



**浙能锦江环境**  
ZHENENG JINJIANG ENVIRONMENT

ZHENENG JINJIANG ENVIRONMENT HOLDING COMPANY LIMITED  
FORMERLY KNOWN AS CHINA JINJIANG ENVIRONMENT HOLDING COMPANY LIMITED

# SHAPING A NEW PHASE OF GROWTH

ANNUAL REPORT 2019



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# CORPORATE PROFILE

## 公司简介

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

On 3 August 2016, Zheneng Jinjiang Environment was successfully listed on the Mainboard of the Singapore Exchange, marking an important milestone for the Company.

In 2019, Zhejiang Provincial Energy Group Co., Ltd ("Zheneng Group") became the largest controlling shareholder of the Company and the Company name changed to Zheneng Jinjiang Environment Holding Company Limited.

As at 31 December 2019, Zheneng Jinjiang Environment operates 21 WTE facilities and four resource recycling projects in 13 provinces, autonomous regions and centrally-administered municipalities in China, with a total waste treatment capacity of 30,380 tons/day and an installed electricity power generation capacity of 632MW. In 2019, the total amount of waste treated was 9.76 million tons, while the total electricity generated was 2.751 billion kWh. In addition, as at 31 December 2019, the Company has an additional 23 WTE facilities, six resource recycling projects under construction or in the preparatory stage within the PRC and five WTE facilities under construction or in the preparatory stage outside the PRC, which when fully completed, will bring the Company's total installed waste treatment capacity to approximately 65,746 tons/day.

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

浙能锦江环境控股有限公司（以下简称“浙能锦江环境”或“公司”）是中国垃圾焚烧发电行业的先行者和引领者。1998年，浙能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。

2016年8月3日，浙能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。

2019年，浙江省能源集团有限公司（“浙能集团”）入股，成为公司最大控股股东，公司更名为浙能锦江环境控股有限公司。

截至2019年12月31日，浙能锦江环境在中国13个省、自治区和直辖市拥有21个已投入运营的垃圾焚烧发电项目，4家垃圾资源化项目，垃圾处理能力累计30,380吨/日，装机容量达632MW。2019年全年垃圾处理量达976万吨，发电量27.51亿千瓦时。此外，截至2019年12月31日，公司还有23个在建/筹建垃圾焚烧发电项目，6个在建/筹建垃圾资源化项目和5个境外在建/筹建垃圾发电项目。在所有项目全部建成后，垃圾处理总能力将达65,746吨/日。

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

# CHAIRMAN'S MESSAGE

## 主席致辞



### DEAR SHAREHOLDERS,

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

### POLICY DIRECTION

With the modernisation of domestic waste disposal solutions, there has been growing recognition of the effectiveness and importance of domestic WTE generation. China's domestic WTE technology has achieved remarkable substantial development and progress, with increasingly obvious eco-friendly and climate-friendly attributes. The industry and policies are also relatively mature, which will support the sustainable development of waste incineration power generation. In 2019, the legal systems in various fields including atmosphere, water, soil, solid waste and safety have been improved, with the Soil Pollution Prevention and Control Law officially implemented on 1 January 2019 according to the "People's Republic of China Yangtze River Protection Law (Draft)" prepared by the National People's Congress Environmental and Resource Protection Committee on 23 December 2019. Looking ahead to 2020, the newly revised "Environmental Protection of Solid Waste Pollution Law" will also come into effect on 1st September. The overall regulatory framework of eco-environmental supervision is gradually taking shape, thereby presenting both opportunities and challenges which will drive the eco-environmental protection industry to enter a stage of improving quality and efficiency.

### 尊敬的各位股东

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

### 政策导向

在现代化的生活垃圾处理方式中，生活垃圾焚烧发电的有效性和重要性已经得到越来越多的认同。中国生活垃圾焚烧发电技术已经取得长足的发展和进步，环境友好、气候友好的特征较为明显，产业、政策也相对成熟，为垃圾焚烧发电的持续良性发展保驾护航。2019年，从1月1日正式实施的土壤污染防治法，到12月23日全国人大环境与资源保护委员会拟订的《中华人民共和国长江保护法(草案)》，覆盖大气、水、土、固废和安全等多个领域的法律体系陆续完善。展望2020年，新修订的《固体废物污染环境防治法》也将在9月1日起施行。生态环境监管大格局逐渐形成，机遇与挑战并存，促使生态环保事业进入提质增效阶段。

## INDUSTRY ANALYSIS

2019 marks the 70th anniversary of the founding of the People's Republic of China. Since the establishment of a new China, there have been many achievements and great strides forward in environmental protection and ecological civilization. The awareness of environmental protection has been continuously strengthened, environmental protection measures have been solidly promoted, and the effectiveness of pollution control has been increasingly demonstrated. China's 13th Five-Year Plan outlines the Five Major Development Concepts of "Innovation, Coordination, Green Development, Openness and Sharing", and expressly requires expediting the construction of municipal waste treatment facilities, improving waste collection and transportation systems, and increasing the waste incineration rate. In 2019, under the leadership of the National Development and Reform Commission, more detailed "Middle- and Long-Term Planning of Domestic Waste Incineration" were issued in various regions, which covered the layout of domestic waste incineration capacity before 2030, and the industry development space is still broad. China's economy has evolved from rapid growth to high-quality development. As part of China's green development, the environment protection industry plays a part in providing material support and is a component of the green economy.

In 2019, the Ministry of Housing and Urban-Rural Development, the National Development and Reform Commission, the Ministry of Ecology and Environment and other 6 ministries and commissions issued the "Notice on the Comprehensive Development of Domestic Waste Classification in Nationwide Prefectural-level Cities and above". By 2020, 46 key cities across the country will have basically completed the construction of a domestic waste classification system. Domestic waste classification will be enforced in more cities. This will enhance society's awareness of, and emphasis on, environmental protection, promote the segmentation and specialisation of the terminal processing industry. The WTE industry will face new changes and development opportunities.

With growing urban populations and increasing urbanisation, the rate of domestic waste production and the harmless disposal rate of domestic waste will continue to increase, creating a larger WTE market. In 2019, the volume of domestic waste delivered in China is approximately 238 million tons. The harmless treatment capacity of municipal solid waste through incineration reached over 100 million tons, and is expected to reach over 130 million tons by 2022. This presents immense growth potential for development in the WTE industry.

WTE enables the rational utilisation of "misallocated resources" and achieves "volume reduction, harmless treatment and resource recycling". This undoubtedly promotes the harmonious unity of social life, economic benefits and environmental protection, and enhances the sustainable development of social, economic and environmental resources.

## 行业分析

2019年是中华人民共和国成立70周年，自新中国成立以来，环境保护和生态文明建设取得了诸多成绩和长足进步。环保意识不断强化、环保措施扎实推进、污染治理成效日益彰显。中国“十三五”规划纲要提出了“创新、协调、绿色、开放、共享”五大发展理念，并明确要求加快城镇垃圾处理设施建设，完善收运系统，提高垃圾焚烧处理率。2019年，在中国发改委的主导下，各地出台了更为详尽的《生活垃圾焚烧中长期规划》，规划覆盖了各地2030年之前的生活垃圾焚烧产能布局，行业发展空间依旧广阔。中国经济由高速增长转向高质量发展，作为中国绿色发展的物质支撑和绿色经济的组成部分，环保产业也不例外。

2019年，住建部联合发改委、生态环境部等9部委发布《关于在全国地级及以上城市全面开展生活垃圾分类工作的通知》，到2020年全国46个重点城市基本建成生活垃圾分类处理系统，生活垃圾分类将在更多城市强制实施，这将提升社会环保的认识及重视，促进终端处理行业的细分和专业化。垃圾焚烧发电行业将面临新的改变和发展机遇。

随着城镇人口规模扩大和城镇化率提高，生活垃圾产生量及生活垃圾的无害化处理率都将持续增长，创造出更大的垃圾焚烧市场。2019年中国生活垃圾清运量约在2.38亿吨左右，城市生活垃圾焚烧无害化处理量已超过亿吨规模，预计到2022年将超过1.3亿吨，垃圾发电行业还有巨大发展空间。

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

# CHAIRMAN'S MESSAGE

## 主席致辞



### BUSINESS REVIEW

2019 was a year when Zheneng Jinjiang Environment could be said to lay solid foundation and embrace new development. During the year under review, the Company's expansion and upgrading work was basically completed, the operation foundation was further consolidated, and the capacity of existing projects has rebounded significantly. The Company paid more attention to the quality of project development, seized new opportunities, realized the transition from scale development to high-quality development, and continues to push the company forward. In 2019, Zheneng Group became the largest controlling shareholder of Zheneng Jinjiang Environment, brought new development momentum to the Company. As the largest state-owned enterprise in Zhejiang Province, Zheneng Group has vast capabilities across the entire energy production value chain. Its resources in related fields and considerable financial strength will optimise the financing and future development of Zheneng Jinjiang Environment. As a listed company in Singapore, Zheneng Jinjiang Environment is the main platform to develop circular economy for Zheneng Group to enter the environmental protection energy industry, with its domestic and overseas market presence in the WTE field and track record of more than 20 years.

The Company announced certain changes in the composition of the Board of Directors after Zheneng Group's acquisition and strategic alliance with Zheneng Jinjiang Environment. I am honoured to be appointed as the Executive Chairman of Zheneng Jinjiang Environment; Mr. Jin Ruizhi was appointed as Chief Financial Officer; and Mr. Qi Liang was appointed as Chief Engineer. Zheneng Jinjiang Environment will leverage upon this strategic alliance to focus its efforts, seize the development opportunities of domestic ecological civilization construction and the overseas development strategy of "The Belt and Road", focus on capacity building, and achieve high-quality development. The close cooperation will help to build the sole circular economy strategic platform of Zheneng Group and accelerate the realization of the Company's long-term goal of becoming an internationally recognised, globally renowned solid waste management company.

### 业务回顾

2019年，对于浙能锦江环境来说是夯实基础、换轨发展的重要一年。回顾年内，公司增容改造工作基本完成，运营基础进一步夯实，存量项目产能大幅回升；公司更加注重项目的发展质量，抓住新机遇，实现由规模发展向高质量发展的换轨，持续推动公司前进。2019年，浙能集团成为浙能锦江环境最大控股股东，为公司带来了新的发展动力。作为浙江省规模最大的国有企业之一，浙能集团在整个能源生产价值链上拥有巨大的能力，其在相关领域的资源以及强大的财务实力将优化浙能锦江环境融资及未来发展。而浙能锦江环境作为新加坡上市企业，在垃圾焚烧发电领域的海内外市场布局与二十多年沉淀，会是浙能集团进军环保能源产业、发展循环经济的主抓手。

自浙能集团入股浙能锦江环境战略联合后，公司宣布变更董事会构成。非常荣幸，我被任命为浙能锦江环境执行董事长，金睿智先生担任首席财务官，戚亮先生担任总工程师。浙能锦江环境将以战略联合为契机，凝心聚力，抓住国内生态文明建设的发展机遇和国外“一带一路”的发展战略，聚焦能力建设，实现高质量发展；通过与新股东各方面的密切合作，打造浙能集团唯一的循环经济战略平台，并将加快推动实现成为国际公认的全球著名固体废弃物管理公司这一长期目标。



In 2019, Zheneng Jinjiang Environment focused on refining its management and formulating its steady growth. As at 31 December 2019, Zheneng Jinjiang Environment operated 21 WTE facilities and four resource recycling projects in 13 provinces, autonomous regions and centrally-administered municipalities in China, with a total waste treatment capacity of 30,380 tons/day and an installed electricity generation capacity of 632MW.

