口绿色能源有限公司)	Baotou Green Energy Jincheng Environmental Protection Co., Ltd. (包头市绿能锦城环保有限责任公司)
	Kunming Xinxingze Environmental Resources Industry Co., Ltd. (昆明鑫兴泽环境资源产业有限公司)	Inner Mongolia Pulate Transportation Energy Co., Ltd. (内蒙古普拉特交通能源有限公司)
	Yunnan Green Energy Co., Ltd. (云南绿色能源有限公司)	
	Zibo Environmental Energy Co., Ltd. (淄博环保能源有限公司)	
	Zibo Green Environmental Energy Co., Ltd. (淄博绿能环保能源有限公司)	
	Tianjin Sunrise Environmental Protection Science and Technology Development Co., Ltd. (天津晨兴力克环保科技发展有限公司)	
	Shanghai Sunrise Management Co., Ltd. (上海晨兴企业管理有限公司)	
	Yinchuan Zhongke Environmental Electrical Co., Ltd. (银川中科环保电力有限公司)	
	Hohhot Jiasheng New Energy Co., Ltd. (呼和浩特嘉盛新能源有限公司)	
	Lianyungang Sunrise Environmental Protection Industry Co., Ltd. (连云港晨兴环保产业有限公司)	
	Jilin Xinxiang Co., Ltd. (吉林省鑫祥有限责任公司)	
	Songyuan Xinxiang New Energy Co., Ltd. (松原鑫祥新能源有限公司)	
	Suihua Green New Energy Co., Ltd. (绥化市绿能新能源有限公司)	
	Qitaihe Green New Energy Co., Ltd. (七台河绿能新能源有限公司)	
	Linzhou Jiasheng New Energy Co., Ltd. (林州市嘉盛新能源有限公司)	

Name	Present Directorships	Past Directorships
	Yunnan Jinde Green Energy Co., Ltd. (云南锦德绿色能源有限公司) Zhongwei Green New Energy Co., Ltd (中卫市绿能新能源有限公司) Gaozhou Green New Energy Co., Ltd. (高州市绿能新能源有限公司) Baishan Green New Energy Co., Ltd. (白山绿能新能源有限公司) Hunchun Green New Energy Co., Ltd. (珲春绿能新能源有限公司) Tangshan Jiasheng New Energy Co., Ltd. (唐山嘉盛新能源有限公司) Yulin Green New Energy Co., Ltd. (榆林绿能新能源有限公司) Zibo Green New Energy Co., Ltd. (淄博绿能新能源有限公司) Gaomi Lilangmingde Environmental Protection Technology Co., Ltd. (高密利朗明德环保科技有限公司) Manzhouli Green New Energy Co., Ltd. (满洲里绿能新能源有限公司) Zhejiang Zhuji Bafang Thermal Power Co., Ltd. (浙江诸暨八方热电有限责任公司) Wenling Green New Energy Co., Ltd. (温岭绿能新能源有限公司) Hangzhou Jinjiang Environment Investment Co., Ltd. (杭州锦环投资有限公司) Ecogreen Energy Private Limited Ecogreen Energy Gurgaon Faridabad Private Limited Ecogreen Energy Lucknow Private Limited Ecogreen Energy Gwalior Private Limited PT Jinjiang Environment Indonesia *Other Companies* –	

Name	Present Directorships	Past Directorships
Wang Ruihong (王瑞红)	*Group Companies* Hangzhou Xiaoshan Jinjiang Green Energy Co., Ltd. (杭州萧山锦江绿色能源有限公司) Hangzhou Yuhang Jinjiang Environmental Energy Co., Ltd. (杭州余杭锦江环保能源有限公司) Lin'an Jiasheng Environmental Protection Co., Ltd. (临安嘉盛环保有限公司) Green Energy (Hangzhou) Enterprise Management Co., Ltd. (绿能(杭州)企业管理有限公司) Zhengzhou Xingjin Green Environmental Energy Co., Ltd. (郑州荥锦绿色环保能源有限公司) Wuhu Lüzhou Environmental Protection Energy Co., Ltd. (芜湖绿洲环保能源有限公司) Wuhan Green Energy Co., Ltd. (武汉市绿色环保能源有限公司) Wuhan Hankou Green Energy Co., Ltd. (武汉汉口绿色能源有限公司) Kunming Xinxingze Environmental Resources Industry Co., Ltd. (昆明鑫兴泽环境资源产业有限公司) Yunnan Green Energy Co., Ltd. (云南绿色能源有限公司) Zibo Environmental Energy Co., Ltd. (淄博环保能源有限公司) Zibo Green Environmental Energy Co., Ltd. (淄博绿能环保能源有限公司) Tianjin Sunrise Environmental Protection Science and Technology Development Co., Ltd. (天津晨兴力克环保科技发展有限公司) Shanghai Sunrise Management Co., Ltd. (上海晨兴企业管理有限公司) Yinchuan Zhongke Environmental Electrical Co., Ltd. (银川中科环保电力有限公司)	*Group Companies* - *Other Companies* Xinjiang Kuitun Jinjiang Chemical Co., Ltd. (新疆奎屯锦疆化工有限公司) Zhejiang Huadong Aluminum Co., Ltd. (浙江华东铝业有限公司) Henan Jinrong Cement Co., Ltd. (河南锦荣水泥有限公司) Zhejiang East China Aluminum Co., Ltd. (浙江华东铝业股份有限公司) Zhejiang Zhuji Thermal Power Development Co., Ltd. (浙江诸暨热电发展有限公司) Cayman (Shanxian) Energy Comprehensive Utilization Co., Ltd. (开曼（陕县）能源综合利用有限公司) Sanmenxia Green Energy Environmental Protection Energy Co., Ltd. (三门峡绿能环保能源有限公司) Wuhan Jinhong Bioenergy Co., Ltd. (武汉锦弘德生物能源有限公司) Kuitun Jinjiang Thermoelectricity Co., Ltd. (奎屯锦疆热电有限公司) Kuitun Tianbei Mining Invesment Co., Ltd. (奎屯天北矿业投资有限责任公司) Holingol Logistics Co., Ltd. (霍林郭勒锦联物流有限公司) Shenyang Jieshen Environmental Energy Technology Co., Ltd. (沈阳洁神环境能源科技有限公司) Xiaoyi Xing'an Chemical Co., Ltd. (孝义市兴安化工有限公司) Shanxi Rongguang Energy Co., Ltd (山西荣光能源有限公司) Shanxi Heguang Energy Co., Ltd. (山西和光能源有限公司) Zhejiang Baojie Environmental Protection Technology Co., Ltd. (浙江宝杰环保科技有限公司)

Name	Present Directorships	Past Directorships
	Hohhot Jiasheng New Energy Co., Ltd. (呼和浩特嘉盛新能源有限公司) Lianyungang Sunrise Environmental Protection Industry Co., Ltd. (连云港晨兴环保产业有限公司) Jilin Xinxiang Co., Ltd. (吉林省鑫祥有限责任公司) Songyuan Xinxiang New Energy Co., Ltd. (松原鑫祥新能源有限公司) Suihua Green New Energy Co., Ltd. (绥化市绿能新能源有限公司) Qitaihe Green New Energy Co., Ltd. (七台河绿能新能源有限公司) Gaozhou Green New Energy Co., Ltd. (高州市绿能新能源有限公司) Baishan Green New Energy Co., Ltd. (白山绿能新能源有限公司) Hunchun Green New Energy Co., Ltd. (珲春绿能新能源有限公司) Linzhou Jiasheng New Energy Co., Ltd. (林州市嘉盛新能源有限公司) Zhongwei Green New Energy Co., Ltd (中卫市绿能新能源有限公司) Tangshan Jiasheng New Energy Co., Ltd. (唐山嘉盛新能源有限公司) Yulin Green New Energy Co., Ltd. (榆林绿能新能源有限公司) Zibo Green New Energy Co., Ltd. (淄博绿能新能源有限公司) Gaomi Lilangmingde Environmental Protection Technology Co., Ltd. (高密利朗明德环保科技有限公司) Manzhouli Green New Energy Co., Ltd. (满洲里绿能新能源有限公司)	Inner Mongolia Pulate Transportation Energy Co., Ltd. (内蒙古普拉特交通能源有限公司) China Green Energy Limited

Name	Present Directorships	Past Directorships
	Zhejiang Zhuji Bafang Thermal Power Co., Ltd. (浙江诸暨八方热电有限责任公司) Wenling Green New Energy Co., Ltd. (温岭绿能新能源有限公司) Hangzhou Jinjiang Environment Investment Co., Ltd. (杭州锦环投资有限公司) Ecogreen Energy Private Limited Ecogreen Energy Gurgaon Faridabad Private Limited Ecogreen Energy Lucknow Private Limited Ecogreen Energy Gwalior Private Limited PT Jinjiang Environment Indonesia *Other Companies* –	
Roy Edwin Campbell II	*Group Companies* – *Other Companies* Mount Kellett Capital (Hong Kong) Limited	*Group Companies* Lin'an Jiasheng Environmental Protection Co., Ltd. (临安嘉盛环保有限公司) *Other Companies* China Green Energy Limited Medplus Health Services Pvt Ltd MKCP Mauritius Master Holdings Ltd. MKCP Direct Investments (Mauritius) I Ltd. MKCP Direct Investments (Mauritius) III Ltd. MKCP Direct Investments (Mauritius) IV Ltd MKCP Direct Investments (Mauritius) V Ltd MKCP Direct Investments (Mauritius) VI Ltd MKCP Direct Investments (Mauritius) VII Ltd MKCP Institutional Investor (Mauritius) III Ltd. Radec XIX Ltd Radec XVI Ltd MKCP Mauritius Master Holdings II Ltd.

Name	Present Directorships	Past Directorships
		MKCP Institutional Investor (Mauritius) II Ltd. Lantau Mauritius Master Holdings Ltd. Lantau Institutional Investor (Mauritius) Ltd. Vista Institutional Investor (Mauritius) Ltd. Vista Mauritius Master Fund Holdings Ltd Lantau Direct Investments (Mauritius) III Ltd. MKCP Mauritius Master Holdings III Ltd. MKCP Institutional Investor (Mauritius) III-A Ltd. Lantau Direct Investments (Mauritius) V Ltd. Lantau Direct Investments (Mauritius) VI Ltd. Lantau II VC Investments (Mauritius) Ltd Lantau Direct Investments (Mauritius) IV Ltd. MKCP Direct Investments (Mauritius) II-B Ltd. MKCP VC Investments (Mauritius) II Ltd. Lantau Direct Investments (Mauritius) I Ltd. Lantau Direct Investments (Mauritius) II Ltd. Lantau VC Investments (Mauritius) Ltd. MKCP Direct Investments (Mauritius) I-B Ltd. MKCP Direct Investments (Mauritius) III-B Ltd. MKCP Direct Investments (Mauritius) II Ltd. MKCP VC Investments (Mauritius) I Ltd. Mount Kellett Capital Management (Mauritius) Ltd Mount Kellett Capital Management India Private Limited Tospur Real Estate Consulting Ltd Largo Limited *Educomp Solutions Limited Bit Cash Inc.

Name	Present Directorships	Past Directorships
Ang Swee Tian	*Group Companies* – *Other Companies* * Cosco Shipping International (Singapore) Co., Ltd * China Aviation Oil (Singapore) Corporation Ltd ICE Singapore Holdings Pte Ltd ICE Futures Singapore Pte Ltd ICE Clear Singapore Pte Ltd	*Group Companies* – *Other Companies* Galaxy Futures Brokers Company Limited Tuas Power Ltd Tuas Power Generation Pte Ltd TP Utilities Pte Ltd Amare-Greenland Hospitality Investments (AGHI) Pte Ltd
Tan Huay Lim	*Group Companies* – *Other Companies* * Hong Leong Asia Ltd. Dasin Retail Trust Management Pte. Ltd., the Trustee-Manager of *Dasin Retail Trust Ren Ci Hospital Singapore Hokkien Huay Kuan(1) Singapore Chinese Chamber of Commerce and Industry(2)	*Group Companies* – *Other Companies* * Auric Pacific Group Limited KPMG LLP(3) Ren Ci Hospital & Medicare Centre(4) Singapore Chinese Chamber of Commerce and Industry(5) Singapore Chinese Chamber of Commerce Foundation(6) The Financial Board of the Singapore Chinese Chamber of Commerce(7) Sun Yat Sen Nanyang Memorial Hall Company Limited The Hokkien Foundation(8) Yunnan Realty Pte Ltd Singapore Hokkien Huay Kuan Cultural Academy Pte Ltd
Hee Theng Fong	*Group Companies* - *Other Companies* * First Resources Ltd * YHI International Limited * Tye Soon Limited * Straco Corporation Limited	*Group Companies* - *Other Companies* * Sinomem Technology Limited * Datapulse Technology Limited * Delong Holdings Limited NTUC Fairprice Co-operative Limited

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Name	Present Directorships	Past Directorships
	* Yanlord Land Group Limited	NTUC Fairprice Foundation Ltd.
	*APAC Realty Limited	RHTLaw Taylor Wessing LLP[9]
	Chinese Development Assistance Council	RHT Corporate Advisory Pte. Ltd.
	Singapore Chinese Cultural Centre	Htf Management Pte. Ltd.
	F & H Singhome Fund II Ltd.	Business China
	F & H Singhome Fund III Ltd.	
	Chua Foundation	
	Medishield Life Council	
	Citizenship Committee of Inquiry	
	Singapore Chinese Chamber of Commerce and Industry[10]	
Ni Mingjiang	*Group Companies*	*Group Companies*
(倪明江)	–	–
	Other Companies	*Other Companies*
	Zhejiang University Jinjiang Environmental Protection Energy Development Co., Ltd.	–
	(浙江大学锦江环保能源开发有限公司)	

Notes:

* : denotes public listed companies in Singapore.

(1) Mr. Tan is a member of the Board of Singapore Hokkien Huay Kuan.

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

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

(4) Mr. Tan was a member of the Management Committee of Ren Ci Hospital & Medicare Centre.

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

(6) Mr. Tan was a member of the Board of the Singapore Chinese Chamber of Commerce Foundation.

(7) Mr. Tan was a member of the Financial Board of the Singapore Chinese Chamber of Commerce.

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

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

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

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

Principle 5: Board Performance

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

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

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

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

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

Principle 6: Access to Information

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

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

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

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

Remuneration Matters

Principle 7: Procedures for Developing Remuneration Policies

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

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

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

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

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

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

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

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

The RC oversees and administers the Jinjiang Environment Performance Share Plan ("**Jinjiang Environment PSP**"). It has the power to make or vary arrangements or guidelines for the implementation and administration of the Jinjiang Environment PSP. During FY2017, 4,822,400 share awards were granted under the Jinjiang Environment PSP, in respect of performance of the Group for the financial year ended 31 December 2016. All entitled employees are required to pay 30% of the closing market price of the shares awarded to them on the date of grant in cash as a condition for the vesting of the share awards. These shares were granted without a vesting period but are subject to a moratorium on trading of 12 months from the date of issuance and allotment. No shares were granted to any of the Company's controlling shareholders or their associates (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited). As at the date of this report, 4,756,800 shares have been issued pursuant to the vesting of share awards, and the remaining 65,600 share awards lapsed due to non-payment by the relevant employees.

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

Principle 8: Level and Mix of Remuneration

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

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

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

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

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

Principle 9: Disclosure on Remuneration

Disclosure on Remuneration
The remuneration package for Directors and management is made up of a fixed component (base salary and fixed allowances), a variable component (year-end bonus and other benefits) and longer-term incentives (grant of share awards under the Jinjiang Environment PSP). There were no termination, retirement and post-employment benefits granted to Directors and management in FY2017.

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

Remuneration for Directors and Management
The remuneration for the Directors of the Company for FY2017 is set out below:

Name	Salary	Variable Bonus	Directors' Fees[1]	Awards of Shares under the Jinjiang Environment PSP	Total
	%	%	%	%	%
From S$1,000,001 and up to S$1,250,000					
Wang Yuanluo	27	13	–	60	100
From S$500,001 and up to S$750,000					
Wang Wuzhong	37	17	–	46	100
Wang Ruihong	37	17	–	46	100
Up to S$250,000					
Roy Edwin Campbell II	–	–	–	–	–
Ang Swee Tian	–	–	100	–	100
Hee Theng Fong	–	–	100	–	100
Tan Huay Lim	–	–	100	–	100
Ni Mingjiang	–	–	100	–	100

1 Directors' fees for FY2017 are subject to approval by shareholders as a lump sum at the AGM.

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

Immediate Family Member of Directors/CEO
The Group does not have any employee who is an immediate family member of a Director or CEO whose remuneration exceeded S$50,000 during FY2017.

Accountability and Audit

Principle 10: Accountability

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

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

Principle 11: Risk Management and Internal Controls

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

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

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

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

The AC reviews the adequacy of the Group's key internal controls and risk management systems with the assistance of management and external and internal auditors. The internal audit identified some control weaknesses at some of the Group's subsidiaries in China and management action plans are being developed to address these weaknesses. The external auditors, Deloitte and Touche LLP ("**DT**"), during the course of the audit of the Group's financial statements, also identified certain deficiencies in internal controls, which have been reported to AC and management. Management action plans are initiated to address the weaknesses and deficiencies identified. Management has assessed and determined that these weaknesses and deficiencies do not have significant financial impact on the financial statements for the Group for FY2017. Based on the above audits and the written assurance from management, the Board and the AC is of the opinion that the system of internal controls to address the financial, operational, compliance and information technology risks, are adequate and effective as at 31 December 2017.

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

Principle 12: Audit Committee

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

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

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

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

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

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

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

(e) reviewing the key financial risk areas;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

External Auditors
The AC undertook a review of the independence of DT and gave careful consideration to the Group's relationship with DT during 2017. In determining the independence, the AC reviewed the Group's relationship with DT and considered the nature and fees of non-audit services supplied by DT. The AC is of the opinion that the nature and amount of such non-audit services did not impair DT's position as an independent external auditor. Based on the review, the AC is of the opinion that DT is, and is perceived to be, independent for the purpose of the Group's statutory financial audit.

During the year under review, the Company has paid an aggregate of approximately RMB4,042,000 to the external auditor for its audit services. The amount of non-audit fees paid to the external auditor is approximately RMB1,108,000.

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

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

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

AC's Commentary on Significant Financial Reporting Matters
The most significant financial reporting matters considered by the AC and discussed with both the management and the external auditors in relation to the Group's financial statements for FY2017 were as follows:

Significant Matters	How these issues were addressed by AC
Service concession arrangements and revenue recognition with respect to arrangement under the scope of IFRS Interpretations Committee ("IFRIC") 12: *Service Concession Arrangements*	The AC reviewed the report by management analysing the relevant clauses viz. the obligations and related rights specified in the contracts with the local government for construction of waste-to-energy ("WTE") plants in determining whether such contracts are build-operate-own ("BOO") arrangements to be accounted for as property, plant and equipment in accordance with International Accounting Standards ("IAS") 16 *Property, Plant and Equipment* or met the criteria or conditions for recognition as build-operate-transfer ("BOT") service concession arrangements within the scope of International Financial Reporting Interpretations Committee ("IFRIC 12") *Service Concession Arrangements* which requires recognition and measurement of revenue in accordance with IAS 11 *Construction Contracts* for the construction services it performs, and accounting for the fair value of consideration receivable in exchange for construction services rendered as service concession receivables and intangible assets. Based on the review by the AC and discussions with the management and the external auditor, the AC is satisfied that the BOO and BOT contracts have been properly accounted for in compliance with IAS 16: *Property, Plant and Equipment* and IFRIC 12: *Service Concession Arrangements* respectively. The recognition of revenue from service concession agreements which are within the scope of IFRIC 12 *Service Concession Arrangements* based on IAS 11: *Construction Contracts* requires a significant degree of management judgement and estimates of the total budgeted contract costs, the stage of completion of contract activity and the expected gross profit margin. The determination of the fair values of the consideration receivables and allocation of the consideration between service concession receivables and intangible assets involve the forecasting and discounting of future cash flows.

Significant Matters	How these issues were addressed by AC
	Based on the discussion with the management and the external auditors in conjunction with the annual audit, the AC is satisfied that the revenue have been appropriately recognized in accordance with the Group's accounting policies and the gross profit margin is the same as that applied in last year which is within a reasonable range of market rates applicable to construction services rendered by comparable companies.
Impairment review of property, plant and equipment	The cessation of the operations of Hangzhou Yuhang WTE Facility and the relocation of Zibo Jinjiang WTE Facility and Kunming Jinjiang WTE Facility upon the completion of the construction of new WTE plants owing to changes in the land use planning and environment policies of the relevant local governments as disclosed in the announcement of the results for the year ended 31 December 2017 are indicators of impairment which require an assessment of the recoverable amount of the carrying values amounting to approximately RMB 520 million of the property, plant and equipment and land-use rights (collectively known as "Assets") of these three WTE plants. The AC held discussions with the management and evaluated the reasonableness of the key assumptions and significant judgement made by the management in forecasting future cash flows from the continuing use of Zibo Jinjiang WTE Facility and Kunming Jinjiang WTE Facility till relocation to new WTE plants, appropriateness of discount rate used and basis of estimating the net realizable value of the Assets. The external auditor presented the results of its own review of the estimate of value-in-use, including its challenge of management's underlying cash flow forecasts, discount rate and net realisable value of the Assets. On basis of its audit work, no impairment charge has been recognised in the statement of profit or loss.
Rendering of technical and management services and revenue from EMC business with related parties	The AC reviewed the audit procedures carried out by the external auditor to ensure that significant related party transactions are properly recognized in accordance with the agreements with the related parties and that the relevant disclosures have been made in the financial statements.

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

Interested Person Transactions

On 20 July 2016, the Company obtained shareholders' approval for the Company, its subsidiaries and its associated companies not listed on the SGX-ST or an approved exchange, over which the Company, its subsidiaries and /or interested persons have control, to enter into transactions within the categories of Interested Person Transactions set out in the Company's prospectus dated 25 July 2016, with such persons within the class or classes of Interested Persons as described in the said prospectus, provided that such transactions are entered into in accordance with the review procedures set out in the said prospectus (the "**IPT Mandate**"). The renewal of the IPT Mandate was approved by the shareholders at the extraordinary general meeting ("**EGM**") of the Company held on 25 April 2017. 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 EGM to be held following the conclusion or adjournment of the AGM for certain modifications to and renewal of the IPT Mandate.

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

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

Name of interested person	Aggregate value of all interested person transactions during FY2017 (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 coal from:		
Linan Huawang Reneng Co., Ltd.	51,363	–
Ningbo Daxie Deran Trading Co., Ltd.	–	1,991
Construction services contracts awarded to:		
Zhejiang Jinxin Construction Engineering Co., Ltd.	–	145,299
Sales of goods to:		
Zhejiang Jinxin Construction Engineering Co., Ltd.	4,714	–
Registered capital paid up in WTE project company pursuant to entrustment agreement with:		
Hangzhou Jinjiang Group Co., Ltd.	1,000	–
Capital paid up in joint venture with:		
Zhejiang Jinxin Construction Engineering Co., Ltd.	6,000	–
Disposal of equity interest in a subsidiary to:		
Zhejiang Kangrui Investment Co., Ltd.*	67,200	–
Project technical and management services provided to:		
Guizhou Huajin Aluminium Industry Co., Ltd.	–	4,856
Shanxi Fusheng Aluminium Industry Co., Ltd.	–	5,319
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	–	9,536
Guangxi Tiandong Jinsheng Chemical Engineering Co., Ltd.	–	29,617
Zhejiang Jinxin Construction Engineering Co., Ltd.	3,774	–
Energy management contracting services provided to:		
Shanxi Xiaoyi Xing'an Chemical Co., Ltd.	–	235,021
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	–	9,818
Shanxian Jinhua Chemical Engineering Co., Ltd.	–	9,361
Guangxi Tiandong Jinsheng Chemical Engineering Co., Ltd.	–	1,107
Total	134,051	451,925

* Please refer to Note 16 of the "Notes to the Consolidated Financial Statements" for more details.

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

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

Principle 13: Internal Audit

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

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

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

Shareholders Rights and Responsibilities

Principle 14: Shareholder Rights

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

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

Principle 15: Communication with Shareholders

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

The Company is open to meetings with shareholders, investors, media and analysts, and in conducting such meetings, the Company is mindful of the need to ensure fair disclosure to all shareholders. The Company seeks to solicit and understand the views of shareholders through analyst briefings that coincide with the release of financial results, meeting local and foreign fund managers in investor roadshows and conferences and dialogues with shareholders in general meetings. The Company is currently developing its corporate website.

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

The Company currently does not have a fixed dividend policy. For the financial year ended 31 December 2017, the Company intends to recommend and distribute dividends amounting to 50% of the net profit after tax attributable to Shareholders (excluding exceptional items). Considering the financial performance for 2017, the Board recommended a dividend payment of 5.10 Singapore cents per share for the financial year ended 31 December 2017.

Principle 16: Conduct of Shareholder Meetings

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

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

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

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

Dealings in Securities

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

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

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2017.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 80 to 158 are drawn up so as to present fairly, in all material respects, the financial position of the Group and of the Company as at 31 December 2017, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended.

1 DIRECTORS

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

Wang Yuanluo
Wang Wuzhong
Wang Ruihong
Roy Edwin Campbell II
Ang Swee Tian
Hee Theng Fong
Tan Huay Lim
Ni Mingjiang

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

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

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

The directors' interest in the shares and debentures of the Company at 21 January 2018 were the same at 31 December 2017.

4 SHARE OPTIONS

(a) Options to take up unissued shares

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

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

(i) Hee Theng Fong – Chairman

(ii) Ang Swee Tian

(iii) Ni Mingjiang

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

During the current financial year, 4,822,400 shares have been granted under the Plan, in respect of performance of the Group for the financial year ended 31 December 2016. All entitled employees are required to pay 30% of the closing market price of the shares awarded to them on the date of grant in cash as a condition for the vesting of the share awards. These shares were granted without a vesting period but will be subject to a moratorium on trading of 12 months from the date of issuance and allotment.

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

Name of director	Shares granted during the financial year	Aggregate shares granted since commencement of the Plan to the end of financial year	Aggregate shares lapsed since commencement of the Plan to the end of financial year	Aggregate shares outstanding as at the end of financial year
Wang Yuanluo	1,040,000	1,040,000	–	1,040,000
Wang Wuzhong	400,000	400,000	–	400,000
Wang Wuzhong	400,000	400,000	–	400,000

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.

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

4 SHARE OPTIONS - continued

(b) *Options exercised*

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

(c) *Unissued shares under options*

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

5 AUDIT COMMITTEE

The Audit Committee of the Company, consisting all non-executive directors, is chaired by Mr Tan Huay Lim, an independent director, and includes Mr Hee Theng Fong, an independent director, Mr Ang Swee Tian, the lead independent director and Mr Roy Edwin Campbell II, a non-executive director. The Audit Committee held five meetings during the financial year and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

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

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

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

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

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

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

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

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

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

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

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

6 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Wang Yuanluo

Wang Wuzhong

3 April 2018

INDEPENDENT AUDITOR'S REPORT

To the members of China Jinjiang Environment Holding Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of China Jinjiang Environment Holding Company Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies as set out on pages 80 to 158.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017, and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters	Our Audit Procedures Performed and Responses Thereon
Service concession arrangements and revenue recognition with respect to arrangement under the scope of IFRIC 12 The Group enters into build-operate-own ("BOO") and build-operate-transfer ("BOT") arrangements in respect of its waste-to-energy ("WTE") plants with the local government. We have identified the following as significant risks: a. Determination of whether the BOO and BOT arrangements fall under the scope of IFRS Interpretations Committee ("IFRIC") 12 *Service Concession Arrangements* for new service concession contracts; and b. Recognition of revenue for arrangements under the scope of IFRIC 12. This could mean that for service concession arrangements within the scope of IFRIC 12, the Group may inappropriately recognise the consideration received from the local government authorities in exchange for the construction services as financial asset and/or intangible asset.	Our audit approach included both evaluating the design and implementation of the relevant internal controls and the performance of substantive procedures as follows: a. Determination of whether the BOO and BOT arrangements fall under the scope of IFRIC 12 for new service concession contracts ● We challenged management's assessment of the service concession arrangements for appropriateness of accounting under IFRIC 12; and ● We read the respective service concession agreements for each power plant and sought confirmation from management that there are no side agreements which alter, supersede, omit or add to the written agreements as any such side agreements may significantly alter the accounting treatment of the arrangements with consequential impact on the statements of financial position and the statement of profit or loss and other comprehensive income. Management confirmed that there are no side agreements, written or otherwise.

Key Audit Matters	Our Audit Procedures Performed and Responses Thereon
In addition, the Group allocates the consideration for the services provided under all the concession arrangements within the scope of IFRIC 12 by reference to their relative fair values. The determination of the fair values of the receivables under these agreements includes complex calculations and significant estimations are required such as discounts rates, future cash flows, estimated gross margin and budgeted construction costs for recognition of fair value of the construction services delivered on a cost-plus basis and other factors used in the determination of the amortised cost of financial asset and corresponding financial income. The amounts relating to the concession arrangements under the scope of IFRIC 12 are material and significant judgement are required, particularly in relation to the identification and application of the appropriate accounting treatment. The accounting policies for revenue recognition are set out in Note 3 to the financial statements and the disclosure in relation to BOT arrangements for the Group within the scope of IFRIC 12 have been disclosed in Notes 15 and 19 to the financial statements.	b. Recognition of revenue for arrangements under the scope of IFRIC 12 ● We tested management's computation of amortised cost of service concession receivables and intangible assets and allocation of consideration between service concession receivables and intangible assets and the related revenue recognition. We have also challenged key management estimates including discount rates used by comparing against relevant market interest rates; ● We tested the costs of constructions incurred on sampling basis and challenged the reasonableness of the budgeted costs approved by management and assessed the accuracy of the construction revenue recorded based on the gross profit margin in relation to such service concession arrangements; and ● We have also considered the adequacy of disclosure on the key assumptions relating to accounting for revenue and cost for the service concession contracts.
Impairment review of property, plant and equipment As at 31 December 2017, the Group's property, plant and equipment of RMB5.7 billion represents 45% of total assets on the consolidated statement of financial position of the Group. The Group is required to review the carrying amount of property, plant and equipment to determine whether there is any indicator of impairment. Where there are indicators of impairment, management will assess the recoverable amount based on the higher of value in use and fair value less costs to sell. This assessment requires the exercise of significant judgement about future market conditions, including future cash flows to be generated from the continuing use of the WTE plants over the service concession period and the corresponding discount rates. Further, the Group has announced that 3 of its WTE plants will be progressively closed or relocated to give way to the plans of the local government for redevelopment. As at 31 December 2017, one of the plants have been closed while the other 2 will be relocated over the next few years. Based on management's best estimates, they have determined the net realisable values of the WTE plants and are of the view that there is no impairment loss to be recorded. The key assumptions to the impairment test is disclosed in Note 4 to the financial statements.	Where indicators of impairment have been identified, we further evaluated and challenged the key assumptions used by management in assessing the recoverable amount. These procedures included: ● compared the historical performance of the WTE plants with original forecasts and assessed whether the Group has achieved them; and ● assessed the cash flow forecasts used in respect of the WTE plants, with comparison to recent performance, trend analysis and market expectations; ● challenged the appropriateness of the discount rate by assessing the cost of capital for the Group and comparable organisations in the industry; and ● evaluated management's assessment of the sensitivity of the Group's impairment analysis to reasonably possible changes in the key assumptions. For the 3 WTE plants that are either closed or to be relocated, we have challenged management's basis on the net realisable value of its land use rights and property and equipment as well as the cash flow projection on the 2 WTE plants that will continue to operate till relocation. We have also evaluated the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the members of China Jinjiang Environment Holding Company Limited

Key Audit Matters	Our Audit Procedures Performed and Responses Thereon
Rendering of technical and management services and revenue from energy management contracting ("EMC") business with related parties During the year ended 31 December 2017, the revenue generated from rendering of technical and management services and EMC business by the Group with related parties amounted to RMB311,712,000 which represents 11% of the Group's revenue. The above related party transactions contributed significantly to the Group's current year profit making position. The revenue transactions with related parties are disclosed in Notes 7 and 23(a) to the financial statements.	Our audit procedures focused on evaluation of the arrangement between the Group and the related parties. These procedures included: ● evaluated the design and implementation of the relevant internal controls over the identification and recording of related party transactions; ● read the agreements with related parties and held discussions with management to understand the nature and terms of the revenue transactions; ● circularised and obtained confirmations from the Group's related parties to verify the revenue transactions; and ● performed substantive procedures to test the occurrence of these related party transactions.

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

To the members of China Jinjiang Environment Holding Company Limited

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

3 April 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2017

	Note	2017 RMB'000	2016 RMB'000
Revenue	7	2,715,076	2,631,888
Cost of sales		(1,680,454)	(1,582,483)
Gross profit		1,034,622	1,049,405
Other income and other losses	8	188,125	145,714
Administrative expenses		(200,457)	(205,402)
Finance costs	9	(202,187)	(159,731)
Share of loss of a joint venture	18	(904)	–
Profit before tax		819,199	829,986
Income tax expense	10	(227,417)	(240,023)
Profit for the year	11	591,782	589,963
Other comprehensive loss			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation		(4,170)	–
Other comprehensive loss for the year, net of tax		(4,170)	–
Total comprehensive income for the year		587,612	589,963
Profit for the year:			
Attributable to:			
Owners of the Company		601,206	597,583
Non-controlling interests	22	(9,424)	(7,620)
		591,782	589,963
Total comprehensive income for the year:			
Attributable to:			
Owners of the Company		597,036	597,583
Non-controlling interests	22	(9,424)	(7,620)
		587,612	589,963
Earnings per share:			
- Basic and Diluted (RMB cents)	12	49.35	54.85

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

	Notes	GROUP 2017 RMB'000	GROUP 2016 RMB'000	COMPANY 2017 RMB'000	COMPANY 2016 RMB'000
Assets					
Current assets					
Pledged bank deposits	21	340,980	320,970	239,556	251,189
Bank balances and cash	21	1,123,446	540,854	364,360	30,089
Trade and other receivables	20	766,163	679,679	9,868	–
Amounts due from non-controlling interests	22	27,976	19,641	–	–
Amounts due from related parties	23	354,557	69,132	–	–
Amounts due from subsidiaries	24	–	–	1,224,314	619,667
Service concession receivables	19	34,421	34,421	–	–
Prepaid leases	14	11,228	11,330	–	–
Other tax recoverable	25	124,694	90,573	–	–
Inventories	26	58,791	42,171	–	–
		2,842,256	1,808,771	1,838,098	900,945
Assets classified as held for sale	27	1,397,312	–	–	–
Total current assets		4,239,568	1,808,771	1,838,098	900,945
Non-current assets					
Other receivables	20	145,263	228,565	–	–
Service concession receivables	19	316,816	320,438	–	–
Investment in subsidiaries	16	–	–	1,790,640	1,790,640
Investment in associates	17	53,804	43,804	–	–
Investment in joint ventures	18	14,019	–	5,039	–
Property, plant and equipment	13	5,699,242	5,525,788	–	–
Prepaid leases	14	254,759	251,915	–	–
Intangible assets	15	2,020,819	1,550,546	–	–
Total non-current assets		8,504,722	7,921,056	1,795,679	1,790,640
Total assets		12,744,290	9,729,827	3,633,777	2,691,585
Current liabilities					
Borrowings	28	1,208,678	989,650	–	–
Trade and other payables	29	1,198,941	930,190	12,842	6,007
Amounts due to related parties	23	115,368	364,384	–	–
Amounts due to subsidiaries	24	–	–	1,947	1,947
Dividends payable	30	1,397	1,397	–	–
Obligations under finance leases	31	385,895	267,138	–	–
Notes payable	32	38,201	–	38,201	–
Deferred grant	33	36,157	4,776	–	–
Other tax liabilities	34	49,812	52,762	–	–
Income tax liabilities		102,565	90,321	–	–
		3,137,014	2,700,618	52,630	7,954
Liabilities directly associated with assets held for sale	27	665,937	–	–	–
Total current liabilities		3,802,951	2,700,618	52,630	7,954
Net current assets (liabilities)		436,617	(891,847)	1,785,468	892,991
Total assets less current liabilities		8,941,339	7,029,209	3,581,147	2,683,631

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2017

	Notes	GROUP 31 December 2017	GROUP 31 December 2016	COMPANY 31 December 2017	COMPANY 31 December 2016
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current liabilities					
Borrowings	28	1,601,790	1,369,796	–	–
Obligations under finance leases	31	591,387	637,819	–	–
Notes payable	32	1,272,209	–	1,272,209	–
Deferred grant	33	164,533	92,665	–	–
Deferred tax liabilities	35	398,030	327,261	–	–
Provision for major overhauls	19	22,197	10,363	–	–
Total non-current liabilities		4,050,146	2,437,904	1,272,209	–
Net assets		4,891,193	4,591,305	2,308,938	2,683,631
Capital and reserves					
Share capital	36	81	81	81	81
Reserves		4,735,214	4,422,611	2,308,857	2,683,550
Equity attributable to owners of the Company		4,735,295	4,422,692	2,308,938	2,683,631
Non-controlling interests	22	155,898	168,613	–	–
Total equity		4,891,193	4,591,305	2,308,938	2,683,631