2019 also saw Zheneng Jinjiang Environment steadily push forward technological advances, and integrate and improve the application of fluidised bed technology and grate furnace technology. The Company sustained its push towards its established strategic objective of technological upgrading by carrying out capacity expansion and upgrading works at eight operational facilities which are older and have the potential to handle a higher volume of waste requiring treatment. As at 31 December 2019, the expansion and upgrading works for seven out of eight of the WTE facilities have been completed. For the eighth WTE facility, namely the Lianyungang Sunrise WTE Facility, the upgrading of the existing third boiler has been completed. In order to satisfy the demand for heating, a new fourth boiler will be first constructed (to be operational by the end of 2020) before the upgrading of the existing two boilers under the upgrading project, which will be carried out depending on the rate of growth of the volume of municipal solid waste in Lianyungang. Currently, the upgraded equipment that has been put into operation has resulted in a marked increase in waste treatment capacity and higher boiler operation efficiency. After the completion of all expansion and upgrading projects, the capacity is expected to increase by 5,000 tons/ day. During the year, the first phase of Tangshan Waste Power Plant in Hebei Province was put into operation. It is an important infrastructure project in Tangshan City and an industrial and tourism demonstration project for the integration of secondary and tertiary industries. Tangshan WTE Plant, as Zheneng Jinjiang Environment's first totally new grate furnace power plant, not only embodies the Company's grasp of different techniques, but also embodies the Company's technological exploration and progress. At present, the simulation unit training project is being carried out in Tangshan WTE plant in an orderly manner. After the project is completed, it will become the cradle and base of the Company's grate furnace technology training.

2019年，是浙能锦江环境注重精细化管理，稳健发展的一年。截至2019年12月31日，公司在中国13个省、自治区和直辖市拥有21个已投入运营的垃圾焚烧发电项目，4个垃圾资源化项目，目前垃圾处理能力达30,380吨/日，装机容量达632MW。

2019年，是浙能锦江环境稳步推进技术升级，整合提升流化床技术和炉排炉技术应用的一年。公司持续推进技术升级改造的既定战略目标，对投运时间较长、垃圾增量较多的8家运营电厂进行增容改造，截至2019年12月31日，7家电厂增容改造任务全部完成，第8家电厂即江苏省连云港电厂已完成3#锅炉的改造，为满足园区的供热需求，集团决策对连云港电厂调整为先扩建一台锅炉，视连云港城市生活垃圾的增长情况再实施1#和2#锅炉的增容改造，扩建锅炉预计2020年底建成投产。目前，已投入运营的机组垃圾处理能力和锅炉运行效率提升效果明显，待所有改造提升完成后产能预计增容达5,000吨/日。年内河北省唐山垃圾发电厂一期投运，是唐山市重要基础设施项目，也是二三产业融合的工业旅游示范项目。唐山垃圾发电厂作为浙能锦江环境旗下第一家投产的全新炉排炉电厂，既体现了公司在不同流派技术上的包容，也体现了公司在技术上的探索与进取。当前，仿真机组培训项目正在唐山垃圾发电厂有序开展，待项目完成后，将成为公司炉排炉技术培训摇篮和基地。

# CHAIRMAN'S MESSAGE

## 主席致辞

2019 was also a year in which Zheneng Jinjiang Environment gained recognition. Zheneng Jinjiang Environment was ranked by the Singapore Exchange as one of the top three best performing utility stocks in August. After Zheneng Group became the largest controlling shareholder of Zheneng Jinjiang Environment, S&P Global Ratings adjusted the Company's ratings outlook from negative to positive (later revised to stable), and Moody's Investors Service upgraded the Company's ratings outlook from negative to stable (later revised to under review for downgrade), reflecting the firm confidence and recognition given by the rating agencies to this latest development.

### SOCIAL RESPONSIBILITY

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

In 2019, the Company treated 9.76 million tons of domestic waste and generated close to 2.751 billion kilowatt-hours of green electricity, which could meet the electricity needs of 2.03 million households. This translates to a reduction in the usage of 1.48 million tons of standard coal, a reduction of 3.46 million tons of carbon dioxide emissions, and the saving of at least 32,000 mu of land in 2019. Besides exporting technology and management and actively promoting the progress of the WTE industry, Zheneng Jinjiang Environment participates in various social welfare activities and makes contributions to the field of environmental protection in China.

In 2019, the Group received more than 10,000 visitors including government officials, investors, students and members of the public. The frequent and in-depth interactive exchanges have gradually strengthened the public's awareness on environmental protection. The Company is people-oriented and prioritises the health and safety of employees above other factors, providing physical and occupational health checkups for all employees every year, and works towards the physical well-being of its employees.

2019年，更是浙能锦江环境受到认可的一年。8月，公司被新加坡交易所评为三大表现最佳公用事业股票。在浙能集团入主浙能锦江环境作为最大控股股东后，评级公司对这一举动给予的坚定信心与认可：标普全球评级将公司的评级展望从负面调整为正面（后期调整为稳定），穆迪投资者服务公司也将公司评级展望由负面提升至稳定（后期被列入观察名单）。

### 社会责任

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

2019年，公司累计处理了976万吨生活垃圾，产生近27.51亿千瓦时的绿色电力，可满足203万户居民的生活用电需求，经折算公司在2019年共减少标准煤约148万吨，减少二氧化碳排放346万吨，至少为地球节约了近3.2万亩土地。浙能锦江环境在积极继续输出技术和管理，积极推动中国垃圾发电产业进步的同时，参与各项社会公益事业，为中国环境保护领域做出应有的贡献。

2019年公司所属企业为政府官员、投资者、学生及其他群众安排项目实地考察超10000人次，通过高频深入的互动交流，逐步强化大众的环保意识；公司坚持以人为本，将员工的健康与安全放于首位，每年都为所有员工提供身体及职业健康检查，全力保障员工的身体健康。

## FUTURE PROSPECTS

### CREATING “NEW DYNAMICS” TO RELEASE NEW GROWTH DRIVERS; EMBARK ON A “NEW JOURNEY” TO SPARK NEW VITALITY !

In 2020, Zheneng Jinjiang Environment will continue to adhere to a sustainable growth strategy and strive to build a scientific management system. Through learning from Zheneng Group's three-tier management system of “refinement, standardisation and normalisation”, the Company will effectively improve management levels and further create a development system that is trusted by the society, government, shareholders, and employees; it will make every effort to win the battle in key areas of safety and environmental protection, engineering construction, and overseas projects; combine party building work with cultural construction, upholding integrity, talent training, and corporate brand building, focus on cultivating key youths, enhance employees' level of ideology and sense of responsibility, and enhance the Company's cohesion. We will continue to leverage on China's “The Belt and Road” strategy to introduce and incorporate foreign advanced technology, experience, and management systems, adhere to the strategy of serving China and venturing abroad, persist in independent technology research and development, and comply with the development trends of the WTE market. We will create “New Dynamics”, embark on a “New Journey”, and forge ahead towards our established goal and create a better future!

## HEARTFELT THANKS AND WELL WISHES

On behalf of the Board of Zheneng Jinjiang Environment, I would like to thank all shareholders and business partners for their strong support, as well as the management and staff for their efforts in 2019. I wish for a more beautiful and natural environment for cities around the world!

## 未来展望

开创“新聚变”，释放新动能；开启“新征程”，激发新活力！

浙能锦江环境在2020年将继续坚持可持续发展的增长策略，全力打造科学管理体系，通过借鉴浙能集团“精细化、标准化、规范化”的三化管理体系，有效提升管理水平，进一步打造让社会、让政府、让股东、让员工信任的发展体系；将全力打好安全环保、工程建设、海外项目等各关键领域攻坚战；将党建与文化建设、廉政建设、人才培养及企业品牌塑造相结合，着力培养骨干青年，增强员工思想水平和责任意识，提升公司凝聚力。将继续借助中国“一带一路”战略，持续引进消化国外先进技术、经验、管理体制，坚持服务中国和走出去战略，坚持自主研发，顺应垃圾焚烧发电市场发展大势，开创“新聚变”，开启“新征程”，朝着既定目标奋勇向前，开创更好的未来！

## 衷心感谢和良好祝愿

本人谨代表浙能锦江环境董事会，感谢各位股东、商业伙伴的鼎力支持，也感谢各管理层及员工于2019年付出的努力！祝愿世界各地城市更美好，环境更自然！



## A JOURNEY THROUGH CHANGES

For many years, Zheneng Jinjiang Environment Holding Company has exhibited its abilities to adapt to changes and to continuously improve itself. Adeptness is critically required in a business world that is constantly moving at a fast pace. With the current complex domestic and global economic situation, we will remain focused on executing our plans and upgrading our projects. We will further fine-tune our technical expertise to drive stronger growth, and create even greater value for our customers and shareholders. We will also give importance to establishing safeguards and precautionary measures with respect to the ongoing pandemic. Our commitment to operating responsibly will persist to achieve sustainable value and yield an outstanding regulatory and environmental performance amidst the setbacks.



# OPERATIONS AND FINANCIAL REVIEW

## 经营和财务回顾

### OVERVIEW OF THE COMPANY'S MAIN BUSINESS

Zheneng Jinjiang Environment Holding Company Limited (hereinafter referred to as “**Zheneng Jinjiang Environment**” or the “**Company**”) is a pioneer and leader in the waste-to-energy (“**WTE**”) industry in China. At present, Zheneng Jinjiang Environment's business mainly comprises the WTE business, including planning, development, construction and operations management, technical consultancy projects and Energy Management Contracting (“**EMC**”) services.

In 2019, the supportive national policy of encouraging the development of the WTE industry has remained fundamentally stable. The Company has seized this opportunity, relying on its extensive and advanced technological expertise to consolidate a firm foothold in domestic and overseas markets and create high-equality demonstration projects, while continuing to promote the established strategic objectives of technological upgrading and transformation.

The WTE business involves the construction and operation of waste incineration power plants for the treatment of municipal solid waste, which typically enter into long-term concession agreements with the local government and sell electricity and steam generated in the WTE process. As at 31 December 2019, the Company operates 21 WTE facilities and four waste recycling projects in 13 provinces, autonomous regions and centrally-administered municipalities in China with a total waste treatment capacity of 30,380 tons/day and electricity generation capacity of 632 MW.

As a beneficial complement to the WTE business, the EMC business can bring about synergy in business and operations, and has a relatively high profitability, helping the Company achieve business diversification. In addition, the Company's wholly-owned subsidiary Hangzhou Zhenghui Construction Engineering Co., Ltd. (“Hangzhou Zhenghui”) and its engineering and management teams mainly undertake the design, consulting, engineering, procurement and construction (“**EPC**”) of domestic and foreign projects, construction and other engineering business, which can consolidate the Company's ability to maintain its existing capabilities and secure new service contracts in this field. This further improves the standards of technical equipment in WTE systems, and significantly enhances revenue. As at end of 2019, the Company had implemented 254 business contracts, including 43 EMC contracts and 173 technical and management consulting service contracts. Other than the 12 EMC projects under construction and 13 technical consulting services contracts and design service contracts under implementation which has yet to generate profit, other projects have reaped the results of energy conservation or consulting services.