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2017

	Attributable to owners of the Company					Non-controlling interests	Total
	Share capital	Share premium	Other reserves	Retained earnings	Subtotal		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 36)		(Note 40)				
GROUP							
At 1 January 2016	67	748,000	618,795	1,943,694	3,310,556	184,265	3,494,821
Profit for the year, representing total comprehensive income for the year	–	–	–	597,583	597,583	(7,620)	589,963
Capital contribution from non-controlling interests	–	–	–	–	–	32,530	32,530
Transactions with owners, recognised directly in equity							
Issue of shares	14	963,572	–	–	963,586	–	963,586
Share issue costs	–	(35,512)	–	–	(35,512)	–	(35,512)
Acquisition of partial equity interest in a subsidiary (Note 1(7))	–	–	26,187	–	26,187	(38,887)	(12,700)
Acquisition of subsidiaries under common control (Note 1(9))	–	–	(259,290)	(180,418)	(439,708)	–	(439,708)
Appropriation to other reserves	–	–	67,524	(67,524)	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	(1,675)	(1,675)
At 31 December 2016	81	1,676,060	453,216	2,293,335	4,422,692	168,613	4,591,305
Profit for the year	–	–	–	601,206	601,206	(9,424)	591,782
Other comprehensive income for the year	–	–	(4,170)	–	(4,170)	–	(4,170)
Total comprehensive income for the year	–	–	(4,170)	601,206	597,036	(9,424)	587,612
Capital contribution from non-controlling interests	–	–	–	–	–	100	100
Transactions with owners, recognised directly in equity							
Issue of shares	*	19,067	(13,475)	–	5,592	–	5,592
Share award expense	–	–	13,475	–	13,475	–	13,475
Disposal of a subsidiary	–	–	–	–	–	3,079	3,079
Dividends paid (Note 42)	–	(303,500)	–	–	(303,500)	–	(303,500)
Appropriation to other reserves	–	–	4,950	(4,950)	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	(6,470)	(6,470)
At 31 December 2017	81	1,391,627	453,996	2,889,591	4,735,295	155,898	4,891,193

* Less than RMB 1,000

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

For the financial year ended 31 December 2017

	Share capital	Share premium	Other reserves	Accumulated losses	Total
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
	(Note 36)		**(Note 40)**		
COMPANY					
At 1 January 2016	67	748,000	1,057,112	(15,278)	1,789,901
Loss for the year, representing total comprehensive loss for the year	–	–	–	(34,344)	(34,344)
Transactions with owners, recognised directly in equity					
Issue of shares	14	963,572	–	–	963,586
Share issue costs	–	(35,512)	–	–	(35,512)
At 31 December 2016	81	1,676,060	1,057,112	(49,622)	2,683,631
Loss for the year, representing total comprehensive loss for the year	–	–	–	(90,260)	(90,260)
Transactions with owners, recognised directly in equity					
Issue of shares	*	19,067	(13,475)	–	5,592
Share award expense	–	–	13,475	–	13,475
Dividends paid (Note 42)	–	(303,500)	–	–	(303,500)
At 31 December 2017	81	1,391,627	1,057,112	(139,882)	2,308,938

* Less than RMB 1,000

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2017

	2017 RMB'000	2016 RMB'000
Operating activities		
Profit before tax	819,199	829,986
Adjustments for:		
Finance costs	202,187	159,731
Interest income	(35,173)	(23,037)
Depreciation of property, plant and equipment	298,528	276,487
Amortisation of prepaid leases	11,337	11,330
Amortisation of intangible assets	58,716	28,666
Gain on disposal of property, plant and equipment	(28)	–
Impairment loss recognised on		
- Trade receivables	3,600	31,391
- Property, plant and equipment	–	3,120
Deferred grant recognised	(12,030)	(80,769)
Share award expense	13,475	–
Foreign exchange (gain) loss	(7,703)	51
Share of loss of a joint venture	904	–
Gain on disposal of a subsidiary	(68,527)	–
Operating cash flows before movements in working capital	1,284,485	1,236,956
Increase in trade and other receivables	(234,920)	(250,709)
Decrease (Increase) in service concession receivables	32,721	(134,530)
Increase in other tax recoverable	(45,468)	(3,324)
Increase in inventories	(18,397)	(3,777)
Increase in intangible assets	(517,155)	(572,557)
Increase in trade and other payables	159,187	147,343
(Decrease) Increase in other tax liabilities	(2,946)	22,872
(Increase) Decrease in amounts due from related parties (Note 23(b))	(41,494)	188,971
Increase in amount due from non-controlling interests	(7,635)	(743)
(Decrease) Increase in amounts due to related parties (Note 23(b))	(16,395)	20,786
Increase in deferred grants	155,079	31,457
Cash generated from operations	747,062	682,745
Income tax paid	(130,416)	(159,358)
Net cash from operating activities	616,646	523,387

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the financial year ended 31 December 2017

	2017 RMB'000	2016 RMB'000
Investing activities		
Interest received	6,074	3,433
Payments for property, plant and equipment	(1,762,893)	(795,715)
Proceeds from disposal of property, plant and equipment	3,085	171
Payment for prepaid leases	(76,873)	(1,685)
Net cash outflows arising from acquisition of subsidiaries (Note 16)	(66)	(439,494)
Net cash outflow arising from disposal of a subsidiary (Note 16)	(1,594)	–
Consideration payables for acquisition of a subsidiary	–	(56,220)
Investment in an associate	(10,000)	–
Advance for disposal of subsidiaries (Note 27)	209,496	–
Investment in joint ventures	(14,923)	–
Increase in pledged bank deposits	(24,121)	(85,112)
Net cash used in investing activities	(1,671,815)	(1,374,622)
Financing activities		
Proceeds from issue of shares	5,592	963,586
Payment for share issue costs	–	(35,512)
Proceeds from borrowings	2,663,188	1,005,262
Proceeds from obligations under finance leases	356,914	500,995
Repayment of borrowings	(1,413,310)	(986,524)
Repayment of obligations under finance leases	(287,698)	(152,253)
Payment of finance costs	(242,705)	(172,046)
Increase in pledged bank deposits for borrowings	(7,521)	(235,858)
Proceeds from issue of notes	1,320,240	–
Payment for notes issue costs	(9,797)	–
Dividends paid to owners of the Company	(303,500)	–
Dividends paid to non-controlling interests	(6,470)	(1,675)
Capital contributions from non-controlling interests	100	32,530
Acquisition of non-controlling interests in subsidiaries	–	(12,700)
Advances from related parties (Note 23(b))	66,147	490,204
Repayment to related parties (Note 23(b))	(306,214)	(384,431)
Net cash from financing activities	1,834,966	1,011,578
Net increase in cash and cash equivalents	779,797	160,343
Cash and cash equivalents at beginning of the year	540,854	380,511
Effect of exchange rate fluctuations on cash held	(44,197)	–
Cash and cash equivalents at end of the year (1)	1,276,454	540,854

(1) As at 31 December 2017, included in cash and cash equivalents is an amount of RMB153,008,000 classified under "assets classified as held for sale" (Note 27).

1. GENERAL INFORMATION

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

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

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

The principal activity of the Company is that of an investment holding company. The Group is mainly engaged in the generation and sales of electricity and steam, operation of waste-to-energy plants and project management, technical consulting and advisory services and energy management contracting business. The principal activities of the subsidiaries are disclosed in Note 16 to the consolidated financial statements.

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

(1) Share Repurchase

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

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

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

(i) Mr. Dou and Win Charm held 4,000,000 and 3,999,999 ordinary shares in China Green Energy, respectively, each representing approximately 50.0% of the total number of ordinary shares and approximately 30.8% of the total number of issued shares (including Series A Preferred Shares) in China Green Energy; and

(ii) Radec XIX Ltd and AEP Investments (Mauritius) Limited held 3,611,111 and 1,388,889 Series A Preferred Shares, respectively, representing approximately 27.8% and 10.7% of the total number of issued shares (including Series A Preferred Shares) in China Green Energy, respectively.

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

1. GENERAL INFORMATION - continued

(2) Share Split

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

(3) Investor Share Swap

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

(i) all the Series A Preferred Shares in China Green Energy held by Radec XIX Ltd and AEP Investments (Mauritius) Limited, respectively, shall be redeemed; and

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

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

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

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

(i) China Green Energy, Win Charm, Radec XIX Ltd and AEP Investments (Mauritius) Limited held 474,195,575, 275,714,500, 180,620,574 and 69,649,451 shares, respectively, representing approximately 47.4%, 27.6%, 18.1% and 6.9% of the total number of shares in the Company, respectively; and

(ii) Mr. Dou and Win Charm held 4,000,000 and 3,999,999 ordinary shares in China Green Energy, respectively, each representing approximately 50.0% of the total number of ordinary shares in China Green Energy.

(4) Acquisition of Tianjin Sunrise

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

1. GENERAL INFORMATION - continued

(5) Acquisition of Gaomi Lilangmingde

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

(6) EMC Business Injection

Business Restructuring Agreement

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

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

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

Outstanding Mode Share Purchase Agreement

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

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

1. GENERAL INFORMATION - continued

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

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

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

(8) Initial Public Offering and Listing

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

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

(9) Acquisition of Zhuji Bafang and Wenling Green Energy

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

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

Basis of preparation of the consolidated financial statements

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

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2017 were authorised for issue by the Board of Directors on 3 April 2018.

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

In the current financial year, the Group has adopted all the new and revised IFRSs and amendments to IFRSs issued by the IASB that are relevant to its operations and effective for annual periods beginning on or after 1 January 2017.

The adoption of these new/revised IFRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

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

- IFRS 9 *Financial Instruments*[1]
- IFRS 15 *Revenue from Contracts with Customers*[1]
- IFRS 16 *Leases*[2]
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 Investments in Associates and Joint Ventures: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
- Amendments to IFRS 2 *Share-based Payment: Classification and Measurement of Share-based Payment Transactions*[1]

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

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

3 Application has been deferred indefinitely, however, early application is still permitted

Consequential amendments were also made to various standards as a result of these new/revised standards. Management anticipates that the adoption of the above IFRSs and amendments to IFRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

IFRS 9 *Financial Instruments*

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

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

- all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

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

IFRS 9 *Financial Instruments - continued*

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

On the initial application of IFRS 9, management anticipates that the Group will need to account for expected credit losses and expect to use historical experience, modified by any future change such as credit risk of the customers. Additional disclosures may be made with respect of loans and receivables, including any significant judgement and estimation made.

Based on the assessment by the management, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by the Group as at 1 January 2018 would be slightly increased as compared to the accumulated amount recognised under IAS 39 mainly attributable to expected credit losses provision on trade and other receivables. Such further impairment recognised under expected credit loss model may reduce the opening retained earnings and increase the unrecognised tax losses at 1 January 2018 but will not have a significant impact on the Group's financial performance in the foreseeable future.

IFRS 15 *Revenue from Contracts with Customers*

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

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

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

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

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

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

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

In April 2017, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Group recognises revenue from the following major resources:

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

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

IFRS 15 *Revenue from Contracts with Customers - continued*

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

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

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

Accordingly, management has assessed that the current recognition method will continue to be appropriate under IFRS 15. Accordingly, the application of new requirement may result in additional disclosures but will not result in material changes to the accounting policies relating to revenue recognition and will not have a significant impact on the Group's financial performance in the foreseeable future.

IFRS 16 *Leases*

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

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

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

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

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

IFRS 16 *Leases - continued*

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of RMB 7.7 million. IAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitment in Note 37. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of these leases unless they qualify for low value or short-term leases upon application of IFRS 16. The new requirement to recognise a right-of-use asset and a related lease liability is not expected to have a significant impact on the amounts recognised in the Group's consolidated financial statements.

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

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

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

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

Basis of consolidation

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of consolidation - continued

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

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

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

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

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

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

<u>Changes in the Group's ownership interests in existing subsidiaries</u>

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Business combinations

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

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

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

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

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

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

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Business combinations *- continued*

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

Business combination involving entities under common control

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

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

Investment in associates and joint ventures

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

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

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

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

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Investment in associates and joint ventures - continued

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

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

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

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

Revenue recognition

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

Sale of goods

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

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

Rendering of services

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue recognition - continued

Interest income

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

Construction contracts

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

Leasing

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

The Group as lessee

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

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

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

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

Sale and leaseback transactions

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

Foreign currencies

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Foreign currencies - continued

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

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Government grants

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

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

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

Retirement benefit costs

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

Taxation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Taxation - continued

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

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

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

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

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

Property, plant and equipment

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

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

Buildings	–	3.60%
Plant and machinery	–	4.50 to 7.50%
Furniture, fixture and equipment	–	18.00%
Motor vehicles	–	11.25%

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Property, plant and equipment - continued

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

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

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

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

Intangible assets

Intangible assets acquired separately excluding operating concessions

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

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

Computer software	–	20%

Service concession arrangements

The Group recognises an intangible asset at fair value upon initial recognition when it has a right to charge for usage in relation to a concession infrastructure (as a consideration for providing construction services in a service concession arrangement). Subsequent to initial recognition, the intangible asset is measured at cost less accumulated amortisation and impairment losses. Amortisation is provided on straight-line basis over the respective periods of the operating concessions granted to the Group of 28 to 30 years.

Derecognition of intangible assets

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

Land use rights

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Impairment of tangible and intangible assets other than goodwill

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

Recoverable amount is the higher of the fair value less costs of disposal and value in use. In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

Non-current assets held for sale

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

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

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

Inventories

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

Service concession arrangements

Consideration given by the grantor

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

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 IAS 11 Construction Contracts. The Group recognised the construction revenue with reference to the fair value of the construction service delivered in the construction phase. The fair value of such service is estimated on a cost-plus basis with reference to the prevailing market rate of gross margin and borrowing rates. Consequently, the Group recognised a profit margin on the construction work by reference to the stage of completion and in accordance with the policy for “Construction contracts” below.

Operating services

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

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

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

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

Construction contracts

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Provisions

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

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

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

Financial instruments

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

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

Effective interest method

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

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

Financial assets

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank balances that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Loans and receivables

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

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Impairment of financial assets

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

Objective evidence of impairment could include:

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

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

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

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

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

Derecognition of financial assets

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

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial liabilities and equity instruments

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

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

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

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

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

Critical judgements in applying the Group's accounting policies - continued

Service concession arrangements

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

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

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

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

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Service concession arrangements

The Group recognises the right to operate the infrastructure (consideration received or receivable in exchange for the construction services provided) as an intangible asset in accordance with the BOT arrangements entered into with the local government for the project where there is no future guaranteed receipts over its service concession period. The Group recognises a financial asset, named "service concession receivables", arising from a service concession arrangement when it has an unconditional contractual right to receive cash or other financial asset from or at the direction of the grantor for the construction services provided. Such financial assets are measured at fair value on initial recognition and classified as service concession receivable. If the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, then each component of the consideration is accounted for separately and is initially recognised at the fair value of the consideration.

Where the Group performs more than one service under the concession arrangements, the consideration for the services provided under the concession arrangements is allocated to the components by reference to their relative fair values.

Estimation is exercised in determining the fair values of the receivables under service concession arrangements as well as impairment of the receivables under service concession arrangements and intangible assets subsequent to initial recognition. Discount rates, estimates of future cash flows, costs of construction and other factors are used in the determination of the amortised cost of financial asset and corresponding finance income.

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

Key sources of estimation uncertainty - continued

The assumptions used and estimates made can materially affect the fair value estimates. The carrying amount of the Group's intangible assets and financial receivables arising from service concession arrangements at the end of the reporting period is disclosed in Notes 15 and 19 to the consolidated financial statements respectively.

The stage of completion of each construction contract is assessed on a cumulative basis in each accounting year. Changes in estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract could impact the amount of revenue and expense recognised in profit or loss in the year in which the change is made and in subsequent years. Such impact could potentially be significant.

Revenue from construction services provided under service concession arrangements is disclosed in Note 7 to the consolidated financial statements. The gross profit margin recognised for third party constructed infrastructure in relation to service concession arrangement is 13.6% (2016: 13.6%) which is estimated by management based on prevailing market rate applicable to construction services rendered by comparable companies.

Useful lives and residual values of property, plant and equipment

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

Depreciation is provided to write off the cost of property, plant and equipment, adjusted for residual value, over their estimated useful lives, using the straight-line method.

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

Impairment of property, plant and equipment

The Group regularly reviews whether there are any indications of impairment and recognises an impairment loss if the carrying amount of an asset is lower than its recoverable amount. The Group tests for impairment for property, plant and equipment whenever there is an indication that the asset may be impaired.

During the year, the Group has announced that 3 of its WTE plants will be progressively closed or relocated to give way to the Government's plan for redevelopment. As at 31 December 2017, one of the plants have been closed while the other 2 will be relocated within the next few years.

In relation to the WTE plant that has been closed as at end of the reporting period, management has determined the recoverable amounts based on the lower of carrying amount or net realisable value of each individual asset or group of assets. When there is alternative usage for such asset or group of assets within the Group and economic benefits are expected to be derived from the continuing use of such asset or group of assets, the asset or group of assets is estimated to approximate the carrying amount. On the other hand, when there is no alternative usage, management estimates the net realisable value of each individual asset of group of assets by reference to the market value. No impairment is required based on management's estimation.

For the other 2 WTE plants, management has determined the recoverable amounts based on the value in use calculations. These calculations require the use of estimates, such as discount rates, future profitability and growth rates. Management has performed certain sensitivity analysis on the value-in-use calculation and based on the expected range of reasonably possible outcomes within the next few years up till the estimated date of closure. Based on the assessment performed, management is of the view that no impairment allowance is necessary.

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

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

Key sources of estimation uncertainty - continued

Allowance for doubtful debts

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

The carrying amounts of trade and other receivables, amounts due from non-controlling interests and amounts due from related parties and subsidiaries are disclosed in Notes 20, 22, 23 and 24 to the consolidated financial statements respectively.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2016.

The capital structure of the Group consists of net debts, which includes the borrowings disclosed in Notes 28, 31 and 32 less cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

6. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	GROUP		COMPANY	
	2017	**2016**	**2017**	**2016**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Financial assets				
Bank balances and cash	1,464,426	861,824	603,916	281,278
Loans and receivables	1,435,234	1,064,535	1,234,182	619,667
	2,899,660	1,926,359	1,838,098	900,945
Financial liabilities				
Amortised cost	6,197,968	4,510,405	1,324,839	7,954

6. FINANCIAL INSTRUMENTS - continued

b. Financial risk management objectives and policies

The risks associated with the Group's financial instruments include foreign currency risk, interest rate risk, credit risk and liquidity risk. Management manages and monitors these exposures to ensure appropriate measures are implemented timely where necessary.

(1) Foreign currency risk

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

The carrying amounts of the Group's 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**	
	2017	**2016**	**2017**	**2016**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Financial assets				
USD	683,588	267,348	358,084	–
SGD	6,275	24,947	109	–
EUR	51,924	71,095	9,753	–
Financial liabilities				
USD	1,672,873	–	1,310,410	–
EUR	41,781	–	–	–

Sensitivity analysis

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

6. FINANCIAL INSTRUMENTS - continued

b. Financial risk management objectives and policies - continued

(1) Foreign currency risk – 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	
	2017	**2016**	**2017**	**2016**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
USD	98,928	(26,735)	95,233	–
SGD	(627)	(2,495)	(11)	–
EUR	(1,014)	(7,110)	(975)	–

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

(2) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to fair value interest rate risk related primarily to its fixed-rate borrowings (Note 28), obligations under finance leases (Note 31) and notes payable (Note 32). The Group's exposure to cash flow interest rate risk relates primarily to its variable-rate borrowings (Note 28). The Company is not exposed to interest rate risks as it does not have significant interest bearing liabilities and assets except for the notes payable (Note 32) which bear fixed interest rate at inception.

The Group and Company currently do not have a specific policy to manage its interest rate risk and has not entered into any interest rate swaps to hedge against the exposure. However, the Group and Company monitor fair value interest rate risk exposure by closely monitoring the fair value interest rate risk profile and will consider hedging significant interest rate exposure should the need arise.

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	
	2017	**2016**
	RMB'000	**RMB'000**
	9,107	9,727

6. FINANCIAL INSTRUMENTS - continued

b. Financial risk management objectives and policies - continued

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 environmental sectors and certain manufacturing companies whose production relies on the supply of electricity and steam by the Group. In this regard, management considers the Group's credit risk is significantly reduced.

Other than the concentration of credit risk on trade receivables as disclosed in the respective notes to the consolidated financial statements, the Group does not have any other significant concentration of credit risk.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except that the Company has significant non-trade receivables from 3 subsidiaries (2016: 1 subsidiary) amounting to RMB1,194,870,000 (2016: RMB618,118,000) as at 31 December 2017. 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 2017 and 2016.

Liquidity risk

To manage the liquidity risk, the Group maintains a level of cash and cash equivalents considered adequate by management to finance the Group's operations. Management monitors the level of bank borrowings and ensures compliance with loan undertakings. The Group also relies on borrowings and amounts due to related parties for liquidity requirements.

As at end of the reporting period, the Group had net current assets of RMB436,617,000 (2016: net current liabilities of RMB891,847,000).

As at 31 December 2016, this exposed the Group to liquidity risk if the Group could not fulfil its financial obligations. Management was satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due within the next twelve months from 31 December 2016 due to the following:

(1) Jinjiang Group (杭州锦江集团有限公司), Company in which Mr Dou has control over had agreed not to demand for repayment of RMB269,667,000 due to them after offsetting arrangement as at end of the reporting period, until such time when the Group has the financial ability to do so;

(2) Net cash inflows generated from the Group's operating activities in 2016; and

(3) As at 31 December 2016, the Group had available unutilised bank loan facilities of RMB579,963,000.

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.

6. FINANCIAL INSTRUMENTS - continued

b. Financial risk management objectives and policies - continued

Liquidity and interest risk tables - continued

	Weighted average effective interest rate	On demand, or less than 1 year	1 - 5 years	5+ years	Undiscounted cash flows	Carrying amount closing balance
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group						
31 December 2017						
Non-derivative financial liabilities						
Trade and other payables	–	983,043	–	–	983,043	983,043
Amounts due to related parties	–	115,368	–	–	115,368	115,368
Dividends payable	–	1,397	–	–	1,397	1,397
Borrowings	5.99	1,311,148	1,536,579	293,397	3,141,124	2,810,468
Notes payable	6.98	78,410	1,463,661	–	1,542,071	1,310,410
Obligations under finance leases	6.99	447,830	636,991	–	1,084,821	977,282
		2,937,196	3,637,231	293,397	6,867,824	6,197,968
31 December 2016						
Non-derivative financial liabilities						
Trade and other payables	–	880,221	–	–	880,221	880,221
Amounts due to related parties	–	364,384	–	–	364,384	364,384
Dividends payable	–	1,397	–	–	1,397	1,397
Borrowings	5.32	1,093,992	1,149,434	464,989	2,708,415	2,359,446
Obligations under finance leases	7.11	326,439	698,504	–	1,024,943	904,957
		2,666,433	1,847,938	464,989	4,979,360	4,510,405
Company						
31 December 2017						
Non-derivative financial liabilities						
Trade and other payables	–	12,482	–	–	12,482	12,482
Amounts due to related parties	–	1,947	–	–	1,947	1,947
Notes payable	6.98	78,410	1,463,661	–	1,542,071	1,310,410
		92,839	1,463,661	–	1,556,500	1,324,839

In 2016, the Company's financial liabilities were repayable on demand or due within one year from the end of the reporting period.

c. Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices or rates from observable current market transactions as input.

Other than the fair value of notes payable as disclosed in Note 32 to the consolidated financial statements, management considers the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values at the end of the reporting period.

7. REVENUE AND SEGMENT INFORMATION

Information reported to the chief executive officer of the Company, being the Group's chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on the types of products and services delivered or provided. No operating segments have been aggregated in arriving at the reportable segments of the Group.

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

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

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

(2) Project technical and management service and EMC business

- Comprise of service income

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

For the year ended 31 December 2017

	Waste-to-energy project construction and operation	Project technical and management service and EMC business	Total
	RMB'000	RMB'000	RMB'000
Segment revenue			
External revenue – non-related parties	2,324,002	79,362	2,403,364
External revenue – related parties (Note 23)	–	311,712	311,712
Inter-segment revenue	–	53,768	53,768
	2,324,002	444,842	2,768,844
Elimination	–	(53,768)	(53,768)
Revenue	2,324,002	391,074	2,715,076
Segment profit	746,069	288,553	1,034,622
Government grants and value added tax refund	45,556	883	46,439
Gain on disposal of subsidiary	68,527	–	68,527
Other income and other losses			73,159
Administrative expenses			(200,457)
Finance costs			(202,187)
Share of loss of a joint venture			(904)
Profit before tax			819,199

7. REVENUE AND SEGMENT INFORMATION - continued

For the year ended 31 December 2016

	Waste-to-energy project construction and operation	Project technical and management service and EMC business	Total
	RMB'000	RMB'000	RMB'000
Segment revenue			
External revenue – non-related parties	2,348,571	10,983	2,359,554
External revenue – related parties (Note 23)	–	272,334	272,334
Inter-segment revenue	–	59,410	59,410
	2,348,571	342,727	2,691,298
Elimination	–	(59,410)	(59,410)
Revenue	2,348,571	283,317	2,631,888
Segment profit	828,464	220,941	1,049,405
Government grants and value added tax refund	160,925	327	161,252
Other income and other losses			(15,538)
Administrative expenses			(205,402)
Finance costs			(159,731)
Profit before tax			829,986

Segment assets and liabilities

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

As at 31 December 2017

	Waste-to-energy project construction and operation	Project technical and management service and EMC business	Total
	RMB'000	RMB'000	RMB'000
Segment assets	10,459,828	275,815	10,735,643
Unallocated			2,008,647
Consolidated total assets			12,744,290
Segment liabilities	7,243,086	58,178	7,301,264
Unallocated			551,833
Consolidated total liabilities			7,853,097

7. REVENUE AND SEGMENT INFORMATION - continued

Segment assets and liabilities - continued

As at 31 December 2016

	Waste-to-energy project construction and operation	Project technical and management service and EMC business	Total
	RMB'000	RMB'000	RMB'000
Segment assets	8,475,645	288,456	8,764,101
Unallocated			965,726
Consolidated total assets			9,729,827
Segment liabilities	4,335,306	61,808	4,397,114
Unallocated			741,408
Consolidated total liabilities			5,138,522

For the purposes of monitoring segment performance and allocating resources between segments:

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

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

Other segment information

For the year ended 31 December 2017

	Waste-to-energy project construction and operation	Project technical and management service and EMC business	Total
	RMB'000	RMB'000	RMB'000
Depreciation and amortisation	330,914	37,667	368,581
Additions to non-current assets (Note)	2,559,906	32,580	2,592,486

7. REVENUE AND SEGMENT INFORMATION - continued

Other segment information - continued

For the year ended 31 December 2016

	Waste-to-energy project construction and operation	Project technical and management service and EMC business	Total
	RMB'000	RMB'000	RMB'000
Depreciation and amortisation	288,695	27,788	316,483
Additions to non-current assets (Note)	1,405,906	31,377	1,437,283

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

Revenue from major products and services

	2017	2016
	RMB'000	RMB'000
Waste-to-energy project construction and operation		
Sales of electricity [1]	962,914	942,899
Sales of steam [1]	338,136	253,197
Revenue from waste treatment [1]	466,678	424,700
Revenue from construction services provided under service concession arrangements (Notes 15 and 19)	527,175	708,171
Financial income under service concession arrangements [2] (Note 19)	29,099	19,604
	2,324,002	2,348,571
Project technical and management service and EMC business		
Service income – non-related parties	79,362	10,983
Service income – related parties (Note 23(a))	311,712	272,334
	391,074	283,317
Total revenue	2,715,076	2,631,888

(1) Included in the sales of electricity and steam and revenue from waste treatment are operating and maintenance income under service concession arrangements amounting to RMB297,226,000 (2016: RMB194,317,000).

(2) Effective interest applied ranges from 7.7% to 11.0% (2016: 7.7% to 11.0%) per annum.

7. REVENUE AND SEGMENT INFORMATION - continued

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) 2017 RMB'000	Non-current assets 2017 RMB'000
Based on location of customer		
PRC	2,681,565	8,362,546
India	33,511	73,633
Others	–	68,543
	2,715,076	8,504,722

In 2016, the Group's revenue was solely generated from sales and rendering services in the PRC based on where goods are sold or services are rendered, and all of the Group's identifiable assets and liabilities were located in the PRC.

Information about major customers

Waste-to-energy project construction and services

Customers of the Group mainly consist of regional state-owned grid companies, local government environmental sectors and certain manufacturing companies whose production relies on the supply of electricity and steam by the Group.

In 2017 and 2016, no single customer accounted for 10% or more of the Group's revenue.

Project technical and management services and EMC business

In 2017 and 2016, other than related parties in which a controlling shareholder has control as disclosed above and in Note 23(a), no single customer accounted for 10% or more of the Group's revenue.

8. OTHER INCOME AND OTHER LOSSES

	GROUP	
	2017	2016
	RMB'000	RMB'000
Other income:		
Government grant (Note i)	27,499	84,000
Value added tax refund	18,940	77,252
Gain on disposal of subsidiary to a related party (Notes 16, 23)	68,527	–
Bank interest income	6,074	3,433
Gain on sales of scrap materials	10,222	13,216
Gain on disposal of property, plant and equipment	28	–
Foreign exchange gain	30,098	–
Sludge disposal fees (net)	17,749	–
Maintenance fees	8,883	–
Others	3,705	2,375
	191,725	180,276
Other losses:		
Foreign exchange losses	–	(51)
Impairment losses recognised on		
- Trade receivables (Note 20)	(3,600)	(31,391)
- Property, plant and equipment (Note 13)	–	(3,120)
	(3,600)	(34,562)
Total	188,125	145,714

Note i: The government grants represented the government incentive funds and government subsidies received from the local government by the PRC operating entities of the Group. During the year ended 31 December 2017, government grants included: (a) the incentive for waste-to-energy business development to enterprises established in the PRC which amounted to RMB15,469,000 (2016: RMB78,038,000); and (b) the subsidies received on acquisition of properties, plant and equipment amortised to profit or loss which amounted to RMB12,030,000 (2016: RMB5,962,000).

9. FINANCE COSTS

	GROUP	
	2017	2016
	RMB'000	RMB'000
Interest on borrowings and notes payable	212,920	123,373
Interest on obligations under finance leases (Note 31)	72,140	45,244
Total interest expenses	285,060	168,617
Less: capitalised interest	(82,873)	(8,886)
	202,187	159,731

For the year ended 31 December 2017, borrowing costs capitalised are calculated by applying a capitalisation rate of 6.38% (2016: 5.47%) per annum to expenditure on property, plant and equipment.

10. INCOME TAX EXPENSE

	GROUP	
	2017	**2016**
	RMB'000	**RMB'000**
Current tax:		
PRC Enterprise Income Tax	143,788	162,853
Overprovision in the prior years	(2,536)	(19,687)
Taxes in other jurisdictions	29	–
	141,281	143,166
Deferred tax (Note 34)		
Current year charges	84,757	89,378
Withholding tax	1,379	7,479
	227,417	240,023

No provision for income tax has been made for the Company in Cayman Islands and other group entities in BVI and Samoa as they are not subject to any income tax.

No provision income tax has been made for the group entities in Hong Kong, Singapore, India and Indonesia as there is no taxable income derived from these respective countries.

(1) Kunming Xinxingze Environment Resources Industry Co., Ltd. ("Kunming Jinjiang") was entitled to an exemption from PRC enterprise income tax for three years starting from 2008, followed by a 50% tax relief for the next three years. Subsequently, Kunming Jinjiang was entitled to a 40% tax relief for seven years starting from 2014. Accordingly, the applicable income tax rate was 15% for the year ended 31 December 2017 (2016: 15%).

(2) Suihua Green New Energy Co., Ltd. ("Suihua New Energy") is regarded as a qualified environmental protection enterprise by the local government authorities and is entitled to an exemption from PRC enterprise income tax for three years starting from 2015, followed by a 50% tax relief for the next three years, according to the relevant tax rules. Accordingly, Suihua New Energy was entitled to tax exemption in 2017 and 2016.

(3) Yunnan Green Energy Co., Ltd. is regarded as a qualified environmental protection enterprise by the local government authorities and was entitled to an exemption from PRC enterprise income tax for three years starting from 2012, followed by a 50% tax relief for the next three years, according to the relevant tax rules. Accordingly, the applicable tax rate was 12.5% for the year ended 31 December 2017 (2016: 12.5%).

(4) Yinchuan Zhongke Environmental Electrical Co., Ltd. ("Yinchuan Zhongke") is regarded as a qualified environmental protection enterprise by the local government authorities and is entitled to an exemption from PRC enterprise income tax for three years starting from 2014, followed by a 50% tax relief for the next three years, according to the relevant tax rules. Accordingly, Yichuan Zhongke was entitled to tax exemption in 2016 and the applicable tax rate was 12.5% for the year ended 31 December 2017.

(5) Zibo Green Energy Environmental Resources Co., Ltd. ("Zibo Green Energy") is regarded as a qualified environmental protection enterprise by the local government authorities and is entitled to an exemption from PRC enterprise income tax for three years starting from 2015, followed by a 50% tax relief for the next three years, according to the relevant tax rules. Accordingly, Zibo Green Energy was entitled to tax exemption in 2017 and 2016.

(6) Wenling Green New Energy Co., Ltd. ("Wenling New Energy") is regarded as a qualified environmental protection enterprise by the local government authorities and is entitled to an exemption from PRC enterprise income tax for three years starting from 2016, followed by a 50% tax relief for the next three years, according to the relevant tax rules. Accordingly, Wenling New Energy was entitled to tax exemption in 2017 and 2016.

(7) Other subsidiaries of the Group located in the PRC were all taxed at 25% for the PRC enterprise income tax.

10. INCOME TAX EXPENSE - continued

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

	GROUP	
	2017	**2016**
	RMB'000	**RMB'000**
Profit before tax	819,199	829,986
Tax at domestic tax rate of 25%	204,800	207,497
Effect of different tax rates in other jurisdictions	531	–
Tax effect of expenses not deductible for tax purposes	1,484	14,942
Overprovision in respect of prior years	(2,536)	(19,687)
Tax effect of tax losses/deductible temporary differences not recognised	9,438	38,004
Utilisation of tax losses/deductible temporary differences previously not recognised	(6,257)	(25,233)
Withholding tax arising from the dividends distributed by PRC subsidiaries	1,379	7,479
Effect of tax exemptions granted to PRC subsidiaries	(11,482)	(12,858)
Deferred tax recognised in current year arising from temporary differences associated with undistributed earnings of PRC subsidiaries (Note 35)	30,060	29,879
Income tax expense	227,417	240,023

11. PROFIT FOR THE YEAR

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

	GROUP	
	2017	**2016**
	RMB'000	**RMB'000**
Personnel costs (including directors' emoluments):		
- Salaries and other benefits	198,299	185,944
- Retirement benefits scheme contributions	16,469	12,463
- Share award expense	13,475	–
Total personnel costs	228,243	198,407
Depreciation of property, plant and equipment	298,528	276,487
Amortisation of prepaid leases	11,337	11,330
Amortisation of intangible assets	58,716	28,666
Total depreciation and amortisation	368,581	316,483

11. PROFIT FOR THE YEAR - continued

	GROUP	
	2017	**2016**
	RMB'000	**RMB'000**
Impairment loss recognised on		
- Trade receivables	3,600	31,391
- Property, plant and equipment	–	3,120
Cost of inventories recognised as expense	431,204	338,065
Gain on disposal of property, plant and equipment	(28)	–
Foreign exchange (gain) loss	(30,098)	51
One-off professional fees incurred in relation to the IPO (including audit and non-audit fees[1])	–	27,014
Audit fees (including IPO fees):		
- paid to auditors of the Company[1]	1,252	2,501
- paid to member firms of the auditors of the Company[1]	2,790	5,264
- paid to other auditors	538	1,528
Total audit fees	4,580	9,293
Non-audit fees (including IPO fees):		
- paid to auditors of the Company[1]	566	693
- paid to member firms of the auditors of the Company	542	707
- paid to other auditors	858	462
Total non-audit fees	1,966	1,862

[1] Excluded audit fees paid to auditors and member firm of the auditors of the Company amounted to RMB266,000 and RMB525,000 respectively and non-audit fees amounted to RMB138,000 during financial year ended 31 December 2016 recorded as part of share issues costs.