### 公司主要业务概述

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

2019年，国家鼓励垃圾焚烧发电产业发展的政策基本面依然稳定。公司把握机遇，凭借丰富、先进的技术经验，在持续推进技术升级改造既定战略目标的同时，稳健布局海内外市场，打造各地精品示范工程。

垃圾焚烧发电业务涉及处理城市生活垃圾的垃圾焚烧发电厂的建设和运营，通常与当地政府订立长期特许经营协议及出售垃圾焚烧发电过程中产生的电能和蒸汽。截至2019年12月31日，公司在中国13个省、自治区和直辖市已运行了21个垃圾焚烧发电项目，4个垃圾资源化项目，垃圾处理能力累计30,380吨/日，装机容量达632MW。

合同能源管理业务作为垃圾焚烧发电业务的有益补充，能够带来业务和运营的协同效应，同时具有较高的盈利能力，有助于公司实现业务多元化。此外公司旗下杭州正晖建设工程有限公司及其工程和管理团队，主要承接境内外设计、咨询、工程总承包（“**EPC**”）、建设施工等工程业务，能巩固公司在此领域确保现有和获得新服务合同的能力，进一步提升垃圾焚烧系统技术装备水平，并带来较大的收入提升。截至2019年底，公司累计实施254个业务合同，其中合同能源管理项目43个，项目技术和管理咨询服务项目173个。除正在建设的12个EMC项目与实施中尚未产生收益的13个技术咨询服务和设计服务项目外，其它项目均已享受节能收益或咨询服务带来的收益。

# OPERATIONS AND FINANCIAL REVIEW

## 经营和财务回顾

### OPERATION AND BUSINESS REVIEW

#### AIM AT THE FOREFRONT OF THE INDUSTRY AND EMBRACE OPPORTUNITIES TO PROMOTE THE HIGH-QUALITY DEVELOPMENT OF DOMESTIC BUSINESS

In 2019, following the completion of the sale by Jinjiang Green Energy Co., Ltd. (formerly known as China Green Energy Co., Ltd.) of 430 million ordinary shares in Zheneng Jinjiang Environment to a wholly-owned subsidiary of Zhejiang Energy International Co., Ltd., Zheneng Group is now the largest controlling shareholder of Zheneng Jinjiang Environment. As one of the largest state-owned enterprises in Zhejiang Province, Zheneng Group has huge capabilities across the entire energy production value chain. Its resources in related fields, strong financial strength, as well as a good credit profile, will help enhance the credit strength and capital stability of Zheneng Jinjiang Environment, optimizing its corporate financing and future development. Zheneng Group's "refinement, standardisation and normalisation" management model, as well as its track record and developing mode of management, will help Zheneng Jinjiang Environment in its high quality development.

2020 is the year when China will build a well-off society in an all-round way and realise the "13th Five-Year Plan". It will also be the year of decisive victory in the battle against pollution. In recent years, the direction of environmental protection and pollution prevention has not changed, and the intensity has not been reduced. The blue sky, clear water and pure land defense battles will continue to be implemented, and the domestic WTE industry will continue to develop rapidly.

In 2019, the Company treated a total of 9.76 million tons of domestic waste, generating nearly 2.751 billion kilowatt-hours of green power to meet the needs of 2.03 million households. At the same time, while converting waste into green energy, the Company actively responds to the national energy-saving and emission reduction mechanism, promoting social sustainability and development. In 2019, the Company managed to reduce coal usage by 1.48 million tons of standard coal, reduced carbon dioxide emissions by 3.46 million tons and conserved approximately 32,000 mu of land.

### 经营及业务回顾

瞄准产业前沿拥抱机遇，推动国内业务高质量发展

在2019年度，随着锦江绿能有限公司（原名中国绿能有限公司）完成与浙江能源国际有限公司全资子公司的交易，出售其持有的4.3亿股普通股，浙能集团成为浙能锦江环境最大控股股东。浙能集团是浙江省规模最大的国有企业之一，在整个能源生产价值链上拥有巨大的能力，其在相关领域的资源以及强大的财务实力，以及良好的信用状况将有助于增强浙能锦江环境的信用水平以及资金的稳定性，优化公司融资及未来发展；其“精细化、标准化、规范化”的管理模式，以及发展中的良好经验与管理模式，将助力浙能锦江环境的高质量发展。

2020年是中国全面建成小康社会和实现“十三五”规划的收官之年，也是污染防治攻坚战的决定性之年。近年来，环境保护、污染防治的方向不变，力度不减，蓝天、碧水、净土保卫战将继续实施，生活垃圾焚烧发电行业仍将快速发展。

2019年公司累计处理了976万吨生活垃圾，产生近27.51亿千瓦时的绿色电力，可满足203万户居民的生活用电需求。公司在将垃圾转化为绿色能源的同时，积极响应国家节能减排机制，促进社会可持续发展，经折算2019年共减少标准煤约148万吨，减少二氧化碳排放346万吨，至少为地球节约了近3.2万亩土地。



In May 2019, the second phase expansion project of Wenling WTE Plant in Zhejiang Province was put into operation, adding a new moving grate furnace with 750 t/d designed waste treatment capacity and a 30MW generator set, and the waste treatment capacity increased by 800 tons/day. In June 2019, Tangshan WTE Project in Hebei Province was successfully connected to the grid on the first attempt, increasing the waste treatment capacity by 500 tons/day. As Zheneng Jinjiang Environment's first totally new grate furnace power plant put into operation, it reflects the Company's technical expertise in different fields, as well as the Company's exploration and progress in technical expertise. In addition, Zhuji Bafang WTE Plant in Zhejiang Province completed the furnace type technical transformation project in March 2019, and the waste treatment capacity remains unchanged. During the year under review, the Company has increased by 1300 t/d in terms of waste treatment capacity and 39MW installed electricity generation capacity in China.

Zheneng Jinjiang Environment continues to promote the established strategic goals of capacity expansion and transformation. During the year under review, the expansion and upgrading works carried out at eight WTE facilities which have been in operation for relatively longer periods of time and have experienced large increase in volumes of waste, have progressed smoothly and have started to bear fruit. During the year, the Group has completed the upgrading works for seven out of its eight WTE facilities. For the remaining Lianyungang Sunrise WTE Facility, the upgrading of the existing third boiler has been completed. In order to ensure that the demand for heating is met, a new fourth boiler will be first constructed (to be operational by the end of 2020) before the upgrading of the existing two boilers under the Upgrading Project, which will be carried out depending on the rate of growth of the volume of municipal solid waste in Lianyungang. Currently, the upgraded boilers that has been put into operation has resulted in a marked increase in waste treatment capacity and higher boiler operation efficiency. The negative impact of upgrading project on the financial performance is significantly reduced.

2019年5月，浙江省温岭垃圾发电厂二期扩建项目投产，新增一台750吨/日炉排炉和一台30MW的发电机组，垃圾处理能力新增800吨/日。2019年6月，河北省唐山垃圾发电项目并网发电一次成功，垃圾处理能力新增500吨/日，其作为浙能锦江环境旗下第一家投产的全新炉排炉电厂，既体现了公司在不同流派技术上的包容，也体现了公司在技术上的探索与进取。另外，浙江省诸暨八方电厂于2019年3月完成炉型技改项目，垃圾处理能力不变。于回顾年度内，公司在中国国内新增垃圾处理能力1300吨/日，增加发电容量39MW。

浙能锦江环境持续推进增容改造的既定战略目标，于回顾期内对投运时间较长、垃圾增量较多的8家运营电厂的增容改造工作进展顺利，初见成效：回顾年内，7家电厂增容改造任务全部完成，剩余1家电厂即江苏省连云港电厂已完成一台炉的增容改造，为保证园区的供热需求和生产稳定性，集团决策对连云港电厂调整为先扩建一台锅炉，视连云港城市生活垃圾的增长情况再实施1#和2#锅炉的增容改造，扩建锅炉预计2020年底建成投产。目前，已投入运营的机组的产能和效率已显现出来，增容改造项目对公司财务表现的负面影响明显减弱。



# OPERATIONS AND FINANCIAL REVIEW

## 经营和财务回顾

As at 31 December 2019, the Company has six projects under construction which are each progressing steadily: The construction of the second phase of Linzi WTE Plant in Zibo City, Shandong Province, with a designed waste treatment capacity of 2,000 tons/day; the Shijiazhuang Jiasheng WTE Facility employing biomass incineration technology and covering Wuji County, Gaoxin District, Zhengding County, Zhengding New District, Chemical Park District and other areas, which has a designed waste treatment capacity of 2,400 tons/day and was rated as an advanced project unit construction in 2018 by the Wuji County Government, Shijiazhuang City; the Kunming Wuhua Relocation Project in Yunnan Province (which involves the relocation of the Kunming Jinjiang WTE Facility) which has a designed waste treatment capacity of 2,250 tons/day, which far exceeds the original capacity of 1,200 tons/day of the Kunming Jinjiang WTE Facility; Wenling comprehensive organic waste treatment project in Wenling, Zhejiang Province, with a waste treatment capacity of 220 tons /day, which includes 150 tons of kitchen waste, 20 tons of gutter oil and 50 tons of faeces, establishing Zheneng Jinjiang Environment's zero-emissions venous industrial park; as well as the Baishan Municipal Solid Waste Incineration Project in Jilin Province and Leping County Solid Waste Comprehensive Treatment Plant Domestic Waste Incineration and Power Generation Project in Hebei Province, which both adopt grate furnace technology and have a designed waste treatment capacity of 600 tons / day and 500 tons / day respectively. In summary, the six projects will be put into operation progressively in 2020 and 2021, increasing the waste treatment capacity by 7,970 tons / day and the installed electricity generation capacity by 194MW upon completion.

The Company continuously promotes the high-quality development of domestic projects, adding four new reconstruction and expansion projects in the year under review. Among them, the expansion projects, namely Hohhot WTE Facility in Inner Mongolia and the Xishan WTE Facility in Kunming, Yunnan Province, will increase waste treatment capacity by 750 tons/day respectively upon completion; while projects at the Wuhu Jinjiang WTE Facility in Anhui Province and Wuhan Jinjiang WTE Facility in Wuhan City, Hubei Province will involve the reconstruction of the original three furnaces, to promote high-quality development of the projects. In addition, the phase two project at Tangshan Jiasheng WTE Facility in Hebei Province is also under preparation. As of 31 December 2019, the Company had a total of 17 domestic WTE projects in the preparatory phase. Upon completion of all WTE projects, the waste treatment capacity is expected to increase by 14,300 tons/day, while the installed electricity generation capacity is expected to increase by 279MW.