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2017	**2016**
	RMB'000	**RMB'000**
Earnings (RMB'000)		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	601,206	597,583
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,218,362	1,089,492*

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

	2017	**2016**
Basic and diluted earnings per share (RMB cents)	49.35	54.85

The fully diluted earnings per share and basic earnings per share are the same as there is no dilutive potential shares outstanding at the end of the financial years ended 31 December 2017 and 2016.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group							
Cost							
At 1 January 2016	–	1,813,903	3,565,122	22,095	16,182	799,624	6,216,926
Additions	–	20,998	63,945	5,970	3,207	768,921	863,041
Transfer	–	200,355	589,271	–	–	(789,626)	–
Disposals	–	(115)	–	(197)	(339)	–	(651)
At 31 December 2016	–	2,035,141	4,218,338	27,868	19,050	778,919	7,079,316
Additions	43,812	25,583	128,042	10,259	23,660	1,755,268	1,986,624
Transfer	–	235,033	584,374	–	–	(819,407)	–
Disposals	–	–	(7,339)	–	–	–	(7,339)
Derecognised on disposal of a subsidiary (Note 16)	–	(173,128)	(232,048)	(276)	(436)	(3,428)	(409,316)
Reclassified as assets classified as held for sale (Note 27)	–	–	(347)	(303)	(536)	(1,181,114)	(1,182,300)
At 31 December 2017	43,812	2,122,629	4,691,020	37,548	41,738	530,238	7,466,985
Accumulated depreciation							
At 1 January 2016	–	(346,921)	(909,047)	(8,592)	(7,436)	–	(1,271,996)
Depreciation for the year	–	(68,905)	(201,564)	(3,317)	(2,701)	–	(276,487)
Disposals	–	20	–	176	284	–	480
At 31 December 2016	–	(415,806)	(1,110,611)	(11,733)	(9,853)	–	(1,548,003)
Depreciation for the year	–	(69,131)	(222,769)	(4,258)	(2,370)	–	(298,528)
Disposals	–	–	4,282	–	–	–	4,282
Derecognised on disposal of a subsidiary (Note 16)	–	29,088	50,157	197	298	–	79,740
Reclassified as assets classified as held for sale (Note 27)	–	–	2	41	248	–	291
At 31 December 2017	–	(455,849)	(1,278,939)	(15,753)	(11,677)	–	(1,762,218)
Accumulated impairment							
At 1 January 2016	–	–	(2,405)	–	–	–	(2,405)
Impairment losses recognised	–	–	(3,120)	–	–	–	(3,120)
At 31 December 2016 and 2017	–	–	(5,525)	–	–	–	(5,525)
Carrying values							
At 31 December 2017	43,812	1,666,780	3,406,556	21,795	30,061	530,238	5,699,242
At 31 December 2016	–	1,619,335	3,102,202	16,135	9,197	778,919	5,525,788

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 RMB872,833,000 as at 31 December 2017 (2016: RMB706,764,000) (Note 28).

13. PROPERTY, PLANT AND EQUIPMENT - continued

As at 31 December 2017, certain plant and machinery of the Group with an aggregate carrying amount of RMB1,273,664,000 (2016: RMB852,223,000) are held under finance leases (Note 31).

As at 31 December 2017, property certificates in respect of land on which buildings with a carrying amount of RMB466,168,000 (2016: RMB586,303,000) are located have not been obtained. The Group is in the process of applying for the property certificates and such certificates will be obtained in due course. As advised by the Group's PRC legal advisor, management is of the opinion that the Group legally owns the rights to use these properties.

During the year ended 31 December 2016, impairment on certain plant and machinery amounting to RMB3,120,000 was recorded under administrative expenses in profit or loss as such plant and machinery is no longer in use. No impairment loss was recorded for the year ended 31 December 2017.

14. PREPAID LEASES

	Total
	RMB'000
Group	
Cost	
At 1 January 2016	320,294
Additions	1,685
At 31 December 2016	321,979
Additions	76,873
Derecognised on disposal of a subsidiary (Note 16)	(11,109)
Reclassified as assets classified as held for sale (Note 27)	(53,936)
At 31 December 2017	333,807
Amortisation	
At 1 January 2016	(47,404)
Amortisation	(11,330)
At 31 December 2016	(58,734)
Amortisation	(11,337)
Derecognised on disposal of a subsidiary (Note 16)	1,844
Reclassified as assets classified as held for sale (Note 27)	407
At 31 December 2017	(67,820)
Carrying amounts	
At 31 December 2017	265,987
At 31 December 2016	263,245

Analysed for reporting purposes as:

	2017	**2016**
	RMB'000	**RMB'000**
Current asset	11,228	11,330
Non-current asset	254,759	251,915
the purpose of basic and diluted earnings per share	265,987	263,245

14. PREPAID LEASES - continued

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

As at 31 December 2017, certain of the Group's borrowings were secured by the Group's prepaid lease with aggregate carrying amount of RMB114,973,000 (2016: RMB121,427,000) (Note 28).

As at 31 December 2017, land use right certificates in respect of prepaid lease with a carrying amount of RMB71,211,000 (2016: RMB76,094,000) have not been obtained. The Group is in the process of applying for the land use right certificates and such certificates will be obtained in due course.

15. INTANGIBLE ASSETS

	Software	Service concession arrangement	Total
	RMB'000	**RMB'000**	**RMB'000**
Group			
Cost			
At 1 January 2016	13,946	1,039,488	1,053,434
Additions	813	571,744	572,557
At 31 December 2016	14,759	1,611,232	1,625,991
Additions	1,813	527,176	528,989
At 31 December 2017	16,572	2,138,408	2,154,980
Amortisation			
At 1 January 2016	(1,020)	(45,759)	(46,779)
Amortisation	(1,327)	(27,339)	(28,666)
At 31 December 2016	(2,347)	(73,098)	(75,445)
Amortisation	(3,099)	(55,617)	(58,716)
At 31 December 2017	(5,446)	(128,715)	(134,161)
Carrying amounts			
At 31 December 2017	11,126	2,009,693	2,020,819
At 31 December 2016	12,412	1,538,134	1,550,546

The Group entered into service concession agreements with the local government authorities (the "Grantors"), pursuant to the design, construction, operation and maintenance of waste-to-energy plants during the concession period ranging from 28 years to 30 years, starting from the commencement date of commercial operation.

Service concession construction revenue (as detailed in Note 7) recorded in 2017 and 2016 represents the revenue recognised during the construction stage of the service concession period.

The right that the Group has received to charge for the sale of electricity and waste treatment has been recognised as an intangible asset at the fair value of the construction services provided and is amortised over the operating period of the waste-to-energy plant on a straight-line basis from the date on which the waste-to-energy plant commences operation.

The Group's intangible assets amounting to RMB252,327,000 as at 31 December 2017 (2016: RMB262,682,000) were pledged as collaterals against general loan facilities granted to the Group (Note 28).

16. INVESTMENT IN SUBSIDIARIES

	Company 2017	Company 2016
	RMB'000	RMB'000
Unquoted equity shares, at cost	1,790,640	1,790,640

Particulars of the Company's subsidiaries as at 31 December 2017 and 2016 are as follows:

Company name (1),(2)	Place of incorporation/ establishment	Proportion of ownership interest and voting power held by the Company 2017 %	2016 %	Principal activities
Lamoon Holdings Limited ("Lamoon Holdings")	British Virgin Islands ("BVI")	100	100	Investment holding
Gevin Limited	Hong Kong	100	100	Investment holding
Outstanding Mode Developments Limited ("Outstanding Mode")	BVI	100	100	Investment holding
Prime Gain Investments Limited ("Prime Gain")	Hong Kong	100	100	Investment holding
Hangzhou Yuhang Jinjiang Environment Energy Co., Ltd. ("Hangzhou Yuhang") 杭州余杭锦江环保能源有限公司	Hangzhou, the PRC	100	100	Operation of waste-to-energy plant
Zhengzhou Xingjin Green Environment Energy Co., Ltd. ("Zhengzhou Xingjin") 郑州荥锦绿色环保能源有限公司	Zhengzhou, the PRC	100	100	Operation of waste-to-energy plant and sales of steam
Green Energy (Hangzhou) Corporate Management Co., Ltd. ("Green Energy Hangzhou") 绿能(杭州)企业管理有限公司	Hangzhou, the PRC	100	100	Project management, technical consulting and advisory services
Wuhu Lüzhou Environment Energy Co., Ltd. ("Wuhu Jinjiang") 芜湖绿洲环保能源有限公司	Wuhu, the PRC	100	100	Operation of waste-to-energy plant and sales of steam
Zibo Environment Energy Co., Ltd. ("Zibo Jinjiang") 淄博环保能源有限公司	Zibo, the PRC	100	100	Operation of waste-to-energy plant
Kunming Xinxingze Environment Resources Industry Co., Ltd. ("Kunming Jinjiang") 昆明鑫兴泽环境资源产业有限公司	Kunming, the PRC	80	80	Operation of waste-to-energy plant and sales of steam

16. INVESTMENT IN SUBSIDIARIES – continued

Company name [(1),(2)]	Place of incorporation/ establishment	Proportion of ownership interest and voting power held by the Company		Principal activities
		2017	2016	
		%	%	
Hangzhou Xiaoshan Jinjiang Green Energy Co., Ltd. ("Xiaoshan Jinjiang") 杭州萧山锦江绿色能源有限公司	Hangzhou, the PRC	90	90	Operation of waste-to-energy plant
Wuhan Green Energy Co., Ltd. ("Wuhan Jinjiang") 武汉市绿色环保能源有限公司	Wuhan, the PRC	100	100	Operation of waste-to-energy plant and sales of steam
Wuhan Hankou Green Energy Co., Ltd. ("Hankou Jinjiang") 武汉汉口绿色能源有限公司	Wuhan, the PRC	100	100	Operation of waste-to-energy plant and sales of steam
Yunnan Green Energy Co., Ltd. ("Yunnan Energy"). 云南绿色能源有限公司	Kunming, the PRC	89	89	Operation of waste-to-energy plant
Lin'an Jiasheng Environment Co., Ltd. ("Lin'an Jiasheng") 临安嘉盛环保有限公司	Lin'an, the PRC	100	100	Investment holding
Lianyungang Sunrise Environmental Protection Industry Co., Ltd. ("Lianyungang Sunrise") 连云港晨兴环保产业有限公司	Lianyungang, the PRC	100	100	Operation of waste-to-energy plant and sales of steam
Shanghai Sunrise Management Co., Ltd. ("Shanghai Sunrise") 上海晨兴企业管理有限公司	Shanghai, the PRC	100	100	Investment holding
Sunrise Development Group Limited ("Sunrise Development")	Samoa	100	100	Investment holding
Jilin Xinxiang Co., Ltd. ("Jilin Xinxiang") 吉林鑫祥有限责任公司	Changchun, the PRC	80	80	Operation of waste-to-energy plant and sales of steam
Inner Mongolia Pulate Transportation Energy Co., Ltd. ("PLT Energy") 内蒙古普拉特交通能源有限公司	Baotou, the PRC	–[(3)]	42	Operation of waste-to-energy plant
Yinchuan Zhongke Environmental Electrical Co., Ltd. ("Yinchuan Zhongke") 银川中科环保电力有限公司	Yinchuan, the PRC	100	100	Operation of waste-to-energy plant
Suihua Green New Energy Co., Ltd. ("Suihua New Energy") 绥化市绿能新能源有限公司	Suihua, the PRC	100	100	Operation of waste-to-energy plant

16. INVESTMENT IN SUBSIDIARIES – continued

Company name (1),(2)	Place of incorporation/ establishment	Proportion of ownership interest and voting power held by the Company		Principal activities
		2017	2016	
		%	%	
Zibo Green Energy Co.,Ltd. ("Zibo Green Energy") 淄博绿能环保能源有限公司	Zibo, the PRC	100	100	Operation of waste-to-energy plant and sales of steam
Hohhot Jiasheng New Energy Co., Ltd. ("Hohhot New Energy") 呼和浩特嘉盛新能源有限公司	Hohhot, the PRC	100	100	Operation of waste-to-energy plant
Qitaihe Green New Energy Co., Ltd. ("Qitaihe New Energy") 七台河绿能新能源有限公司	Qitaihe, the PRC	100	100	Operation of waste-to-energy plant
Songyuan Xinxiang New Energy Co., Ltd. ("Songyuan Xinxiang") 松原鑫祥新能源有限公司	Songyuan, the PRC	90	90	Operation of waste-to-energy plant
Tianjin Sunrise Environmental Protection Science and Technology Development Co., Ltd. ("Tianjin Sunrise") 天津市晨兴力克环保科技发展有限公司	Tianjin, the PRC	100	100	Operation of waste-to-energy plant and sales of steam
Hangzhou Kesheng Energy Technology Co., Ltd ("Hangzhou Kesheng") 杭州科晟能源技术有限公司	Hangzhou, the PRC	100	100	Operation of energy management consulting business
Yunnan Jinde Green Energy Co., Ltd ("Jinde Energy") 云南锦德绿色能源有限公司	Puer, the PRC	51	51	Operation of waste-to-energy plant
Zhongwei Green New Energy Co., Ltd ("Zhongwei Energy") 中卫市绿能新能源有限公司	Zhongwei, the PRC	100	100	Operation of waste-to-energy plant
Gaozhou Green New Energy Co., Ltd ("Gaozhou Energy") 高州市绿能新能源有限公司	Gaozhou, the PRC	100	100	Operation of waste-to-energy plant
Baishan Green New Energy Co., Ltd ("Baishan Energy") 白山绿能新能源有限公司	Baishan, the PRC	100	100	Operation of waste-to-energy plant
Linzhou Jiasheng New Energy Co., Ltd. ("Linzhou Jiasheng") 林州市嘉盛新能源有限公司	Linzhou, the PRC	100	100	Operation of waste-to-energy plant
Hunchun Green New Energy Co., Ltd ("Hunchun Energy") 珲春绿能新能源有限公司	Hunchun, the PRC	100	100	Operation of waste-to-energy plant

16. INVESTMENT IN SUBSIDIARIES – continued

Company name [(1),(2)]	Place of incorporation/ establishment	Proportion of ownership interest and voting power held by the Company		Principal activities
		2017	2016	
		%	%	
Yulin Green New Energy Co., Ltd ("Yulin Energy") 榆林绿能新能源有限公司	Yulin, the PRC	–[(6)]	100	Operation of waste-to-energy plant
Shijiazhuang Jiasheng New Energy Co., Ltd ("Shijiazhuang Jiasheng") 石家庄嘉盛新能源有限公司	Shijiazhuang, the PRC	82	82	Operation of waste-to-energy plant
Manzhouli Green New Energy Co. Ltd. ("Manzhouli Energy") 满洲里绿能新能源有限公司	Manzhouli, the PRC	100	100	Operation of waste-to-energy plant
Zibo Green New Energy Co., Ltd. ("Zibo New Energy") 淄博绿能新能源有限公司	Zibo, the PRC	100	100	Operation of waste-to-energy plant
Tangshan Jiasheng New Energy Co., Ltd. ("Tangshan Jiasheng") 唐山嘉盛新能源有限公司	Tangshan, the PRC	100	100	Operation of waste-to-energy plant
Gaomi Lilangmingde Co. Ltd ("Gaomi Energy") 高密利朗明德环保科技有限公司	Gaomi, the PRC	100	100	Operation of waste-to-energy plant
Singapore Jinjiang Environment Pte. Ltd.	Singapore	100	100	Investment holding
Hangzhou Jinjiang Environment Investment Co., Ltd. ("Jinjiang Investment") 杭州锦环投资有限公司	Hangzhou, the PRC	100	100	Investment holding
Kunshan Jinkangrui Environmental Protection Technology Co., Ltd. ("Jinkangrui Technology") 昆山锦康瑞环保技术有限公司	Kunshan, the PRC	100	100	Technology center
Zhejiang Shengyuan Environmental Analysis Technology Co., Ltd. ("Shengyuan Technology") 浙江盛远环境检测科技有限公司	Hangzhou, the PRC	100	100	Technology center
Zhejiang Zhuji Bafang Thermal Power Co. Ltd. ("Zhuji Bafang ") 浙江诸暨八方热电有限责任公司	Zhuji, the PRC	100	100	Operation of thermal power plant
Zhuji Tongchuang Renewable Resources Collection Co. Ltd. ("Zhuji Tongchuang ") 诸暨市同创再生资源回收有限公司	Zhuji, the PRC	70	70	Operation of renewable resources collection plant

16. INVESTMENT IN SUBSIDIARIES – continued

Company name [(1),(2)]	Place of incorporation/ establishment	Proportion of ownership interest and voting power held by the Company		Principal activities
		2017	2016	
		%	%	
Wenling Green New Energy Co., Ltd. ("Wenling Green Energy") 温岭绿能新能源有限公司	Wenling, the PRC	100	100	Operation of waste-to-energy plant
Wenling Solid Waste Treatment Co., Ltd. ("Wenling Solid") (Note iv) 温岭绿能固废处理有限公司	Wenling, the PRC	51	51	Operation of solid waste treatment plant
Shangzhi Green New Energy Co., Ltd. ("Shangzhi Green Energy") [(4)] 尚志市绿能新能源有限公司	Shangzhi, the PRC	80	–	Operation of waste-to-energy plant
Tonghe Green New Energy Co., Ltd. ("Tonghe Green Energy") [(4)] 通河县绿能新能源有限公司	Harbin, the PRC	80	–	Operation of waste-to-energy plant
Yucheng Jinhang New Energy Co., Ltd ("Yucheng Jinhang") [(4)] 禹城市锦航新能源有限公司	Yucheng, the PRC	70	–	Operation of waste-to-energy plant
Lvliang Green New Energy Co., Ltd ("Lvliang Green Energy") [(4)] 吕梁绿能新能源有限公司	Lvliang, the PRC	100	–	Operation of waste-to-energy plant
Tangshan Jinhuan New Energy Co., Ltd ("Tangshan Jinhuan") [(4)] 唐山市锦环新能源有限公司	Tangshan, the PRC	70	–	Operation of waste-to-energy plant
Wudi Jinhuan New Energy Co., Ltd ("Wudi Jinhuan") [(4)] 无棣县锦环新能源有限公司	Binzhou, the PRC	100	–	Operation of waste-to-energy plant
Ecogreen Energy Private Limited [(5)]	Gurgaon, India	99.98	–	Investment holding
Ecogreen Energy Gurgaon Faridabad Private Limited [(4)]	Gurgaon, India	99.99	–	Operation of waste-to-energy plant
Ecogreen Energy Lucknow Private Limited [(4)]	Lucknow, India	99.99	–	Operation of waste-to-energy plant
Ecogreen Energy Gwalior Private Limited [(4)]	Gwalior, India	99.99	–	Operation of waste-to-energy plant
Ecogreen Energy Gwalior WTE Private Limited [(4)]	Gwalior, India	99.99	–	Operation of waste-to-energy plant
Ecogreen Energy Gwalior C&T Private Limited [(4)]	Gwalior, India	99.99	–	Operation of waste-to-energy plant

16. INVESTMENT IN SUBSIDIARIES – continued

Company name [1,2]	Place of incorporation/ establishment	Proportion of ownership interest and voting power held by the Company		Principal activities
		2017	2016	
		%	%	
PT Jinjiang Environment Indonesia [4]	Jakarta, Indonesia	100	–	Operation of waste-to-energy plant
PT Musi Bina Energi [4]	Palembang, Indonesia	95	–	Operation of waste-to-energy plant

(1) The English names of those companies established in the PRC are for reference only and have not been registered. Except for the dormant subsidiaries, the remaining subsidiaries are audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP for consolidation purposes.

(2) Other than Lamoon Holdings Limited, Outstanding Mode Developments Limited, Singapore Jinjiang Environment Pte. Ltd. and JE Synergy Engineering Pte. Ltd. are held directly by the Company, all subsidiaries are indirectly held by the Company.

(3) The Group had control over the entity as the Group has the power to appoint 4 out of 5 directors on the Board of the entity in accordance with the shareholders' agreement and direct the relevant activities of the entity. During the year, the Group disposed of all its equity interest in the entity. Please see below for details.

(4) Newly established during 2017.