截至2019年12月31日，公司在中国国内有6个在建项目稳步推进中：山东省淄博市临淄电厂第二条线顺利建设中，设计垃圾处理能力达2,000吨/日；河北省石家庄生物质发电项目，覆盖无极县、高新区、正定县、正安新区、化工园区等地区，被石家庄市政府评为2018年度项目建设先进单位，垃圾处理能力可达2,400吨/日；云南省昆明五华异地重建项目（云南昆明五华电厂迁建）总设计垃圾处理能力2,250吨/日，远超过原云南昆明五华电厂1,200吨/日的处理能力；浙江省温岭有机废弃物综合处置项目，垃圾处理能力达220吨/日，包括150吨餐厨垃圾、20吨地沟油及50吨粪便，浙能锦江环境生态静脉产业园模式将由此开启新的征程；吉林省白山市生活垃圾焚烧处理项目、河北省乐亭县固废综合处理厂生活垃圾焚烧发电项目也在抓紧建设中，设计处理能力分别达600吨/日、500吨/日，工艺均采用炉排炉。综上6个项目将陆续于2020年、2021年投产运行，届时将新增垃圾处理能力7,970吨/日及装机容量194MW。

公司不断推动国内项目高质量发展，于回顾年内新增4个改扩建项目。其中内蒙古呼市垃圾发电厂和云南省昆明市西山垃圾发电厂为扩建，扩建完成后将分别新增垃圾处理能力750吨/日；安徽省芜湖垃圾发电厂和湖北省武汉市武昌垃圾发电厂将对原有三台炉进行改建，推动项目高质量发展。此外，河北省唐山二期项目亦在筹备中。截至2019年12月31日，公司在国内筹建项目总数达17个，待所有国内筹建垃圾发电项目建成后，预计将新增14,300吨/日的垃圾处理能力及279MW的装机容量。

At the same time, the Company accelerated the pace of technological upgrading through adopting advanced “pre-treatment” technology from Europe with modifications based on independent research and development, thereby converting waste into high-quality solid recycled fuel (SRF), and recycling metals, glass and other resources. At the same time, the Company has improved the operational efficiency of WTE facilities, reduced emissions, and truly achieved waste reduction, resource utilisation and harmless treatment. By focusing on the solid waste treatment market of small and medium-sized cities and towns, the existing enterprises are used as radiation points to extend to the surrounding areas and lay out potential markets. At present, there are four operational waste resource recycling projects in Jiangsu, Heilongjiang and Shandong provinces, and six waste resource recycling projects under construction or under preparation in Hebei, Hubei and Jilin provinces. Upon completion of all projects, the resource recycling capacity will increase by 3,000 tons/day.

The EMC business is a beneficial complement to the WTE business. The EMC business is mainly managed by Hangzhou Kesheng Energy Technology Co., Ltd. (“Hangzhou Kesheng”), a subsidiary of Zheneng Jinjiang Environment. Hangzhou Kesheng focuses on investment in technological research and development, scientific innovation, and integrates the highest-end technical resources in the industry. Hangzhou Kesheng is affirmed and recognised by government departments, and has been officially recognised as a national high-tech enterprise.

In terms of project technology and management services, this business segment (including equipment selection and sales business) has increased significantly since the acquisition of Hangzhou Zhenghui. During the year under review, Zheneng Jinjiang Environment carried out construction and engineering line training courses to consolidate the Company's construction and engineering management, strengthen theoretical learning, learn from the hands-on experience from the outstanding management, thereby enhancing the ability of engineering construction and management teams.

In 2019, the Company obtained a total of 15 patents, including three invention patents and 12 utility model patents. Furthermore, Zheneng Jinjiang Environment plays an active role in formulating national and industry standards to facilitate the sustainable development of the WTE industry. Zheneng Jinjiang Environment works together with government agencies, research institutions and universities to develop various industrial standards and conduct technical research. During the year under review, the Company and its employees participated to complete and publish three national standards, two industrial standards, two enterprise standards, and three journal papers in well-recognised industry publications.

同时，公司加快技术升级步伐，引进欧洲先进“预处理”技术结合自主研发，将垃圾转化为高质量的SRF，回收金属、玻璃等资源，提高垃圾发电设施运营效率，减少排放，真正实现垃圾的减量化、资源化、无害化。围绕中小城镇的固废处理市场，以现有企业为辐射点，向周边区域延伸，布局潜在市场。目前于黑龙江省、山东省、河北省拥有4个已投运的垃圾资源化项目；在河北省、湖北省、吉林省拥有6个在建或筹建的垃圾资源化项目。待所有项目完成后，垃圾资源化项目为公司带来的新增处理量将达3,000吨/日。

合同能源管理业务是垃圾焚烧发电业务的有益补充。该业务主要由浙能锦江环境旗下杭州科晟能源技术有限公司（“杭州科晟”）负责，杭州科晟注重技术研发投入，重视科技创新，整合行内最高端技术资源，凭借先进技术、较强的技术研发力量和市场优势，获得政府部门的肯定与认可，已正式迈入国家高新技术企业行列。

项目技术与管理服务方面，自收购杭州正晖建设后，项目技术服务与管理服务业务（包括设备选型与销售业务）有较大增加。为统一工程建设管理思路，加强理论学习，借鉴优秀工程建设管理实践经验，在回顾年内，浙能锦江环境特开展工程建设条线专项培训，提升了工程建设与管理团队能力。

2019年，公司取得专利共15项，包括3项发明专利及12项实用新型专利。且浙能锦江环境一直以来积极参与国家及行业的标准的编制，与政府机构、研究机构和大学一起参与制定各种行业标准和技术论文，推动垃圾焚烧发电行业的可持续发展。回顾年内，公司及其员工参与完成并出版3项国家标准、2项行业标准，完成2项企业标准，发表3篇核心期刊论文。



## OPERATIONS AND FINANCIAL REVIEW

### 经营和财务回顾



The Company's contribution to industry development and environmental protection is also widely recognised by all parties. Four of its environmental protection projects were supported by RMB230 million from the State central budget, one environmental protection project received RMB10 million in special subsidies from Zhejiang provincial housing and urban construction, and one environmental protection project received a subsidy of RMB5.154 million for technical transformation. In addition, the Company was rated top three best performing utility stocks by the Singapore Exchange in August. At the same time, the Company has been fully recognised by the WTE industry and won various awards: in 2019, it maintained its title of "Top Ten Influential Enterprises in China's Solid Waste Industry" and was awarded "Leading Enterprise in China's Strategic Emerging Environmental Protection Industry in 2019" and "Top 10 WTE companies in 2019"; the Company's article on its milestones and progress – "Beautiful China, Jinjiang Power" won the Best Article award by the China Environment Chamber of Commerce; the Company participated in the 2019 China International Circular Economy Exhibition and won the Excellent Booth Award; the Company's Wuhu Jinjiang WTE Facility in Anhui Province received the Wuhu Industrial Enterprise Technology Reform Investment Comprehensive Award; and the Xishan WTE Facility and Kunming Jinjiang WTE Facility, both located in Kunming, Yunnan Province, the Hankou WTE Facility and Wuchang WTE Facility, both in Hubei Province, won the title of "National High-tech Enterprise" respectively.

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4个环保项目于年内获约2.3亿元中国国家中央预算内资金支持，1个环保项目于年内获浙江省级住房与城市建设专项资金1000万元人民币，1个环保项目于年内获得技术改造补助515.4万元。8月，公司被新加坡交易所评为三大表现最佳公用事业股票。同时，公司也获得行业内充分认可，获评各项殊荣：2019年继续蝉联“固废行业十大影响力企业”称号，获评2019年度中国战略性新兴产业环保产业“领军企业”，2019垃圾焚烧发电十强企业；介绍公司历程文章——《美丽中国 锦江力量》勇夺全国工商联环境商会年度最佳文章奖；参加2019年中国国际循环经济展览会，展位摘得优秀展位奖；旗下安徽省芜湖垃圾发电厂荣获芜湖市工业企业技术改造投资综合奖；云南省昆明市西山、五华垃圾发电厂、湖北省武汉市武昌和汉口垃圾发电厂被评为“国家高新技术企业”。



In 2019, the Ministry of Environmental Protection and the Ministry of Housing and Urban-Rural Development announced the second and third batch of environmental protection facility open to public list. Jilin Xinxiang WTE Facility in Changchun, Jilin Province, Kunming Jinjiang WTE Facility in Yunnan Province, Xishan WTE Facility in Yunnan Province, Hohhot WTE Facility in Inner Mongolia, Linzi WTE Facility in Zibo City, Shandong Province, and Yinchuan Zhongke WTE Facility in Ningxia Hui Autonomous Region of Zheneng Jinjiang Environment, were designated as the second and third batch of environmental protection facilities opened to public in China. At present, the Company has increased the number of environmental protection facilities opened to public to eight. The opening of environmental protection facilities to the public not only guarantees the public's right to know, to participate in and to supervise the environment, but also facilitates the publicity and education of the ecological environment and the awareness of the whole society on ecological and environmental protection.

### TO BUILD HIGH-STANDARD OVERSEAS BENCHMARK PROJECTS AND SHARE EXPERIENCE AT INTERNATIONAL CONFERENCES

2019 marks the sixth year since the "The Belt and Road" initiative was proposed in 2013, and the third year in Zheneng Jinjiang Environment's "Going Globally" process. From its successful listing on the Mainboard of the Singapore Exchange, to the expansion into Southeast Asia, South Asia, South America and other regions, Zheneng Jinjiang Environment has steadily advanced in its internationalisation process, so as to realise its long-term goal of becoming an internationally recognised, world-renowned solid waste management company.

In terms of its business model, Zheneng Jinjiang Environment is committed to building an eco-industrial park that realises the exchange of resources, wastes, energy and information among enterprises, and achieves near-zero emissions. Meanwhile, the integrated management of the environmental protection industry can ensure the balance of energy, resources and ecology in the integrated management process. Backed by its over 20 years of technology and experience, Zheneng Jinjiang Environment works together with its local management team abroad for its existing overseas projects, increasing its efforts and strives to build benchmarks and demonstration projects overseas.



2019年，国家生态环境部住房和城乡建设部公布了第二、三批环境设施公众开放单位名录，浙能锦江环境的吉林省长春垃圾发电厂、云南省昆明市五华垃圾发电厂、云南省昆明市西山垃圾发电厂、内蒙古呼和浩特垃圾发电厂、山东省淄博市临淄垃圾发电厂、宁夏银川垃圾发电厂被列入全国第二、三批中国环保设施公众开放单位。目前，公司旗下列入国家向公众开放单位名录的企业已增至8家。环保相关设施向公众开放，在保障了公众环境知情权、参与权、监督权的同时，有利于开展生态环境宣传教育、提高全社会生态环保意识。

### 高标准打造海外标杆项目，亮相国际会议分享经验

从2013年“一带一路”倡议被提出，2019年是第六个年头，这一年也是浙能锦江环境“走出去”的第三年。从在新加坡证券交易所主板成功挂牌上市，到布局东南亚、南亚、南美等地区，浙能锦江环境正稳步推进国际化进程，以实现成为国际公认的全球著名固体废弃物管理公司这一长期目标。

在商业模式上，浙能锦江环境致力于打造在各企业之间实现资源、废物、能量和信息的交换，达到近零排放的生态产业园。而环保产业的集成化管理，能够让能源、资源、生态在集成化管理中得以平衡兼顾。在已有的海外项目中，公司正运用二十多年来的技术与经验，结合国外本土的管理人才团队，加大工作力度，力争在海外打造标杆、示范项目。

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Among the Company's five overseas projects, waste collection and transportation operations in Gurgaon, Lucknow and Gwalior in India have commenced, while the Gurgaon WTE project in India is under construction. Preparatory work has commenced in the pre-construction phase for the WTE projects in Lucknow, Gwalior, Indonesia, and Brazil. After the completion and commissioning of the overseas projects, this will add an additional waste treatment capacity of 5,096 tons day and electricity generation capacity of 100 MW.