(5) Acquired from a non-related party. Please see below for details.

(6) During the year, there was a deemed disposal of the entity. Following the deemed disposal, the Group held 49% equity interest in the entity and the entity became a joint venture of the Group. Please see below for details.

<u>Acquisition of subsidiaries</u>

<u>2017</u>

In March 2017, the Group acquired 99.98% of the issued and paid-up share capital of Ecogreen Energy Private Limited ("Ecogreen Energy") for a consideration of 625,000 Indian Rupees (approximately RMB66,000) from a non-related party. Ecogreen Energy was dormant prior to the acquisition. Subsequent to the acquisition, the Group will operate the company with its own experienced management staff and construct the waste treatment plants and enhance the production capability with the technique and resources within the Group for service concession projects won. Accordingly, the transaction has been accounted for as an acquisition of assets and liabilities.

<u>2016</u>

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

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

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

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

16. INVESTMENT IN SUBSIDIARIES – continued

Disposal of subsidiaries

(1) Inner Mongolia Pulate Transportation Energy Co., Ltd.

In September 2017, the Group entered into a sale and purchase agreement with a related party, Zhejiang Kangrui Investment Co., Ltd., a company in which the daughter of a controlling shareholder has control over, to fully dispose its equity interest in Inner Mongolia Pulate Transportation Energy Co., Ltd. ("PLT Energy") for a consideration of RMB 67.2million.

Details of the disposals are as follows:

Book values of net liabilities over which control was lost:

	2017 RMB'000
Non-current assets	
Property, plant and equipment	329,576
Prepaid lease	9,265
Other receivables	376
Total non-current assets	339,217
Current assets	
Bank balances and cash	1,594
Trade and other receivables	43,986
Amounts due from related parties	267
Inventories	1,777
Other tax recoverable	3,056
Total current assets	50,680
Non-current liabilities	
Borrowings	(148,500)
Deferred tax liabilities	(13,988)
Total non-current liabilities	(162,488)
Current liabilities	
Trade and other payables	(18,017)
Amounts due to related parties	(207,298)
Borrowings	(6,500)
Total current liabilities	(231,815)
Net liabilities derecognized	(4,406)
Consideration receivable:	
Cash, representing total consideration	67,200[1]

[1] The consideration remained outstanding as at end of the reporting period.

16. INVESTMENT IN SUBSIDIARIES – continued

Disposal of subsidiaries - continued

(1) Inner Mongolia Pulate Transportation Energy Co., Ltd. - continued

	2017
	RMB'000
Gain on disposal	
Consideration received	67,200
Net liabilities derecognised	4,406
Non-controlling interest derecognised	(3,079)
Gain on disposal (Note 8)	68,527
Net cash outflow arising on disposal	
Cash and cash equivalents disposed of	(1,594)

(2) Yulin Green New Energy Co., Ltd

In April 2017, the Group entered into a joint venture agreement with 3 non-related parties for the subscription of shares in Yulin Green New Energy Co., Ltd ("Yulin Green"). Prior to the subscription of shares, Yulin Green was dormant and was a wholly-owned subsidiary of the Group. Following the subscription of shares, the Group holds 34% equity interest in Yulin Green with the remaining 66% equity interest held by the 3 non-related parties. Consequently, Yulin Green ceased to be a subsidiary of the Group and became a joint venture of the Group.

17. INVESTMENT IN ASSOCIATES

	2017	2016
	RMB'000	RMB'000
Cost of investment in associates	53,804	43,804

Details of the Group's associates at the end of the reporting period is as follows:

Name of associate [(1)]	Place of incorporation/ principal place of business	Proportion of ownership interest and voting power held by the Group		Principal activities
		2017	2016	
		%	%	
Yueyang Sunrise Environmental Protection Industry Co., Ltd. [(2)] 岳阳晨兴环保产业有限公司	Yueyang, the PRC	45	45	Operation of waste-to-energy plant and sales of steam
Taigu Zhanneng Environmental Protection Co., Ltd. [(2), (3)] 太谷湛能环保有限公司	Taizhou, the PRC	30	–	Operation of waste-to-energy plant
Songyuan Yuehong Environmental Protection Engineering Co., Ltd. [(2), (3)] 松原市悦宏环保工程有限公司	Songyuan, the PRC	30	–	Operation of waste-to-energy plant and treatment of sludge

17. INVESTMENT IN ASSOCIATES - continued

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

(2) Not audited for consolidation purposes as management is of the opinion that the results of the associates are insignificant during the year.

(3) Newly established during 2017.

In October 2015, the Group has acquired 45% equity interest in Yueyang Sunrise Environmental Protection Industry Co., Ltd. ("Yueyang Sunrise") for a consideration of RMB43,804,000, which was based on the fair value of Yueyang Sunrise at the date of acquisition, from an independent party. Yueyang Sunrise is involved in the operation of waste-to-energy plant and sales of steam in the PRC. As at 31 December 2017, Yueyang Sunrise is still undergoing construction and the profit or loss for the financial year ended 31 December 2017 and 31 December 2016 was insignificant.

In April 2017, the Group subscribed for 30% equity interest in Songyuan Yuehong Environmental Protection Engineering Co., Ltd. ("Songyuan Yuehong"). Songyuan Yuehong is involved in the operation of waste-to-energy plant in the PRC. As at 31 December 2017, Songyuan Yuehong is dormant and no capital injection has been made.

In July 2017, the Group has subscribed for 30% equity interest in Taigu Zhanneng Environmental Protection Co., Ltd. ("Taigu Zhanneng") for a consideration of RMB10,000,000. Taigu Zhanneng is involved in the operation of waste-to-energy plant in the PRC. As at 31 December 2017, Taigu Zhanneng is still undergoing construction and the profit or loss for the financial year ended 31 December 2017 was insignificant.

The Group's interest in the associates is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in the material associate:

Yueyang Sunrise

	2017	2016
	RMB'000	RMB'000
Current assets	85,810	86,538
Non-current assets	17,254	16,324
Current liabilities	5,722	5,520
Net assets	97,342	97,342
Proportion of Group's ownership	45%	45%
Carrying amount of the Group's interest in Yueyang Sunrise	43,804	43,804

As at 31 December 2017, the remaining associates are not material to the Group.

18. INVESTMENT IN JOINT VENTURES

	Group		Company	
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Cost of investment in joint ventures	14,923	–	5,039	–
Share of post-acquisition loss	(904)	–	–	–
	14,019	–	5,039	–

Details of the Group's joint ventures at the end of the reporting period is as follows:

Name of joint venture [1]	Place of incorporation/ principal place of business	Proportion of ownership interest and voting power held by the Group		Principal activities
		2017	2016	
		%	%	
Yulin Green New Energy Co., Ltd. [2] 榆林绿能新能源有限公司	Yulin, the PRC	34[4]	–	Operation of waste-to-energy plant
Taizhou Green Energy Tongchuang Renewable Resources Co., Ltd. [2] 台州绿能同创再生资源有限公司	Taizhou, the PRC	50	50	Recycling of renewable resources
Yan'an Guojin Environmental Protection Energy Co., Ltd. [2], [3] 延安国锦环保能源有限责任公司	Yan'an, the PRC	49	–	Operation of waste-to-energy plant
JE Synergy Engineering Pte. Ltd. [2], [3]	Singapore	40	–	Infrastructure engineering design and consultancy services

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

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

(2) Not audited for consolidation purposes as management is of the opinion that the results of the joint ventures are insignificant during the year.

(3) Newly established during 2017.

(4) The entity became a joint venture of the Group upon loss of control on deemed disposal of equity interests (Note 16).

There is no material interest in joint ventures for the financial year ended 31 December 2017.

19. SERVICE CONCESSION RECEIVABLES

	Group	
	2017	**2016**
	RMB'000	**RMB'000**
Service concession receivables	351,237	354,859
Less: Amounts due within one year shown under current assets	(34,421)	(34,421)
Service concession receivables due after one year	316,816	320,438

As at 31 December 2017, certain service concession receivables of the Group with an aggregate carrying amount of RMB33,326,000 (2016: nil) are held under borrowings (Note 28).

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	
	2017	**2016**
	RMB'000	**RMB'000**
At beginning of the year	10,363	8,200
Provision made during the year	11,834	2,163
At end of the year	22,197	10,363

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	488,660	470,785	–	–
Less: Allowances for doubtful debts	(1,723)	(32,155)	–	–
Bills receivables	13,230	70,186	–	–
Total trade and bills receivables	500,167	508,816	–	–
Advances to suppliers (Note i)	165,961	272,342	–	–
Other receivables				
- Staff advances	17,107	3,897	9,752	–
- Refundable deposits	110,932	35,168	–	–
- Deposits paid under long-term finance leases	51,202	59,598	–	–
- Deposits for office units	24,731	–	–	–
- Others	22,056	13,424	116	–
Sub-total of other receivables	226,028	112,087	9,868	–
Prepaid expenses	19,270	14,999	–	–
Total trade and other receivables	911,426	908,244	9,868	–
Analysed for reporting purposes as:				
Current assets	766,163	679,679	9,868	–
Non-current assets	145,263	228,565	–	–
	911,426	908,244	9,868	–

Notes:

(i) Advances to suppliers represents payments made in advance to suppliers for the purchase of inventories and plant and equipment and are unsecured and interest free.

As at 31 December 2017, the balances due from 4 customers (2016: 4) who individually accounted for 5% or more of the total balance of trade receivables amounted to RMB129,543,000 (2016: RMB189,871,000).

The average credit period granted by the Group on the sale of electricity, steam, waste treatment and rendering of services is 60 to 120 days (2016: 60 to 120 days).

20. TRADE AND OTHER RECEIVABLES - continued

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

	Group	
	2017	2016
	RMB'000	RMB'000
Trade and bills receivables		
Not past due and not impaired (i)	390,217	432,644
Past due but not impaired (ii)	109,778	52,985
	499,995	485,629
Impaired receivables – individually assessed (iii)	1,895	55,342
Less: Provision for impairment	(1,723)	(32,155)
	172	23,187
Total trade and bills receivables, net	500,167	508,816

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

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

	Group	
	2017	2016
	RMB'000	RMB'000
Within 60 days	45,208	37,417
60 days to 90 days	14,294	9,333
90 days to 120 days	11,958	4,750
Over 120 days	38,318	1,485
	109,778	52,985

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

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

Movement in the allowance for doubtful debts:

	Group	
	2017	2016
	RMB'000	RMB'000
Balance at beginning of the year	32,155	764
Impairment losses recognised (Note 11)	3,600	31,391
Derecognised on disposal of a subsidiary (Note 16)	(34,032)	–
Balance at end of year	1,723	32,155

As at 31 December 2017 and 2016, included in the allowance for doubtful debts are individually impaired trade receivables and management has assessed that only a portion of the receivables is expected to be recovered due to slow repayment patterns.

21. BANK BALANCES AND CASH AND PLEDGED BANK DEPOSITS

The Group's and Company's bank balances and pledged bank deposits bear interest at approximately 0.35% (2016: 0.35%) per annum.

The Group's and Company's deposits pledged for borrowings and projects tendering amounted to RMB340,980,000 (2016: RMB320,970,000) and RMB239,556,000 (2016: RMB251,189,000) respectively.

22. 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	
		2017	2016	2017	2016	2017	2016
		%	%	RMB'000	RMB'000	RMB'000	RMB'000
PLT Energy [(1)]	Baotou, the PRC	–	58.00	(21,900)	(34,810)	–	18,821
Kunming Jinjiang [(2)]	Kunming, the PRC	20.00	20.00	5,068	4,331	46,420	41,352
Jilin Xinxiang [(3)]	Changchun, the PRC	20.00	20.00	(551)	8,410	31,577	38,598
Individually immaterial subsidiaries with non-controlling interests				(7,959)	14,449	77,901	69,842
				(9,424)	(7,620)	155,898	168,613

(1) PLT Energy refers to Inner Mogolia Pulate transportation Energy Co., Ltd. and was disposed in 2017 (Note 16).

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

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

22. 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

	2017	2016
	RMB'000	RMB'000
Current assets	156,746	158,776
Non-current assets	240,767	242,514
Current liabilities	(81,429)	(73,379)
Non-current liabilities	(88,939)	(126,108)
Equity attributable to owners of the Company	180,725	160,451
Non-controlling interests	46,420	41,352
Revenue	93,898	90,234
Expenses	(68,556)	(68,579)
Profit for the year	25,342	21,655
Profit attributable to owner of the Company	20,274	17,324
Profit attributable to non-controlling interests	5,068	4,331
Net cash inflow from operating activities	71,748	61,731
Net cash outflow from investing activities	(15,902)	(4,516)
Net cash outflow from financing activities	(55,546)	(57,988)
Net cash inflow (outflow)	300	(773)

Jilin Xinxiang

	2017	2016
	RMB'000	RMB'000
Current assets	31,049	34,916
Non-current assets	428,927	440,264
Current liabilities	(192,888)	(150,507)
Non-current liabilities	(83,321)	(131,681)
Equity attributable to owners of the Company	152,190	154,394
Non-controlling interests	31,577	38,598
Revenue	89,509	139,074
Expenses	(92,264)	(97,023)
(Loss) Profit for the year	(2,755)	42,051
(Loss) Profit attributable to owner of the Company	(2,204)	33,641
(Loss) Profit attributable to non-controlling interests	(551)	8,410
Dividends paid to non-controlling interests	(6,470)	–
Net cash inflow from operating activities	69,405	71,464
Net cash outflow from investing activities	(9,509)	(9,056)
Net cash outflow from financing activities	(59,714)	(63,600)
Net cash inflow (outflow)	182	(1,192)

22. NON-CONTROLLING INTERESTS - continued

PLT Energy

	At 31 December	
	2017	**2016**
	RMB'000	**RMB'000**
Current assets	–	60,270
Non-current assets	–	349,088
Current liabilities	–	(198,306)
Non-current liabilities	–	(178,696)
Equity attributable to owners of the Company	–	13,535
Non-controlling interests	–	18,821
Revenue	30,080	38,279
Expenses	(67,745)	(98,296)
Loss for the year	(37,665)	(60,017)
Loss attributable to owner of the Company	(15,765)	(25,207)
Loss attributable to non-controlling interests	(21,900)	(34,810)
Net cash inflow from operating activities	–	41,410
Net cash outflow from investing activities	–	(20,061)
Net cash outflow from financing activities	–	(31,388)
Net cash outflow	–	(10,039)

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

	At 31 December	
	2017	**2016**
	RMB'000	**RMB'000**
Trade related	13,946	6,311
Non-trade related	14,030	13,330
	27,976	19,641

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

	At 31 December	
	2017	**2016**
	RMB'000	**RMB'000**
Not past due and not impaired [(i)]	13,946	6,311

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

The trade related balance are unsecured, interest free and with a credit period of 120 days (2016: 120 days) from the invoice date. The non-trade related balances due from non-controlling interests were unsecured, interest-free and repayable on demand.

23. RELATED PARTY BALANCES AND TRANSACTIONS

(a) In addition to elsewhere disclosed in the consolidated financial statements, the Group entered into the following significant transactions with related parties during the year:

	2017	2016
	RMB'000	RMB'000
Companies in which a controlling shareholder has control over		
- Purchases of materials	198,653	213,497
- Rendering of technical and management services	(56,405)	(51,360)
- Revenue from EMC business	(255,307)	(220,974)
- Disposal of subsidiary (Notes 8, 16)	(67,200)	–

The Group's credit policy is that the credit is offered to related companies following financial assessment and an established payment record.

(b) As at 31 December 2017, the Group had the following balances with related parties:

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

	2017	2016
	RMB'000	RMB'000
Trade	110,359	69,132
Non-trade1	244,198	–
	354,557	69,132

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

	2017	2016
	RMB'000	RMB'000
Trade	115,368	94,717
Non-trade[1]	–	269,667
	115,368	364,384

1. Included in the non-trade amounts due from/to companies in which a shareholder has control over are balances amounting to RMB4,436,000 (2016: RMB160,000), which has been offset as they are subject to offsetting arrangements. The residual amounts shown above relate to those that are not in scope of the offsetting disclosures.

The trade amounts are unsecured, interest-free and with an average credit period of 3 months. The non-trade amounts are unsecured, interest-free and repayable on demand.

As at 31 December 2017, the trade receivables due from 7 related parties (2016: 5) who individually accounted for 5% or more of the total balance of trade receivables amounted to RMB93,860,000 (2016: RMB64,447,000).

23. RELATED PARTY BALANCES AND TRANSACTIONS - continued

(b) As at 31 December 2017, the Group had the following balances with related parties: - continued

Amounts due from companies in which a controlling shareholder has control over are unsecured, interest free and with a credit period of 3 months (2016: 3 months) from the invoice date. The following is an aged analysis of trade receivables at the end of the reporting period.

	2017	2016
	RMB'000	RMB'000
Not past due and not impaired [(i)]	75,144	29,088
Past due but not impaired [(ii)]	35,215	40,044
	110,359	69,132

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

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

	2017	2016
	RMB'000	RMB'000
0 to 90 days	4,968	14,335
91 to 120 days	529	1,350
Over 120 days	29,718	24,359
	35,215	40,044

Included above are receivables with aggregate carrying amounts of RMB35,215,000 (2016: RMB40,044,000), which are past due as at the reporting date. The management considered that such balances were not impaired and the amounts are considered recoverable by reference to historical payment pattern. The Group does not hold any collateral over these balances.

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

(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	
	2017	2016
	RMB'000	RMB'000
Short-term employee benefits	8,596	8,464
Post-employment benefits	286	285
Share award expense	5,142	–
	14,024	8,749

24. 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.

25. OTHER TAX RECOVERABLE

	Group	
	2017	**2016**
	RMB'000	**RMB'000**
Value added tax	120,072	89,118
Others	4,622	1,455
	124,694	90,573

26. INVENTORIES

	Group	
	2017	**2016**
	RMB'000	**RMB'000**
Coal	32,161	22,087
Spare parts and other raw materials	26,630	20,084
	58,791	42,171

27. ASSETS CLASSIFIED AS HELD FOR SALE

In December 2017, the Group entered into a sale and purchase agreement with an affiliate of Hangzhou Financial Investment Group Co., Ltd., a non-related party, to dispose of its 70% equity interest in Zibo New Energy Co., Ltd. and Hohhot New Energy Co., Ltd. for a consideration of RMB264.5million and RMB84.7 million respectively. An advance of RMB209.5 million was received prior to the end of the reporting period. The assets and liabilities attributable to the facilities, which are expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the statement of financial position. The operations are included in the Group's waste-to-energy activities for segment reporting purposes (Note 7).

The proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised on the classification of these operations as held for sale.