As an active trailblazer of China's "The Belt and Road" initiative and an overseas pioneer in the WTE industry, the Company was invited to participate in major international conferences and share experience in overseas cooperation and development during the year under review. In March 2019, Zheneng Jinjiang Environment attended the investor presentation on the "Belt and Road Initiative and New Opportunities for Sino-Singapore Projects" jointly organised by the Singapore Stock Exchange and Shanghai Pudong Development Bank as a Singapore-listed company to share its listing experience and overseas expansion. In April 2019, the Company was invited to make a presentation at the Deloitte Asia Pacific Energy, Resources and Industrial Industry Seminar; In September 2019, Zheneng Jinjiang Environment attended the 6th India-China Strategic Economic Dialogue organised by the National Development and Reform Commission of the People's Republic of China (NDRC) and National Institution for Transforming India, as a representative of China's energy conservation and environmental protection enterprises, promoting Sino-Indian exchanges and cooperation.

### OPTIMISE THE CAPITAL STRUCTURE AND OPEN UP A NEW SITUATION OF COOPERATION AND WIN-WIN SITUATION

In 2019, Zheneng Group became the largest controlling shareholder of Zheneng Jinjiang Environment. As one of the largest state-owned enterprises in Zhejiang Province, Zheneng Group has huge capabilities across the entire energy production value chain. Its resources in related fields and strong financial strength will optimise the environmental financing and future development of Zheneng Jinjiang Environment.

在公司的5个海外项目中，印度古尔冈、勒克瑙和瓜廖尔的垃圾收运项目已投入正常运营，印度古尔冈垃圾发电项目正在建设中，印度勒克瑙、瓜廖尔，印尼、巴西等垃圾发电项目也正在积极进行开工前期的各项准备工作，各海外项目建成投产后将新增垃圾处理能力5,096吨/日及装机容量100MW。

作为中国“一带一路”倡议的积极践行者、垃圾发电行业的境外开拓者，于回顾年内，公司受邀参加各大国际会议，分享海外合作发展经验。2019年3月，浙能锦江环境作为新加坡上市公司代表出席参与新加坡交易所与浦发银行共同举办的“一带一路与新加坡 中新项目新机遇”投资人推介会，分享上市及海外拓展经验；2019年4月，公司受邀在德勤亚太区能源、资源及工业行业研讨会上展示交流；2019年9月，在中国国家发展和改革委员会和印度国家转型委员会共同举办的第六次中印战略经济对话上，公司代表中国节能环保方面的企业，受邀发表讲话，推动中印交流与合作。

### 优化资本结构，开合作共赢新局面

2019年，浙能集团入股成为浙能锦江环境最大控股股东。作为浙江省规模最大的国有企业之一，浙能集团在整个能源生产价值链上拥有巨大的能力，其在相关领域的资源以及强大的财务实力将优化浙能锦江环境融资及未来发展。





With Zheneng Group as the Company's largest controlling shareholder, S&P Global Ratings upgraded the Company's ratings outlook from negative to positive (later adjusted to stable), and Moody's Investor Services upgraded the Company's ratings outlook from negative to stable (later revised to review under downgrade), reflecting rating firms' confidence and recognition of the Zheneng Jinjiang Environment's solid market position in China, its geographically diversified WTE assets, its highly visible cash flow for its domestic business model, and current waste supportive policies for the WTE industry.

In 2019, the Company disposed of its indirect interest in Shijiazhuang Deying Renewable Resources Recycling Co., Ltd. ("Shijiazhuang Deying"), which had remained dormant since its incorporation and had yet to secure any concessions. Shijiazhuang Deying has ceased to be an associated company of the Company. During the year, the Company acquired a 100% equity interest in the Leting Project in Tangshan City, Hebei Province from its non-wholly owned subsidiary, Tangshan Jinhuan New Energy Co., Ltd., thereby increasing its ownership of the Leting Project from 70% to 100%, and also acquired a 20% stake in a resource recycling project in Gaobeidian City, Baoding, Hebei Province (the "Gaobeidian Project") from its local partner Shijiazhuang Jinhua Environmental Protection Technology Co., Ltd. thereby increasing its stake in the Gaobeidian Project from 80% to 100%.

## CONCENTRATE ON STRONG MANAGEMENT, PURSUE QUALITY DEVELOPMENT

On 13 December 2019, Zheneng Jinjiang Environment, together with 12 other domestic WTE enterprises with strong technical and high environmental management standards, participated in the inaugural "I Am a Law-abiding Environmentalist" activity sponsored by the China Association of Environmental Protection Industry (CAEPI). Zhai Qing, Vice Minister of the Ministry of Ecology and Environment of the People's Republic of China, and other leaders attended the event. Zheneng Jinjiang Environment made a speech representing the WTE companies, expressing its determination to promote the green and healthy development of the WTE industry. Chairman Mr. Wei Dongliang made a solemn commitment on behalf of the Company, stating that "I am a law-abiding environmentalist. I welcome any supervision on me by anyone at any time."

随着浙能集团的入股成为公司最大控股股东后，标普全球评级将公司的评级展望从负面调整为正面（后期调整为稳定），穆迪投资者服务公司将公司评级展望由负面提升至稳定（后期列入观察名单），反映出评级公司对这一举动给予的坚定信心与认可，及公司在中国境内稳固的市场地位、地域覆盖多元化的垃圾发电资产，其具高度可见性的国内业务模式现金流，以及当前垃圾发电行业的支持性政策。

2019年，由于联营公司石家庄得盈再生资源回收有限公司自成立后未取得任何特许权且无经营活动，公司处置了在该公司的间接权益，此后石家庄得盈再生资源回收有限公司不再是公司的联营公司。回顾年内，公司从非全资子公司唐山市锦环新能源有限公司处收购其持有的河北省唐山市乐亭项目100%股权，对乐亭项目的持有股权从70%增加到100%。公司从当地合作伙伴石家庄锦华环保科技有限公司处收购其持有的河北省保定市高碑店市生活垃圾资源化处理项目20%股权，自此公司对高碑店项目持有股权从80%增加至100%。

## 凝心聚力强经营，追求有质量的发展

2019年12月13日，浙能锦江环境与其他12家国内技术水平较强、环境管理水平较高的垃圾焚烧发电企业一同参与了由中国环境保护产业协会主办的“我是环境守法者”首批承诺发布活动。中国生态环境部副部长翟青等领导出席活动，浙能锦江环境作为垃圾发电企业代表进行发言，表达推动行业绿色健康发展的决心。董事长韦东良代表公司作“我是环境守法者，欢迎任何人员、任何时候对我进行监督”的郑重承诺。

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Zheneng Jinjiang Environment places great importance to the legal compliance of environment, and a special meeting was held immediately after the event, emphasizing the importance of enterprise safety and environmental protection management, and promoting the new regulations for online monitoring of flue gas. The WTE facilities of the Company are required to prioritise and understand the new regulations and criteria, provide good training, not to take chances or break the law, to give their very best and strengthen basic management, and stabilise emissions to meet standards. Every operating WTE facility should pledge to strive its best in the implementation and learning of the new regulations, to open their doors to welcome visits, supervision, and environmental education.

2019 is the 70th anniversary of the founding of the People's Republic of China. Zheneng Jinjiang Environment organised a series of celebrations in the third and fourth quarters. The Company's headquarters, operating power plants, WTE facilities and Young Eagle Phase 5 students held activities in 13 provinces, municipalities and autonomous regions through different forms and activities such as singing patriotic songs, walking for environmental protection, quality development and knowledge competition, etc. At the same time, the team also strengthened its cohesion, enhancing the cooperation between employees. The development of the Zheneng Jinjiang Environment conforms to industry, national and world trends. Moving forward, the Company will strive to hold on to its original intentions – to be a leader in the WTE industry in China and even the world, and create a benchmark project in each location.



浙能锦江环境高度重视环境守法，在活动后立即召开专项会议，强调企业安全环保管理的重要性，并对烟气在线监测新规进行宣贯。要求下属运营垃圾发电厂高度重视对新规中标记规则的解读，做好培训工作，千万不要心存侥幸，千万不要以身试法，千万要下足功夫，加强基础管理，稳定达标排放。每一个运营垃圾发电厂都做好新规的宣贯和学习工作，都一一进行宣誓，并都敞开大门欢迎参观、监督、进行环保宣教。

2019年是中华人民共和国成立70周年，浙能锦江环境于第三、四季度组织举办系列庆祝活动。公司本部、各运行电厂、垃圾发电项目以及雏鹰五期学员在13个省市自治区，通过唱红歌、环保毅行、素质拓展、知识竞赛等不同形式举办活动；与此同时，也增强了团队凝聚力，提升了员工之间的合作默契。浙能锦江环境的发展顺应产业趋势、国家趋势、世界趋势，在未来更将不忘初心，在中国乃至世界做好垃圾发电产业引领者，打造所在地的标杆项目。

During the period under review, six of the Company's WTE facilities were newly designated as environmental protection facility open to public in China, and by now the Company owns 8 environmental protection facilities open to public. At the same time, all WTE Facilities actively open to public for the public's supervision and strive to environmental protection propaganda and education. In 2019, Zheneng Jinjiang Environment's facilities were visited by more than 10,000 individuals, including governmental officials, students, surrounding residents, media, enterprises and institutions. Jilin Province Changchun TV Station reported on the Jilin Xinxiang WTE Facility during the year, introducing the plant as a designated education base, and affirmed the effect of environmental protection and education. "Jilin Daily" has written several reports on the Jilin Xinxiang WTE Facility, describing how Changchun's dry garbage can be converted into environmentally friendly energy through incineration furnaces through a series of steps such as crushing and sorting. Tianjin Television interviewed the Tianjin Sunrise WTE Facility on the June 5th Environment Day, describing how the WTE Facility embodies "Beautiful China", devoting itself to environmental protection while transforming waste into energy. Other WTE enterprises of the Company also pay great importance to the communication with the media and the public and their publicity and education activities are positively reported by certain media in certain cities.

## MAJOR ECONOMIC INDICATORS AND FINANCIAL SUMMARY

In 2019, the Company continued to deepen its WTE business and steadily promoted its technological upgrading. The Company's waste treatment capacity and power generation capacity continued to grow steadily, with the completion of the expansion and upgrading of seven out of eight WTE facilities put into operation, and commencement of operation for some reconstruction and expansion projects. During the period under review, the waste treatment capacity increased by 18.3% to 9.76 million tons, and the power generation capacity increased by 23.5% to 2.751 billion kWh, maintaining an advantageous position in the industry.

In 2019, the Company's operating revenue reached RMB3.878 billion, a year-on-year ("y-o-y") increase of 27.9% compared to the previous corresponding year ("FY2018"). Revenue for the WTE business increased 22.2% y-o-y, achieving RMB2.209 billion, mainly due to the marked increase of the Company's waste treatment capacity and power generation capacity, the continued growth in Zhuji Bafang WTE output capacity, as well as the increase in unit subsidies for some WTE facilities. Revenue from construction services provided under build-operate-transfer ("BOT") concession agreements ("BOT Construction") increased significantly by 109.9% y-o-y to RMB1,354 million. Project technical and management services and EMC business saw a revenue decline as a result of lower profit-sharing ratio in the later stages of EMC contracts, and the y-o-y decrease in the provision of project technical and management services, including equipment selection and sales for Hangzhou Zhenghui, amongst others. The revenue contribution of each segment is as follows: the WTE business (excluding revenue from construction services provided under BOT concession agreements) accounted for 57% of total revenue, BOT Construction accounted for 35% of total revenue, and project technical and management services and the EMC business accounted for 8% of total revenue.

公司旗下垃圾发电厂于回顾期内有6座电厂被新列为中国国家环保设施公众开放单位，至此公司旗下共有8家环保设施公众开放单位；与此同时，所有电厂均主动对外开放接受监督并致力于环保宣教。2019年内，浙能锦江环境共计完成1万余人次的接待，其中包括了政府领导、中小學生、周边居民、新闻媒体、各企事业单位群众等。吉林省长春电视台于年内对浙能锦江环境长春垃圾发电厂进行报道，介绍了电厂环保教育基地，肯定了环保宣教效果。《吉林日报》曾对长春垃圾发电厂进行多次报道，讲述了长春市的干垃圾如何通过破碎、分拣等一系列步骤，进入焚烧炉转化为环保能源。天津电视台曾在六五环境日对天津垃圾发电厂进行采访，描述电厂用实际行动演绎着“美丽中国我是行动者”，在将废弃物转化为能源的同时致力于环保宣教，值得复制推广。公司旗下其他垃圾发电企业也十分注重与媒体和公众的交流，宣教活动在各地各级媒体均有被正面报道。

## 主要经济指标及财务摘要

2019年，公司继续深耕垃圾焚烧发电业务，稳步推进技术升级，随着公司增容改造的8家运营电厂中7家电厂改造已全部完成并投入运营，及部分电厂改扩建项目的投运，公司垃圾处理量以及发电量继续稳步增长，报告期内垃圾处理量增加18.3%至976万吨，发电量增加23.5%至2.751亿千瓦时，在行业中继续保持优势地位。

公司2019年营业收入达到38.78亿元，同比增长27.9%，其中，垃圾焚烧发电业务实现收入22.09亿元，较上年同期增长22.2%，主要受益于公司垃圾处理量、发电量的增加，诸暨八方电厂热电联产产能的持续增长，以及部分电厂垃圾补贴单价的提高等；BOT特许服务及项目建设业务实现收入13.54亿元，因BOT项目建设较上年同期有较大增加，收入较去年同期上升109.9%；另外，因EMC业务根据原合同约定分成比例逐年下降及正晖建设设备选型及采购服务等业务同比均有较大减少，技术管理服务及EMC业务同比减少。各板块营业收入比重为：WTE业务收入占营业收入57%，BOT业务收入占营业收入35%，EMC业务收入占营业收入8%。

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In terms of profit, the total comprehensive income attributable to shareholders in FY2019 was RMB153 million, a y-o-y decrease of 72.9%, mainly due to (1) the decrease in income from technical management services and EMC business other than WTE business, which affected gross profit decreased by RMB138 million year-on-year; (2) Non-recurring gains and losses decreased significantly by RMB280 million year-on-year, mainly including (a) the revenue from closure compensation of affiliated WTE plants decreased by RMB124 million, (b) asset disposal losses caused by asset retirement increased by RMB78.97 million, (c) The different types of impairment provision increased by RMB74.92 million year-on-year; and (3) increased financial expenses.

The Company is investing in a number of new projects and expansion projects in China, and expanding its overseas business to achieve sustainable and long-term business growth. These projects require considerable financial resources. Considering the current macroeconomic uncertainty and global recessionary risks, the Company's primary task is to manage cash flow carefully and responsibly to ensure the fulfilment of its financial commitments. Accordingly, no dividends have been recommended in FY2019.

As at 31 December 2019, the Company's total assets were RMB16.609 billion, net assets stood at RMB5.815 billion, with a net assets per share of RMB3.911, an increase of 2.89% compared with the net assets per share of RMB3.801 at the end of 2018. The Company's asset liability ratio is 65%. The Company strictly controls the amount of liabilities to ensure that the asset-liability ratio and related liability indicators are within reasonable limits.

利润方面，归属于股东的全面收益总额为1.53亿，同比减少72.9%，主要由于（1）除WTE业务外的技术管理服务及EMC业务等收入减少，影响毛利同比减少1.38亿元；（2）非经常性损益同比大幅减少2.80亿元，主要包括（a）下属电厂关停补偿收益同比减少1.24亿元，（b）资产报废引起的资产处置损失同比增加7897万元，（c）计提各类减值准备同比增加7492万元；以及（3）财务费用增加等。

本公司正在中国境内投入多个新项目与改扩建项目，并扩大海外业务，以实现业务的可持续和长期增长，这些项目需要可观的财务资源，同时考虑到目前宏观经济的不确定性和全球经济衰退的风险，公司的首要任务是谨慎和负责任地管理现金流，以确保履行其财务承诺，因此本报告期不建议分红。

截止2019年12月31日，公司总资产为人民币166.09亿元，净资产为人民币58.15亿元，每股净资产3.911元，较2018年底的每股净资产3.801元增加2.89%，公司资产负债率为65%，公司将严格控制负债水平，确保资产负债率以及相关负债指标在合理范围内。

In FY2019, the Company's net cash from operating activities (excluding the BOT business expenditures classified as intangible assets amounting to RMB1.226 billion) was RMB1.2 billion, mainly due to the increase of cash flow caused by the increases in operating income; the net cash outflow in investment activities (including intangible asset expenditure of BOT project) was RMB2.367 billion, mainly used for prepayment for equipment and construction for the Kunming Wuhua construction project, Shijiazhuang Jiasheng and Tangshan Jiasheng WTE Facilities and preparatory and project costs for both local and overseas projects. The net cash from financing activities was RMB747 million, mainly from the increase of project loans.

The Company adopts the principle of prudence in cash and financial management, properly manages risks and reduces capital cost. Operating capital mainly comes from own cash, operating cash flow and loans from financial institutions. Meanwhile, the Company will effectively control capital expenditure and ensure the stable development of environmental protection business. As of 31 December 2019, the Company's cash position remained stable, with a cash balance of RMB442.1 million.

## GOALS AND STRATEGIES

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

## ENVIRONMENTAL AND NATIONAL POLICIES

On 1 January 2019, the "People's Republic of China Soil Pollution Prevention and Control Law" was formally implemented. The Soil Pollution Prevention and Control Law highlights "enhancing environmental quality as the core and implementing the most stringent environmental protection system", taking legislation as a fundamental measure to solve soil pollution problems, based on the reality of China's development stage, focusing on the long-term interests of the country, to ensure that soil pollution prevention and control work can be carried out in an orderly manner.

公司2019年经营活动所得（不含BOT项目的无形资产支出12.26亿元）净现金流入为人民币12.00亿元，主要来自于收益增加引起的现金流增加；投资活动（含BOT项目的无形资产支出12.26亿元）净现金流出为人民币23.67亿元，主要用于电厂提升改造及改扩建、五华迁建、石家庄、唐山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7.47亿，主要来自于项目贷款的增加。

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，运营资金主要来自自有资金、运营现金流及金融机构贷款，同时公司将对资本开支进行有效控制，并确保环保业务的稳定发展。截止2019年12月31日，公司现金状况维持稳健，持有现金结余4.421亿元。

## 目标策略

公司将继续坚持以市场为导向优化战略格局并保持行业领先地位，秉承“心系环保，持之以恒”的企业精神、“让城市更美好，让环境更自然”的愿景，坚持“团结和谐、共发展共成长”的人才战略，进一步提升运营效率，着力降本增效，完善优化运营管理体系，提升产学研技术水平，加快技术成果转化应用，聚势而胜，构筑公司差异化竞争优势，以国内区域布局为核心，稳步开拓国外市场尤其是东南亚发展中国家的市场份额。作为浙能集团唯一的固废平台，成为其发展循环经济的主抓手，并致力于发展为国内一流、国际知名的固体废弃物管理公司。

## 环境及国家政策

2019年1月1日，由生态环境部起草的《中华人民共和国土壤污染防治法》正式实施。土壤污染防治法突出“以提高环境质量为核心，实行最严格的环境保护制度”，将立法作为解决土壤污染问题的根本性措施，立足于中国发展阶段的现实，着眼于国家的长远利益，使土壤污染防治工作有法可依、有序进行。

## OPERATIONS AND FINANCIAL REVIEW

### 经营和财务回顾

On 6 May 2019, the Ministry of Ecology and Environment issued the "Action Plan for Intensified Supervision and Fixed-point Assistance in Key Areas of the Blue Sky Defence War". The plan fully implements the spirit of China's National Conference on Ecological Environmental Protection and the Central Economic Work Conference, focuses on key areas, gives full play to the advantages of the system, and strives to win the Blue Sky Defense Battle. The plan coordinated the strength of the national ecological environment system, further intensified its work, carried out strengthened supervision and targeted assistance to key regional cities, urged the implementation of various tasks and measures for the Blue Sky Defense Battle, and strives to improved air quality.

On 8 May 2019, the Ministry of Ecology and Environment issued the "Guidelines for Compiling the Implementation Plan for the Pilot Construction of 'Wasteless City'" and the "Indicator System for the Construction of 'Wasteless City' (Trial)". Under the overall framework of ecological civilization system reform, green transformation of industrial development, and rural revitalization strategy, the guide connects the improvement of refined comprehensive management of solid waste with refined urban management and structural reforms on the supply side; overall planning of various types of solid waste in various fields. The generation, collection, transportation, utilisation and disposal management requirements have to a certain extent, improved and transformed people's life concepts and business methods to promote the vigorous development of the environmental protection industry.

In June 2019, 9 ministries and commissions including the Ministry of Housing and Urban-Rural Development issued a Notice regarding the comprehensive implementation of domestic waste sorting in prefecture-level cities and above. The notice stipulates that by 2020, 46 key cities will fundamentally complete domestic waste classification and treatment systems; other prefecture-level cities will achieve full coverage of domestic institutions' domestic waste classification, and at least one street will fundamentally complete a domestic waste classification demonstration area. As soon as the Notice is released, waste classification has become a "new fashion" for citizens' civilised life, greatly enhancing the public's awareness of environmental protection.

2019年5月6日，生态环境部印发《蓝天保卫战重点区域强化监督定点帮扶工作方案》。方案全面落实中国全国生态环境保护大会和中央经济工作会议精神，聚焦重点区域，充分发挥体制优势，坚决打赢蓝天保卫战。方案统筹了全国生态环境系统力量，进一步加大工作力度，对重点区域城市开展强化监督定点帮扶，督促落实蓝天保卫战各项任务措施，坚决改善空气质量。

2019年5月8日，生态环境部印发《“无废城市”建设试点实施方案编制指南》和《“无废城市”建设指标体系（试行）》。该指南在生态文明体制改革、工业发展绿色转型、乡村振兴战略总体框架下，将固体废物精细化综合管理水平提升与城市精细化管理和供给侧结构性改革相衔接；统筹各领域各类固体废物的产生、收运、利用与处置管理需求，一定程度上提升、转变人们的生活理念和经营方式，促进环保行业蓬勃发展。

2019年6月，住建部等9部委发布关于在全国地级及以上城市全面开展生活垃圾分类工作的通知。通知明确到2020年，46个重点城市基本建成生活垃圾分类处理系统；其他地级城市实现公共机构生活垃圾分类全覆盖，至少有1个街道基本建成生活垃圾分类示范片区。通知一出，垃圾分类成为市民文明生活的“新时尚”，大大提升了群众环境保护意识。



On 28 October 2019, the Ministry of Ecology and Environment issued the National Environmental Protection Standard of "Application for Discharge Permit and Technical Specifications for Domestic Waste Incineration". The standard stipulates the basic requirements for the application and issuance of discharge permits for domestic waste incineration and discharge units, the determination of permitted emission limits, the calculation of actual emissions calculations and compliance determination, as well as self-monitoring, environmental management accounts and discharge permit. The implementation of environmental management requirements, such as the report, put forward feasible technical requirements for pollution prevention and control of domestic waste incineration and discharge units, and effectively regulated industry discharge.