27. ASSETS CLASSIFIED AS HELD FOR SALE - continued

The major classes of assets and liabilities comprising the disposal group classified as held for sale are as follows:

	2017
	RMB'000
Property, plant and equipment (Note 13)	1,182,009
Bank balances and cash	153,008
Prepaid lease	53,529
Trade and other receivables	475
Other tax recoverable	8,291
Total assets classified as held for sale	1,397,312
Borrowing	(620,000)
Deferred grant	(39,800)
Trade and other payables	(6,108)
Amount due to related party	(25)
Other tax liabilities	(4)
Liabilities associated with assets classified as held for sale	(665,937)
Net assets of disposal group*	731,375

* Excluded intra-group balances eliminated of RMB294,174,000

28. BORROWINGS

	Group	
	2017	2016
	RMB'000	RMB'000
Guaranteed borrowings (Note i)	1,358,919	925,077
Secured and guaranteed bank loans (Notes i and ii)	1,156,755	1,117,180
Secured bank loans (Note iv)	198,500	200,000
Secured and guaranteed other borrowings (Notes i and v)	91,134	110,169
Unsecured other borrowings (Note iii)	5,160	7,020
	2,810,468	2,359,446
The borrowings comprise:		
Fixed-rate borrowings	989,052	414,000
Variable-rate borrowings	1,821,416	1,945,446
	2,810,468	2,359,446

28. BORROWINGS - continued

	Group	
	2017	2016
	RMB'000	RMB'000
Borrowings repayable:		
Within one year	1,208,678	989,650
Over one year, but not exceeding two years	352,435	265,855
Over two years, but not exceeding five years	983,556	688,451
Over five years	265,799	415,490
	2,810,468	2,359,446
Less: Amount due within one year shown under current liabilities	(1,208,678)	(989,650)
Amounts shown under non-current liabilities	1,601,790	1,369,796

Notes:

(i) Borrowings are secured by guarantees mainly from companies in which a controlling shareholder has control over.

(ii) As at 31 December 2017, the bank loans of RMB268,000,000 (2016: nil) are secured by certain property, plant and equipment (Note 13).

As at 31 December 2017, the bank loans of RMB259,240,000 (2016: nil) are secured by prepaid leases (Note 14).

As at 31 December 2017, the bank loans of RMB152,000,000 (2016: RMB342,500,000) are secured by the pledge of electricity tariffs receivables of subsidiaries.

As at 31 December 2017, the bank loans of RMB217,315,000 (2016: RMB109,470,000) are secured by the pledge of electricity tariffs receivables, certain property, plant and equipment of a subsidiary (Note 13).

As at 31 December 2017, the bank loans of RMB260,200,000 (2016: RMB168,000,000) are secured by the pledge of electricity tariffs receivables, certain property, plant and equipment of a subsidiary and prepaid leases (Notes 13 and 14).

As at 31 December 2016, bank loans of RMB175,000,000, were secured by equity interest of 5 subsidiaries and certain property, plant and equipment of 2 subsidiaries (Note 13), was fully repaid in 2017.

As at 31 December 2016, the bank loans of RMB322,210,000 were secured by certain property, plant and equipment and prepaid leases (Notes 13 and 14).

(iii) As at 31 December 2017, borrowings of RMB5,160,000 (2016: RMB7,020,000) are repayable over fifteen years at a variable interest rate at approximately 2.80% (2016: 2.80%) per annum. These contracted interest rates are based on floating market rates pegged to the People's Bank of China ("PBOC") rate and are repriced on an annual basis.

(iv) As at 31 December 2017, the bank loans of RMB198,500,000 (2016: RMB200,000,000) are secured by certain bank deposits held by the Group (Note 21).

(v) As at 31 December 2017, loans from other financial institutions of RMB91,134,000 (2016: RMB110,169,000) are repayable by instalments over three years from November 2015 at a variable interest rate, approximately 9.88% at the end of 2017 (2016: 9.88%). The borrowings of RMB84,947,000 (2016: RMB110,169,000) are secured by the Group's intangible assets (Note 15) and the remaining borrowings of RMB6,187,000 (2016: Nil) are secured by the Group's service concession receivables (Note 19).

28. BORROWINGS - continued

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

	2017	2016
Effective interest rate:		
Fixed-rate borrowings	4.75%-7.83%	4.75%-7.83%
Variable-rate borrowings	2.80-9.88%	2.80-9.88%

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 2017	Financing cash flows	Disposal of a subsidiary	Classified as assets held for sale	Other changes[3]	Exchange difference	31 December 2017
	RMB'000	RMB'000	RMB'000 (Note 16)	RMB'000 (Note 27)	RMB'000	RMB'000	RMB'000
Borrowings	2,359,446	1,249,878[1]	(155,000)	(620,000)	–	(23,856)	2,810,468
Obligations under finance leases	904,957	69,216[1]	–	–	3,109	–	977,282
Notes payable	–	1,310,443[1]	–	–	35,473	(35,506)	1,310,410
Non-trade amounts due to related parties	269,667	(70,903)[2]	(198,764)	–	–	–	–
	3,534,070	2,558,634	(353,764)	(620,000)	38,582	(59,362)	5,098,160

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

(2) The cash flows make up the partial net amount of advances from and repayments to related parties presented under the financing activities in the statement of cash flows.

(3) Other changes include interest accruals, payments and issue costs.

29. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Trade payables	378,460	205,485	–	–
Bills payables	7,521	–	–	–
Construction and equipment payables	501,126	580,640	–	–
Deposits received from customers	6,402	49,969	–	–
Accrued payroll and welfare	8,553	31,847	–	–
Accrued expenses	19,689	10,437	–	–
Advance received for disposal of subsidiaries (Note 27)	209,496	–	–	–
Others	67,694	51,812	12,482	6,007
Total trade and other payables	1,198,941	930,190	12,482	6,007

The average credit period on purchases is 90 to 120 days (2016: 90 to 120 days). No interest is charged on the overdue trade payables

30. DIVIDENDS PAYABLE

Dividends payable represents dividends due to the then immediate holding company before the rationalisation of the Group (Note 1).

31. OBLIGATIONS UNDER FINANCE LEASES

The Group leases certain plant and machinery under finance leases through sale and leaseback arrangements. The lease terms are three to five years. In 2017, the average effective borrowing rate ranged from 6.09% to 10.49% (2016: 6.09% to 8.74%). The Group has options to purchase the equipment without any extra charges and for a nominal amount at the end of the lease terms. No arrangements have been entered into for contingent rental payments.

The Group had obligations under finance leases repayable as follows:

	Minimum lease payments		Present value minimum lease payments	
	2017	**2016**	**2017**	**2016**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Group				
Amounts payable under finance leases:				
Within one year	447,830	326,439	385,895	267,138
In more than one year but within two years	386,446	318,622	343,112	280,122
In more than two years but within five years	250,545	379,882	248,275	357,697
	1,084,821	1,024,943	977,282	904,957
Less: Future finance charges	(107,539)	(119,986)	N/A	N/A
Present value of lease obligations	977,282	904,957	977,282	904,957
Less: Amount due for settlement within 12 months (shown under current liabilities)			(385,895)	(267,138)
Amount due for settlement after 12 months			591,387	637,819

31. OBLIGATIONS UNDER FINANCE LEASES - continued

As at 31 December 2017, the obligations under finance leases of RMB752,863,000 (2016: RMB653,861,000) are secured by certain property, plant and equipment (Note 13) and corporate guarantee by the companies controlled by a controlling shareholder.

As at 31 December 2017, the obligation under finance leases of RMB110,279,000 (2016: RMB146,741,000) is secured by certain property, plant and equipment (Note 13) and equity interest of a subsidiary and concurrently guaranteed by a company controlled by a controlling shareholder.

As at 31 December 2017, the obligations under finance leases of RMB114,140,000 (2016: RMB104,355,000) are secured by certain property, plant and equipment (Note 13).

32. NOTES PAYABLE

The Company issued a US$200,000,000 (equivalent to RMB1,346,000,000) seniors notes which carries fixed interest of 6.0% per annum (interest payable semi-annually in arrear) and matures in July 2020. The effective interest rate for the year was 6.98% per annum.

The notes payable is unsecured and listed on SGX-ST.

	Group and Company
	2017
	RMB'000
At 1 January	–
Net proceeds from bond issue	1,320,240
Amortisation of interest and issue cost	(12,525)
Interest accrued	38,201
Exchange difference	(35,506)
At 31 December	1,310,410
Represented by:	
Amount due within one year shown under current liabilities	38,201
Amount shown under non-current liabilities	1,272,209
	1,310,410

Management has estimated the fair value of the notes payable at 31 December 2017 to be approximately US$198.9 million (RMB1,300.0 million). The fair value is based on the bid price extracted from Bloomberg as at 31 December 2017 and management determined the notes payable to be under Level 2 fair value hierarchy.

There are no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year.

33. DEFERRED GRANT

	Group 2017	Group 2016
	RMB'000	RMB'000
The Group		
Grant received in advance	200,690	97,441
Analysed as:	36,157	4,776
Current liabilities	164,533	92,665
Non-current liabilities	200,690	97,441

34. OTHER TAX LIABILITIES

	Group 2017	Group 2016
	RMB'000	RMB'000
Value added tax	38,126	42,597
Others	11,686	10,165
	49,812	52,762

35. DEFERRED TAX LIABILITIES

	Undistributed earnings of PRC subsidiaries	Fair value adjustment on acquisition of subsidiaries	Accelerated tax depreciation	Profit recognised on construction services provided under service concession arrangements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group					
At 1 January 2016	–	5,414	193,126	39,343	237,883
Charge (Credit) to profit or loss (Note 10)	29,879	(297)	29,676	30,120	89,378
At 31 December 2016	29,879	5,117	222,802	69,463	327,261
Charge (Credit) to profit or loss (Note 10)	30,060	(298)	29,543	25,452	84,757
Derecognised on disposal of a subsidiary (Note 16)	–	–	(13,988)	–	(13,988)
At 31 December 2017	59,939	4,819	238,357	94,915	398,030

At 31 December 2017, the Group has unused tax losses of approximately RMB140,812,000 (2016: RMB259,996,000), 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.

35. DEFERRED TAX LIABILITIES - continued

The unrecognised tax losses will expire in the following years:

	Group	
	2017	2016
	RMB'000	RMB'000
2017	–	30,152
2018	16,837	29,299
2019	9,510	39,104
2020	32,178	77,728
2021	43,814	83,713
2022	38,473	–
	140,812	259,996

At 31 December 2017, the Group has deductible temporary differences of RMB49,453,000 (2016: RMB58,254,000). 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 2017, temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised are RMB2,000,370,000 (2016: RMB1,707,168,000). 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.

36. SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	Share capital
	'000	RMB'000
At 1 January 2016	10,000	67
Share split (Note 1(2))	990,000	–
Share issued (Note 1(8))	216,824	14
At 31 December 2016	1,216,824	81
Issued during the year	4,757	*
At 31 December 2017	1,221,581	81

Fully paid ordinary shares have a par value of US$0.00001 (2016: US$0.00001), carry one vote per share and carry a right to dividend, amounting to equivalent RMB81,000 (2016: RMB81,000).

* Less than RMB1,000

37. OPERATING LEASES

The Group as lessee

	2017 RMB'000	2016 RMB'000
Minimum lease payments made under operating leases during the year in respect of land use rights	1,233	1,925

At the end of the reporting period, the Group has commitments for future minimum lease under non-cancellable operating leases which fall due as follows:

	2017 RMB'000	2016 RMB'000
Within one year	219	1,349
In the second to fifth years inclusive	705	1,799
Over five years	6,788	10,097
	7,712	13,245

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

38. CAPITAL COMMITMENTS

	Group	
	2017 RMB'000	2016 RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	166,487	449,716

39. PLEDGE OF ASSETS

Save as the pledged bank deposits disclosed in Note 21, at the end of reporting period, the Group had pledged the following assets to banks as securities against general banking facilities and obligations under finance leases granted to the Group:

	Group	
	2017 RMB'000	2016 RMB'000
Property, plant and equipment (Note 13)	2,146,497	1,558,987
Prepaid lease (Note 14)	114,973	121,427
Intangible assets (Note 15)	252,327	262,282
Service concession receivables (Note 19)	33,326	–
	2,547,123	1,942,696

39. PLEDGE OF ASSETS - continued

As at 31 December 2017, the Group has pledged electricity tariffs receivables of 5 subsidiaries (2016: 4 subsidiaries) to banks for general banking facilities. (Note 28) and its equity interest of a subsidiary for a sale and leaseback arrangement (Note 31).

As at 31 December 2016, the Group had pledged equity interest of 5 subsidiaries to banks for general banking facilities (Note 28).

40. OTHER RESERVES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Capital reserve (a)	393,694	393,694	1,057,112	1,057,112
Merger reserve (b)	(67,642)	(67,642)	–	–
Statutory surplus reserve (c)	103,962	99,012	–	–
Share award reserve (d)	–	–	–	–
Foreign currency translation reserve (e)	(4,170)	–	–	–
Other reserve (f)	28,152	28,152	–	–
	453,996	453,216	1,057,112	1,057,112

(a) Capital reserve

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
At 1 January and 31 December	393,694	393,694	1,057,112	1,057,112

Capital reserve represents deemed capital contribution and waiver of debts by its subsidiaries.

(b) Merger reserve

	Group	
	2017	**2016**
	RMB'000	**RMB'000**
At 1 January	(67,642)	191,648
Acquisition of subsidiaries under common control	–	(259,290)
At 31 December	(67,642)	(67,642)

Merger reserves represents the differences between the existing book values of the net assets of the subsidiaries under common control and the consideration paid when the Group acquired subsidiaries from the ultimate holding company or ultimate shareholder using the merger accounting method.

40. OTHER RESERVES – continued

(c) Statutory surplus reserve

	Group	
	2017	**2016**
	RMB'000	**RMB'000**
At 1 January	99,012	31,488
Appropriation to reserves	4,950	67,524
At 31 December	103,962	99,012

Pursuant to the relevant laws and regulations in the People's Republic of China ("PRC") and the Articles of Association of the subsidiaries established in PRC, the PRC subsidiaries are required to make appropriation from profit after tax to a statutory surplus reserve at rate determined by their respective Board of Directors before distributing dividends to equity holders.

(d) Share award reserve

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
At 1 January	–	–	–	–
Share award expense	13,475	–	13,475	–
Issue of new shares	(13,475)	–	(13,475)	–
	–	–	–	–

Share award reserve represents the equity-settled performance shares granted to certain key management personnel and employees of the Group. The reserve is made up of the cumulative value of services received from certain key management personnel and employees over the vesting period commencing from the grant date of equity-settled shares awards, and is reduced by the release of share awards (Note 41).

(e) Foreign currency translation reserve

	Group	
	2017	**2016**
	RMB'000	**RMB'000**
At 1 January	–	–
Other comprehensive income	(4,170)	–
At 31 December	(4,170)	–

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

40. OTHER RESERVES – continued

(f) Other reserve

	Group	
	2017	2016
	RMB'000	RMB'000
At 1 January	28,152	1,965
Acquisition of partial equity interest in subsidiaries	–	26,187
At 31 December	28,152	28,152

Other reserve represents the difference between the carrying amount of the non-controlling interest and the consideration arising from equity transactions with the non-controlling shareholders without loss of control in the subsidiaries by the Group.

41. SHARE AWARD EXPENSE

Performance Share Plan

The Jinjiang Environment Performance Share Plan ("Plan") was approved by shareholders on 29 June 2016. The Plan was subsequently amended and approved by shareholders at an Extraordinary General Meeting held on 25 April 2017. The Plan is administered by the Remuneration Committee comprising the Independent Directors Hee Theng Fong, Ang Swee Tian and Ni Mingjiang. The maximum period of the Performance Share Plan is 10 years commencing on the date on which it is adopted by the Company.

The participants of the Performance Share Plan will receive partially paid shares of the Company and are required to pay 30% of the closing market price of the shares awarded to them on the date of grant in cash as a condition for the vesting of the share awards. The aggregate number of shares available under the Plan shall not exceed 15% of the issued share capital of the Company.

On July 2017, the Company granted up to 4,822,400 shares under the Plan, details of which are as follows –

	Vested No. of shares	Unvested No. of shares	Total No. of shares
	'000	'000	'000
Eligible participants	4,757[1]	65[2]	4,822

(1) Vested shares are allotted and issued to the respective participants and are subject to a moratorium on trading of 12 months from the date the shares are allotted and issued.

(2) The shares granted have lapsed as the relevant employees had not made the required co-payment, which is a condition for the vesting of the share awards.

The fair values of the performance shares are estimated to be S$0.57 (RMB2.82 equivalent) per Share and is based on the market value of the share on grant date and risk free rate of 1%. The market value of the share on grant date is S$0.82 (RMB4.03 equivalent).

41. SHARE AWARD EXPENSE – continued

The movements of the number of shares for the Plan during the financial year were as follows -

	Group and Company 2017
	No. of awarded shares
Granted during the year	4,822
Cancelled, expired or lapsed	(65)
Vested during the year	(4,757)
Outstanding at end of the year	–

The Group recognised total expenses of RMB 13,475,000 (2016: RMB Nil) related to equity-settled share-based payment transactions during the year.

42. DIVIDENDS

During the year, a dividend of S$0.0505 cents per share amounting to S$61.4 million (approximately RMB303.5 million) was paid to shareholders in respect of financial year ended 31 December 2016.

43. EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) Subsequent to end of the reporting period:

(i) the Group's indirect, non-wholly-owned subsidiary Shijiazhuang Jiasheng New Energy Co., Ltd. has incorporated a wholly-owned subsidiary, Shijiazhuang Jinhuan Environmental Protection Technology Co., Ltd., in the People's Republic of China with a registered capital of RMB126.3 million, with a view to secure concessions for and operating a waste and sludge recycling project in Gaocheng district, Shijiazhuang, Hebei Province,

(ii) the Group's indirect, wholly-owned subsidiary Gevin Limited has incorporated a wholly-owned subsidiary, Waste Tec GmbH in Germany with an issued capital of €100,000, with a view to secure a foothold in the environmental protection market in Europe and adopt proven waste dehydration and sorting technologies in synergy with the Group's own suite of integrated waste-to-energy technologies,

(iii) the Group's wholly-owned subsidiary Lin'an Jiasheng Environment Co., Ltd has incorporated an associated company, Bayannao'er Jinpengyun Environmental Protection Co., Ltd, in the People's Republic of China with a registered capital of RMB100.0 million, as a project company with a view to secure concessions for waste-to-energy and other related projects in Bayannur City, Inner Mongolia Autonomous Region, PRC. The Group's equity interest in the associated company is 30%,

(iv) the Group's wholly-owned subsidiary Sunrise Development Group Limited has disposed of its 11.0% equity interest in Yueyang Jinneng Environment Green Energy Co., Ltd. (formerly known as Yueyang Sunrise Environmental Industry Co., Ltd.) ("Yueyang Jinneng") to Yueyang Gaoneng Shidai Environment Technology Co., Ltd., an unrelated third party, for an aggregate consideration of approximately RMB11.2 million. Following the disposal, the Group's equity interest in Yueyang Jinneng became 34%,

43. EVENTS AFTER THE END OF THE REPORTING PERIOD – continued

(v) the Group's wholly-owned subsidiary Hangzhou Jinhuan Investment Co., Ltd. acquired 100% of the equity interest of Hangzhou Zhenghui Construction Engineering Co., Ltd. ("Hangzhou Zhenghui") for a consideration of RMB16.0 million. Hangzhou Zhenghui is intended to be used as the Group's platform for further technical-related collaboration with third parties both within and outside the PRC, and

(vi) the Group's indirect, wholly-owned subsidiary Wuhan Green Energy Co., Ltd. has incorporated a wholly-owned subsidiary, Wuhan Jinhuan Green Energy Environmental Sanitation Co., Ltd., in the People's Republic of China with a registered capital of RMB60.0 million. The principal business activity of Wuhan Jinhuan will be the operation of a WTE facility in Wuhan, Hubei Province, which has a total designed waste treatment capacity of 3,000 tons per day.