On 26 November 2019, the Ministry of Ecology and Environment released the "Regulations for Automatic Monitoring Data Marking of Domestic Waste Incineration Power Plants". For the first time, this new regulation clearly uses automatic monitoring data as the basis for law enforcement and realises real-time and transparent supervision. It helps relieve people's concerns about the status of waste discharge from WTE facilities, encourages internal control within the WTE facility, resulting in the "survival of the fittest" within the industry.

Waste incineration in China has experienced 30 years of development and has gradually entered a period of maturity. The relevant State policies are intended to continuously implement and deepen the reform in the field of environmental protection, promote the formation of China's ecological environment regulatory framework gradually, and more importantly, strengthen the construction of environmental law, improve relevant regulations and environmental governance system.

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

## MAJOR RISKS AND UNCERTAINTIES

In 2019, as the environmental protection industry has matured, and environmental protection inspection efforts have continued to increase, the reforms in industry policy and the delay payment of State's subsidy have created some uncertainty in the development of the WTE industry. Zheneng Jinjiang Environment actively took initiative to upgrade its standards, and paid close attention to achieving the hourly average; actively disclosed its pollution emission information and accepted mass supervision, giving the Company a competitive edge in core existing areas. By integrating different advanced technologies and applying them in new and preparatory projects, the Company will steadily improve its operating efficiency, improve management practices, and improve efficiency.

2019年10月28日，生态环境部发布《排污许可证申请与核发技术规范 生活垃圾焚烧》国家环境保护标准。该标准规定了生活垃圾焚烧排污单位排污许可证申请与核发的基本情况填报要求、许可排放限值确定、实际排放量核算和合规判定的方法，以及自行监测、环境管理台账与排污许可证执行报告等环境管理要求，提出了生活垃圾焚烧排污单位污染防治可行技术要求，对行业排污进行有效规范。

2019年11月26日，生态环境部发布《生活垃圾焚烧发电厂自动监测数据标记规则》。这一新规首次明确将自动监测数据用于执法依据，实现实时、透明监管，有助于纾解人们对垃圾发电厂排污状况的担忧，促进电厂练好“内功”，倒逼行业优胜劣汰。

垃圾焚烧在我国经历三十年发展，已渐渐进入成熟期，国家发布相关政策意在继续实施和深化环保领域改革，促进中国生态环境领域监管大格局逐渐形成，更重要的是加强了环境法治建设，完善相关法律法规和环境治理体系。

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

## 主要风险及不确定性

在刚刚过去的2019年，随著环保产业日渐成熟，环保督查力度不断加码，国补资金有拖欠及行业政策调整对垃圾发电产业的发展产生一定不确定性。对于浙能锦江环境而言，主动实行增容改造，狠抓小时均值达标；主动公开污染排放信息，接受群众监督；让公司在已有的核心区域布局点更具竞争优势，通过整合不同的先进技术，在新建、筹建项目中运用，着力稳步提高经营效率，完善管理实践，提升效益。

# OPERATIONS AND FINANCIAL REVIEW

## 经营和财务回顾

Entering 2020, the COVID-19 pandemic has complicated and adversely impacted the current economic situation at home and abroad, resulting in a weak global economic growth, intensified international economic and trade frictions, as well as increased downward pressure on the domestic economy. The Group continues to take strict preventive measures in accordance with the relevant local government guidelines. At present, the facilities are in normal and stable operation.

As previously disclosed, due to the adjustment of urban planning and land use planning by local governments, the timeline for any closure or cessation of the Kunming Jinjiang WTE Facility's operations will be determined based on the overall progress of completion of the Kunming Wuhua construction project, which has obtained approximately RMB161.5 million in investment from the central government in 2019. The three furnaces and two generators at the Kunming Wuhua reconstructed project have been put into operation in May 2020, and the waste treatment capacity reaches 2250 tons/day. The Kunming Jinjiang WTE Facility received the request from the government and is still in normal operation. The Group has signed a compensation agreement ("Compensation Agreement") with the local government in relation to the closure of Zibo Jinjiang WTE Facility, pursuant to which the Group will receive a total compensation amount of RMB225,011,400. Under the terms of the Compensation Agreement, the compensation is expected to be paid to the Group by 31 December 2021 and the Group has received RMB31 million in the first quarter of 2020. In addition, the Group had voluntarily ceased operations at the Kunshan Jinkangrui resource recycling project towards end of December 2019 due to changes in the land use planning and environmental policies by the local government. The Group is actively negotiating with the local government with regard to compensation for such closure.

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

The Company will further strengthen its legal risk awareness and promote the implementation of a lean management strategy. The independent risk management department of the Company also played an important role in 2019. Through the introduction of management systems, self-evaluation of internal control deficiencies, risk management system training, revision of standard form contracts, review of day-to-day contracts, legal risk assessment, auditing of operation enterprises and construction projects, special audit investigation, special affairs supervision and other ways, the risk management work was carried out in order to establish a risk management system based on pre-occurrence control, in-occurrence review, and post-occurrence evaluation. The risk control system of investigation and post-evaluation improves the risk awareness of employees and the Company's risk prevention abilities as a whole.

在步入2020年之际，2019年新型冠状病毒的大流行使当前中国国内外经济形势复杂严峻，世界经济增长低迷，国际经贸摩擦加剧，国内经济下行压力加大。集团持续根据相关地方政府的指导方针采取严格预防措施，当前，设施均处于正常和稳定的运营状态。

如之前所披露，由于地方政府调整城市规划、土地利用规划，云南省昆明五华电厂的关停的具体时间将根据正在加紧建设的五华异地迁建项目整体建设完成的进度来确定。五华异地迁建项目于年内获得人民币1.6147亿元的中央预算内投资资金支持，2020年5月，五华垃圾发电厂异地迁建项目三炉二机已正式进入运行，垃圾处理能力达2250吨/日。昆明五华电厂接政府通知要求，目前仍为正常运行状态。集团已就山东省淄博电厂关停与当地政府签署了补偿协议，根据补偿协议集团将获得人民币225,011,400元的总补偿款，预计将在2021年12月31日之前完成补偿款支付，目前集团已于2020年一季度收到补偿款人民币3100万元。另在当地政府土地使用规划和环境政策发生变化后，集团已自2019年12月底起自愿停止昆山锦康瑞资源化项目的运营。集团正在积极跟进政府关于此次关停的补偿事宜。

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

公司将进一步强化法律风险意识，助推精益管理战略实施。公司独立部门风控部在2019年也发挥了其重要作用，通过出台管理制度、内控缺陷自评、风控体系培训、合同范本修订、日常合同审核、法律风险评估、运营企业和工程建设审计、专项审计调查、专项事务督办等多种方式开展风控管理工作，以搭建事前控制、事中检查、事后评价的风险控制体系，提高了公司员工的风险意识，有效改善了公司整体风险防范的能力。



## FUTURE DEVELOPMENT

2019 is a crucial year for Zheneng Jinjiang Environment. Zheneng Group's completion of its share acquisition to become the largest controlling shareholder marks the Company's 21st year in the environmental protection industry and a new phase of development. Zheneng Jinjiang Environment continues to achieve stable business and operational progress, seek optimisation in each business segment, implements refined management, and achieve results in capacity expansion and transformation.

In 2020, Zheneng Jinjiang Environment expects to complete its Linzi Power Plant Phase Two in Zibo City, Shandong Province, Shijiazhuang Jiasheng WTE Facility employing biomass incineration technology in Hebei Province, Kunming Wuhua Reconstruction Project in Yunnan Province, Wenling comprehensive organic waste treatment project in Zhejiang Province, Linzhou Jiasheng WTE Facility project in Henan Province and Wuji Municipal Solid Waste Resource Treatment Project in Shijiazhuang City, Hebei Province. Upon completion of the above projects, the waste treatment capacity is expected to increase by 7,870 tons / day and the installed electricity generation capacity by 190MW in 2020. By then, the Company's total operational waste treatment capacity can reach to 38,250 tons/day.

## 未来发展

2019年是浙能锦江环境关键的一年，浙能集团完成入股成为最大控股股东，标志着公司进入环保事业21年的新发展阶段。浙能锦江环境继续实现稳定的业务和运营进展，在每个业务板块寻求优化，落实精细化管理，在增容改造工作中取得成效。

2020年浙能锦江环境将按既定计划目标完成山东省淄博市临淄电厂第二条线项目、河北省石家庄生物质焚烧发电项目、云南省昆明五华异地重建项目、浙江省温岭有机废弃物项目、河南省林州项目、河北省石家庄无极垃圾资源化项目。预计以上项目建设完成后，2020年将新增垃圾处理能力7,870吨/日及装机容量190MW，届时公司总的运行处能力将达到38,250吨/日。

# OPERATIONS AND FINANCIAL REVIEW

## 经营和财务回顾

In accordance with the project approval and funding situation, in 2020, the Company will push the commencement construction of projects for which there are conditions relating to commencement of construction: Baishan Municipal Solid Waste Incineration Project in Jilin Province, Leting County Solid Waste Comprehensive Treatment Plant Domestic Waste Incineration and Power Generation Project in Hebei Province, phase two of Tangshan Jiasheng WTE Facility in Fengrun District, Tangshan City, Hebei Province, Gaobeidian Municipal Solid Waste Resource Treatment Project in Hebei Province, Gaocheng Municipal Solid Waste Resource Treatment Project in Hubei Province, Qianxi Municipal Solid Waste Comprehensive Treatment Project in Tangshan City, Hebei Province, and Songyuan Resource recycling project in Jilin Province. The Group is actively undertaking preliminary preparatory work and obtaining the relevant approvals for its projects under preparatory stage. Upon completion of the above projects, 1,600 tons/day of waste treatment capacity and 34MW of electricity generation capacity are expected to be added. In 2020, the Company will continue to add new reserves and accelerate the deployment of WTE projects in China. In the overseas market, the Company will carry out overseas projects in an orderly manner. Upon the completion of all the projects under construction and under preparation at home and abroad, the total waste treatment capacity will reach 65,746 tons/day.