(b) The directors proposed that a final dividend of S$0.0510 per share be paid to shareholders in respect of financial year ended 31 December 2017. This dividend is subject to the approval of the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total estimated dividend to be paid is S$62.3 million (approximately RMB300.9 million).

STATISTICS OF SHAREHOLDINGS

As at 23 March 2018

Shareholders' Information

Authorised Share Capital	:	US$50,000.00 divided into 5,000,000,000 ordinary shares of par value US$0.00001 each
Issued and fully paid-up capital	:	US$12,215.81 divided into 1,221,581,000 ordinary shares of US$0.00001 each
Class of shares	:	Ordinary shares of US$0.00001 each with equal voting rights
Voting rights	:	1 vote for 1 share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	119	18.39	109,400	0.01
1,001 - 10,000	257	39.72	1,551,100	0.13
10,001 - 1,000,000	260	40.19	14,758,100	1.21
1,000,001 AND ABOVE	11	1.70	1,205,162,400	98.65
TOTAL	**647**	**100.00**	**1,221,581,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CHINA GREEN ENERGY LIMITED	474,195,575	38.82
2	RAFFLES NOMINEES (PTE) LIMITED	344,720,774	28.22
3	UOB KAY HIAN PRIVATE LIMITED	280,681,700	22.98
4	AEP INVESTMENTS (MAURITIUS) LIMITED	69,469,451	5.69
5	DBS NOMINEES (PRIVATE) LIMITED	13,384,000	1.10
6	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	8,624,300	0.71
7	HSBC (SINGAPORE) NOMINEES PTE LTD	6,107,900	0.50
8	CITIBANK NOMINEES SINGAPORE PTE LTD	3,321,900	0.27
9	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	2,141,900	0.18
10	ABN AMRO CLEARING BANK N.V.	1,474,900	0.12
11	WANG YUANLUO	1,040,000	0.09
12	DB NOMINEES (SINGAPORE) PTE LTD	679,500	0.06
13	ZHOU RONGQIN	500,000	0.04
14	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	463,000	0.04
15	WANG RUIHONG	400,000	0.03
16	WANG WUZHONG	400,000	0.03
17	YANG GAO	400,000	0.03
18	PHILLIP SECURITIES PTE LTD	309,000	0.03
19	GUAN DIFENG	308,500	0.03
20	BPSS NOMINEES SINGAPORE (PTE.) LTD.	281,500	0.02
	TOTAL	**1,208,903,900**	**98.99**

STATISTICS OF SHAREHOLDINGS

As at 23 March 2018

Substantial Shareholders
(As recorded in the Register of Substantial Shareholders)

Substantial Shareholders	Direct Interest Number of Shares	Direct Interest % [(1)]	Deemed Interest [(2)] Number of Shares	Deemed Interest % [(1)]	Total Interest Number of Shares	Total Interest % [(1)]
China Green Energy Limited	474,195,575	38.82	–	–	474,195,575	38.82
Win Charm Limited [(3)]	275,714,500	22.57	474,195,575	38.82	749,910,075	61.39
Hangzhou Zhengcai Holding Group Co., Ltd. [(4)]	–	–	749,910,075	61.39	749,910,075	61.39
Hangzhou Jinjiang Group Co., Ltd. [(5)]	–	–	749,910,075	61.39	749,910,075	61.39
Mr. Dou Zhenggang [(6)]	–	–	749,910,075	61.39	749,910,075	61.39
Ms. Wei Xuefeng [(7)]	–	–	749,910,075	61.39	749,910,075	61.39
Zhejiang Hengjia Holding Co., Ltd. [(8)]	–	–	749,910,075	61.39	749,910,075	61.39
Radec XIX Ltd [(9)]	180,620,574	14.79	–	–	180,620,574	14.79
MKCP Mauritius Master Holdings Ltd. [(9)]	–	–	180,620,574	14.79	180,620,574	14.79
Mount Kellett Master Fund II, L.P. [(9)(10)]	–	–	180,620,574	14.79	180,620,574	14.79
Mount Kellett Capital Management L.P. [(9)]	–	–	180,620,574	14.79	180,620,574	14.79
Mount Kellett Capital Management GP LLC [(9)]	–	–	180,620,574	14.79	180,620,574	14.79
Mr. Mark McGoldrick [(9)]	–	–	180,620,574	14.79	180,620,574	14.79
Fortress MK Advisors LLC [(9)(10)]	–	–	180,620,574	14.79	180,620,574	14.79
FIG LLC [(10)]	–	–	180,620,574	14.79	180,620,574	14.79
Fortress Operating Entity I LP [(10)]	–	–	180,620,574	14.79	180,620,574	14.79
FIG Corp. [(10)]	–	–	180,620,574	14.79	180,620,574	14.79
Fortress Investment Group LLC [(10)]	–	–	180,620,574	14.79	180,620,574	14.79
AEP Investments (Mauritius) Limited [(11)]	81,478,351	6.67	–	–	81,478,351	6.67

Notes:-

(1) Based on 1,221,581,000 ordinary shares in the capital of the Company ("**Shares**") in issue as at the Latest Practicable Date.

(2) Deemed interests refer to interests determined pursuant to Section 4 of The Securities and Futures Act, Chapter 289 of Singapore.

(3) Win Charm Limited ("**Win Charm**") holds approximately 50.0% of the voting shares in the issued and paid-up share capital of China Green Energy Limited ("**China Green Energy**"). Accordingly, Win Charm is deemed to have an interest in the Shares held by China Green Energy by virtue of Section 4 of the SFA.

(4) Hangzhou Zhengcai Holding Group Co., Ltd. ("**Hangzhou Zhengcai**") holds 90.0% of the issued and paid-up share capital of Win Charm. Win Charm is deemed to have an interest in the Shares held by China Green Energy by virtue of Section 4 of the SFA – please refer to Note (3) above. Accordingly, Hangzhou Zhengcai is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA.

(5) Hangzhou Jinjiang Group Co., Ltd. ("**Jinjiang Group**") directly and indirectly (through its wholly-owned subsidiary Hangzhou Zhengcai) holds the entire issued and paid-up share capital of Win Charm. Accordingly, Jinjiang Group is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA.

(6) Mr. Dou Zhenggang holds approximately 63.29% of the registered capital of Jinjiang Group. Jinjiang Group is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA – please refer to Note (5) above. Accordingly, Mr. Dou Zhenggang is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA.

(7) Ms. Wei Xuefeng, who is Mr. Dou Zhenggang's spouse, holds the entire registered capital of Zhejiang Hengjia Holding Co., Ltd. ("**Zhejiang Hengjia**"). Zhejiang Hengjia holds approximately 36.71% of Jinjiang Group's registered capital. Accordingly, Ms. Wei Xuefeng is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA.

(8) Zhejiang Hengjia holds approximately 36.71% of Jinjiang Group's registered capital. Accordingly, Zhejiang Hengjia is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA.

(9) Radec XIX Ltd is wholly owned by MKCP Mauritius Master Holdings Ltd., which in turn is wholly-owned by Mount Kellett Master Fund II, L.P. Mount Kellett Master Fund II, L.P. is co-managed by Mount Kellett Capital Management L.P. and Fortress MK Advisors LLC, which have control over the business and affairs of Mount Kellett Master Fund II, L.P., including making investment and divestment decisions and voting the securities and interests held by Mount Kellett Master Fund II, L.P., including those in MKCP Mauritius Master Holdings Ltd. The general partner of Mount Kellett Capital Management L.P., which has full control over the business and affairs of Mount Kellett Capital Management L.P., including making all investment and divestment decisions and voting the securities and interests held by Mount Kellett Master Fund II, L.P., including those in MKCP Mauritius Master Holdings Ltd., is Mount Kellett Capital Management GP LLC. Mount Kellett Capital Management GP LLC is collectively wholly-owned by Mr. Mark McGoldrick (who is a managing member) and his family member (who is a non-managing member) with shareholding interests of 99% and 1% respectively. Accordingly, each of MKCP Mauritius Master Holdings Ltd., Mount Kellett Master Fund II, L.P., Mount Kellett Capital Management L.P., Fortress MK Advisors LLC, Mount Kellett Capital Management GP LLC and Mr. Mark McGoldrick are deemed to have an interest in the Shares held by Radec XIX Ltd by virtue of Section 4 of the SFA.

(10) Fortress MK Advisors LLC, which was appointed as the co-Manager of Mount Kellett Master Fund II, L.P. on 31 July 2015, is a wholly-owned subsidiary of FIG LLC, which is wholly-owned by Fortress Operating Entity I LP. The general partner of Fortress Operating Entity I LP is FIG Corp., which controls the business and affairs of Fortress Operating Entity I LP, including making investment and divestment decisions and voting the securities and interests held by Fortress Operating Entity I LP, including those in FIG LLC. FIG Corp. is wholly owned by Fortress Investment Group LLC, which is listed on the New York Stock Exchange. Accordingly, each of FIG LLC, Fortress Operating Entity I LP, FIG Corp. and Fortress Investment Group LLC are deemed to have an interest in the Shares held by Radec XIX Ltd by virtue of Section 4 of the SFA.

(11) The shares in AEP Investments (Mauritius) Limited corresponding to its investment in the Company are held by Asia Environmental Partners, L.P. and its parallel fund, Asia Environmental Partners (PF1), L.P. (collectively, "**AEP**"). AEP's general partner is Olympus Green Capital Partners, L.P., holding a 0.99% interest in AEP. AEP's limited partners are passive investors consisting of pension funds, government entities, financial institutions, endowments and family offices from North America, Asia, Europe and the Middle East (none of whom owns more than 1% of the Company on a fully diluted, look-through basis).

Percentage of Shareholding in Public's Hands

Approximately 17.00% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "**AGM**") of China Jinjiang Environment Holding Company Limited 中国锦江环境控股有限公司 (the "**Company**") will be held at Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Level 3, Room 334, Singapore 039593 on Monday, 30 April 2018 at 10.00 a.m. for the following purposes:-

AS ROUTINE BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final dividend (tax not applicable) of 5.10 Singapore cents per ordinary share ("**Final Dividend**") for the financial year ended 31 December 2017. **(Resolution 2)**

3. (a) To re-elect Mr. Ang Swee Tian, a Director retiring pursuant to Article 127 of the Company's Articles of Association. [See Explanatory Note (i)] **(Resolution 3a)**

   (b) To re-elect Mr. Ni Mingjiang, a Director retiring pursuant to Article 127 of the Company's Articles of Association. [See Explanatory Note (ii)] **(Resolution 3b)**

   (c) To note the retirement of Mr. Wang Wuzhong, a Director retiring pursuant to Article 127 of the Company's Articles of Association, and who will not be seeking re-election. [See Explanatory Note (iii)]

4. To approve the payment of Directors' fees of S$420,000/- for the financial year ended 31 December 2017. **(Resolution 4)**

5. To re-appoint Messrs Deloitte & Touche LLP as the Company's auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

6. To transact any other routine business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

7. "**APPOINTMENT OF DIRECTOR**

   That Mr. Zhang Chao be appointed as a Director of the Company to hold office from the conclusion of this Annual General Meeting until the next Annual General Meeting." [See Explanatory Note (iv)] **(Resolution 6)**

8. "**SHARE ISSUE MANDATE**

   That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Listing Manual"**) and notwithstanding the provisions of the Articles of Association of the Company, authority be and is hereby given to the Directors of the Company to:-

   (a) (i) issue shares in the capital of the Company ("**Shares**") (whether by way of rights, bonus or otherwise); and/or

   (ii) make or grant offers, agreements or options that may or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares (collectively, the "**Instruments**");

(b) (notwithstanding that the authority conferred by paragraph (a) of this resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this resolution was in force, at any time and from time to time upon such terms and conditions, whether for cash or otherwise, and for such purposes and to such persons as the Directors may think fit for the benefit of the Company, provided that:-

(i) the aggregate number of Shares to be issued pursuant to this resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed fifty per cent. (50%) of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be offered other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed twenty per cent. (20%) of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued Shares excluding treasury shares and subsidiary holdings shall be calculated based on the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company at the time of the passing of this resolution, after adjusting for:-

(1) new Shares arising from the conversion or exercise of any convertible securities;

(2) new Shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and

(3) any subsequent bonus issue, consolidation or subdivision of Shares;

(iii) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(iv) unless revoked or varied by the Company in general meeting, the authority conferred by this resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held, whichever is the earlier, except that the Directors shall be authorised to allot and issue Shares pursuant to any Instrument made or granted by the Directors while this resolution was in force notwithstanding that such authority has ceased to be in force at the time of issue of such Shares." [See Explanatory Note (v)]. **(Resolution 7)**

9. "**JINJIANG ENVIRONMENT PERFORMANCE SHARE PLAN**

That the Directors of the Company be and are hereby authorised to offer and grant awards in accordance with the provisions of the Jinjiang Environment Performance Share Plan ("**Plan**") and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Plan provided always that the aggregate number of shares to be issued pursuant to the Plan shall not exceed fifteen per cent. (15%) of the total issued share capital of the Company from time to time." [See Explanatory Note (vi)]. **(Resolution 8)**

By Order of the Board of Directors

Wang Yuanluo
Non-Executive, Non-Independent Chairman
13 April 2018

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:-

(i) Resolution 3a is to re-elect Mr. Ang Swee Tian as a Director of the Company. Mr. Ang, upon re-election, will remain as the Lead Independent Director, the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual.

(ii) Resolution 3b is to re-elect Mr. Ni Mingjiang as a Director of the Company. Mr. Ni, upon re-election, will remain as an Independent Director and a member of the Nominating and Remuneration Committees. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual.

(iii) To note the retirement of Mr. Wang Wuzhong as a Director of the Company. Mr. Wang, upon his retirement, will cease to be an Executive Director of the Company and will remain as a Deputy General Manager of the Company.

(iv) Resolution 6 is to appoint Mr. Zhang Chao, who is the Chief Executive Officer of the Company, as an Executive Director of the Company. Pursuant to Article 130 of the Company's Articles of Association. Mr. Zhang has been nominated for appointment as a Director by the Directors of the Company and has given his consent to his nomination and his candidature for the office. The Nominating Committee has reviewed Mr. Zhang's information and profile and is satisfied that Mr. Zhang has met the requisite standards as required by the Code of Corporate Governance 2012.

Key information and profile of Mr. Zhang Chao

Mr. Zhang Chao has over 20 years of experience. Prior to joining the Company, Mr. Zhang worked as a Deputy Director Clerk at the Beijing Municipal Bureau of Justice from July 1994 to May 1999. From May 1999 to July 2001, he was a lawyer at King & Wood Mallesons and Guolian Law Firm. From July 2001 to May 2010, Mr. Zhang served as director of legal affairs and general counsel of China Energy Conservation Investment Corporation. From May 2010 to December 2016, Mr. Zhang had served as general counsel and deputy general manager of China Energy Conservation and Environmental Protection Group. From January 2017 to November 2017, he was assistant to the Chairman of Hangzhou Jinjiang Group Co., Ltd. as well as general manager of its eco-environment division. Since November 2017, Mr. Zhang has served as the Chief Executive Officer of the Company. Mr. Zhang graduated from the China University of Political Science and Law majoring in political science in June 1994, obtained a master's degree in law from the Renmin University of China in June 2002 and obtained an executive master's degree in business administration from Tsinghua University in September 2015.

(v) Resolution 7 proposed in item 8. above, if passed, is to empower the Directors to issue shares in the capital of the Company and/or instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 7 (including shares to be issued in pursuance of instruments made or granted) shall not exceed fifty per cent. (50%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, with a sub-limit of twenty per cent. (20%) for shares issued other than on a pro-rata basis (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) to shareholders with registered addresses in Singapore. For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company will be calculated based on the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at the time of the passing of Resolution 7, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 7, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and (iii) any subsequent bonus issue, consolidation or subdivision of shares. The Company does not have any subsidiary holdings.

(vi) Resolution 8 proposed in item 9. above, if passed, is to authorise the Directors to offer and grant awards in accordance with the provisions of the Plan and to allot and issue shares under the Plan. The aggregate number of shares available under the Plan must not exceed fifteen per cent. (15%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company from time to time.

Notes:-

1. A member of the Company entitled to attend and vote at the AGM who is the holder of two or more Shares is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.

2. Where a member of the Company appoints more than one proxy, he/she must specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified the first named proxy may be treated as representing 100% of the shareholding and any subsequent named proxy as an alternate to the earlier named.

3. The Depository or a relevant intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

4. The instrument appointing a proxy or proxies must be deposited with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 72 hours before the time appointed for the AGM. The sending of a Proxy Form by a shareholder does not preclude him from attending and voting in person at the AGM if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a shareholder attends the AGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM.

Personal data privacy:-

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, governmental or regulatory requirements, or guidelines or notices issued by any applicable governmental or regulatory authorities of any relevant jurisdiction, and/or complying with the Company's internal policies (collectively, the "**Purposes**"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents) (collectively, the "**Third Parties**"), the shareholder has each of the Third Party's authority to provide such Third Party's personal data to the Company, is validly acting on each of their behalf and has obtained the prior consent of such Third Party for the collection, use and disclosure by the Company (or its agents) of the personal data of such Third Party for the Purposes, (iii) warrants that all personal data that the shareholder provides to the Company is true, accurate and complete, and (iv) agrees that the shareholder will indemnify and at all times to keep the Company and its related corporations (together with their respective officers, employees and agents) (each an "**Injured Party**") indemnified against any penalties, liabilities, claims, demands, losses and damages which may be suffered or incurred by the Injured Party or asserted against the Injured Party by any person or entity (including the shareholder and the shareholder's employees, agents) whatsoever, in respect of any matter or event whatsoever arising out or, in the course of, by reason of or in respect of any shareholder's breach of warranty and/or any action or omission by the shareholder that causes the Company and/or any of its related corporations to be in breach of the Personal Data Protection Act 2012 and all subsidiary legislation related thereto.

锦江环境
JINJIANG ENVIRONMENT

This annual report has been printed on paper with high recycled contents.

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