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

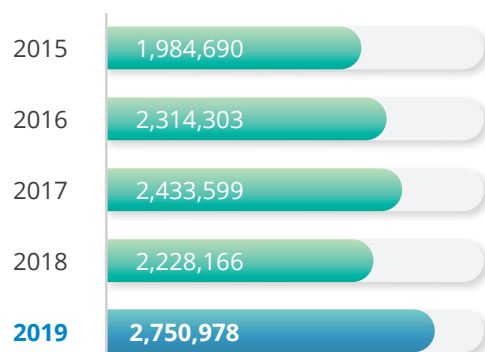
根据项目审批及资金筹措情况，2020年公司将陆续推进具备开工条件的项目开工建设：白山市生活垃圾焚烧处理项目、乐亭县固废综合处理厂生活垃圾焚烧发电项目、河北省唐山垃圾焚烧发电厂二期、高碑店市生活垃圾资源化处理项目、藁城区生活垃圾资源化处理项目、唐山市迁西县生活垃圾综合处理项目和吉林省松原资源化项目。集团正在积极推进各个筹建项目的前期筹备及审批工作。待以上项目建成后，预计将新增1,600吨/日及装机容量34MW。2020年，公司还将不断增加新的储备项目，加快垃圾发电项目在中国的布局。在海外市场，公司将有序推进海外项目，待所有境内外在建、筹建项目全部建成后，垃圾总处理能力将达65,746吨/日。

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

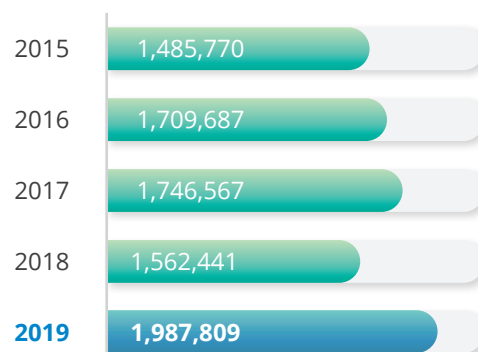
# OPERATIONS AND FINANCIAL REVIEW

## 经营和财务回顾

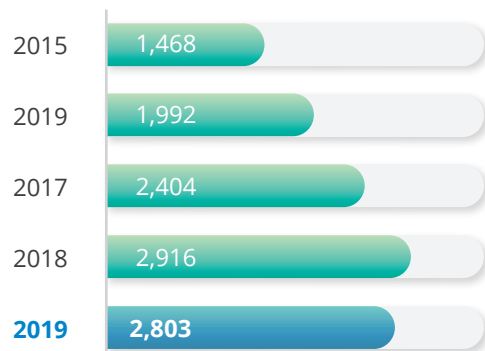
### ELECTRICITY GENERATED (MWh)



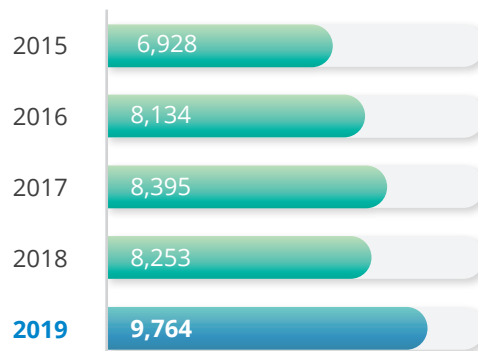
### ON-GRID ELECTRICITY SUPPLIED (MWh)



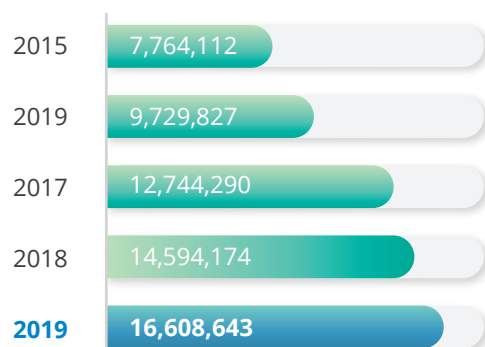
### STEAM SUPPLIED ('000 tons)



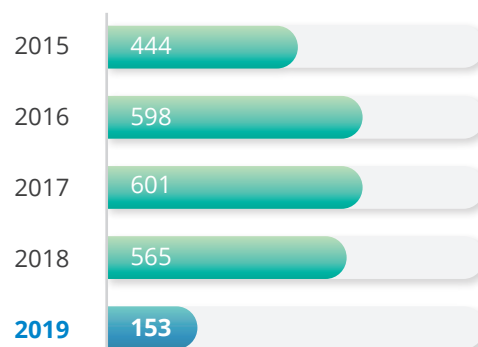
### WASTE TREATED ('000 tons)



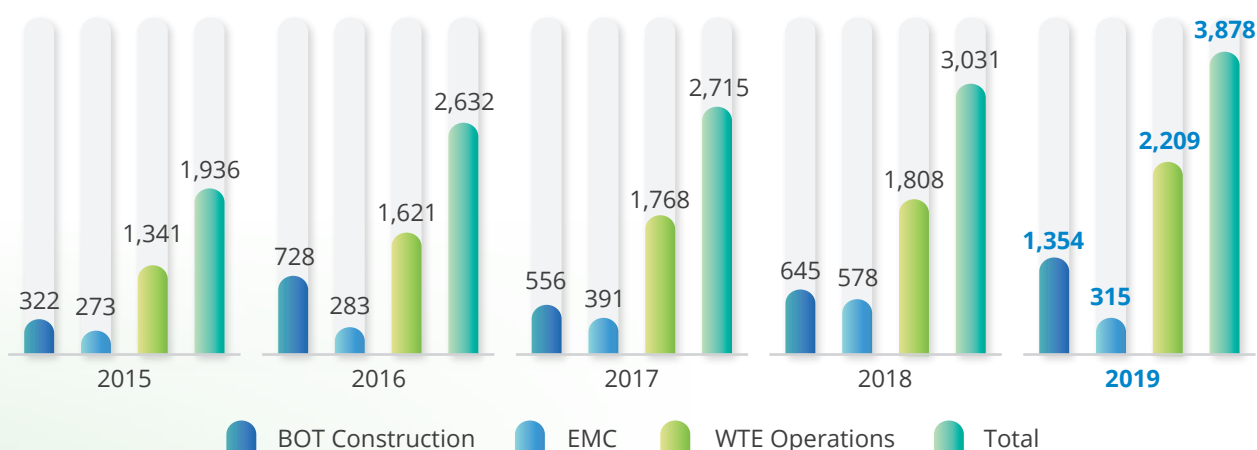
### TOTAL ASSETS (RMB '000)



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



### REVENUE (RMB million)



# OUR WTE NETWORK IN THE PRC

## 中国垃圾焚烧发电网络

As at 31 December 2019

### GROWING CAPABILITIES AND STRENGTHS

With 21 WTE facilities already in operation and more in the pipeline, we are steadily expanding our capacity to deliver cleaner energy. We are working to grow both breadth and depth of our business via diversifying in the WTE value chain.

#### FACILITIES IN OPERATION



**1 ZHENGZHOU XINGJIN**  
河南郑州荥阳



**2 WUHU JINJIANG**  
安徽芜湖



**3 JILIN XINXIANG**  
吉林长春



**7 TIANJIN SUNRISE**  
天津



**8 LIANYUNGANG SUNRISE**  
江苏连云港



**9 WUHAN JINJIANG**  
湖北武汉武昌



**13 ZIBO GREEN ENERGY**  
山东淄博淄川



**14 SUIHUA GREEN ENERGY**  
黑龙江绥化



**15 WENLING GREEN ENERGY**  
浙江温岭



**19 HOHHOT NEW ENERGY**  
内蒙古呼和浩特



**20 ZIBO NEW ENERGY**  
山东淄博临淄



**21 TANGSHAN JIASHENG**  
河北唐山



**4 XIAOSHAN JINJIANG**  
浙江杭州萧山



**5 ZHUJI BAFANG**  
浙江诸暨



**6 KUNMING JINJIANG**  
云南昆明五华



**10 HANKOU JINJIANG**  
湖北武汉汉口



**11 YUNNAN ENERGY**  
云南昆明西山



**12 YINCHUAN ZHONGKE**  
宁夏银川



**16 SONGYUAN XINXIANG**  
吉林松原



**17 GAOMI LILANGMINGDE**  
山东高密



**18 QITAIHE GREEN ENERGY**  
黑龙江七台河

# OUR WTE NETWORK IN THE PRC

## 中国垃圾焚烧发电网络

As at 31 December 2019



### FACILITIES UNDER CONSTRUCTION

- |   |  |   |
|---|--|---|
| 1. SHIJIAZHUANG JIASHENG WTE FACILITY<br>石家庄嘉盛新能源有限公司 | 3. LETING WTE FACILITY<br>乐亭县锦环新能源有限公司           | 5. ZIBO NEW ENERGY WTE FACILITY 2ND PHASE<br>淄博绿能新能源有限公司  |
| 2. BAISHAN GREEN ENERGY WTE FACILITY<br>白山绿能新能源有限公司   | 4. WENLING ORGANIC WASTE PROJECT<br>温岭锦环环保科技有限公司 | 6. KUNMING JINJIANG RELOCATION PROJECT<br>昆明鑫兴泽环境资源产业有限公司 |

### FACILITIES IN THE PREPARATORY STAGE

- |   |   |  |
|---|---|--|
| 1. LÜLIANG GREEN ENERGY WTE FACILITY<br>吕梁绿能新能源有限公司   | 7. TANGSHAN JIASHENG WTE FACILITY 2ND PHASE<br>唐山嘉盛新能源有限公司 (二期项目)         | 13. HUNCHUN GREEN ENERGY WTE FACILITY<br>珲春绿能新能源有限公司                           |
| 2. YULIN GREEN ENERGY WTE FACILITY<br>榆林绿能新能源有限公司     | 8. YUNNAN JINDE WTE FACILITY<br>云南锦德绿色能源有限公司                              | 14. WUHU LÜZHOU WTE FACILITY RECONSTRUCTION PROJECT<br>芜湖绿洲环保能源有限公司 (改建项目)     |
| 3. TAIGU ZHANNENG WTE FACILITY<br>太谷湛能环保有限公司          | 9. HOHHOT JIASHENG WTE FACILITY EXPANSION PROJECT<br>呼和浩特嘉盛新能源有限公司 (扩建项目) | 15. WUHAN GREEN ENERGY FACILITY RECONSTRUCTION PROJECT<br>武汉市绿色环保能源有限公司 (改建项目) |
| 4. ZHONGWEI GREEN ENERGY WTE FACILITY<br>中卫市绿能新能源有限公司 | 10. WUDI JINHUAN WTE FACILITY<br>无棣县锦环新能源有限公司                             | 16. BAYANNAO'ER WTE FACILITY<br>巴彦淖尔市锦鹏云环保有限公司                                 |
| 5. YAN'AN GUOJIN WTE FACILITY<br>延安国锦环保能源有限责任公司       | 11. TANGSHAN JINHUAN WTE FACILITY<br>唐山市锦环新能源有限公司                         | 17. JINGHONG WTE FACILITY<br>景洪嘉盛新能源有限公司                                       |
| 6. LINZHOU JIASHENG WTE FACILITY<br>林州市嘉盛新能源有限公司      | 12. YUNNAN GREEN ENERGY FACILITY EXPANSION PROJECT<br>云南绿色能源有限公司 (扩建项目)   |  |

## OUR OVERSEAS WTE NETWORK

### 海外垃圾焚烧发电网络

As at 31 December 2019



1 Facilities under construction

4 Facilities in the preparatory stage

1. GURGAON INTEGRATED WASTE MANAGEMENT PROJECT

2. LUCKNOW INTEGRATED WASTE MANAGEMENT PROJECT

3. GWALIOR INTEGRATED WASTE MANAGEMENT PROJECT

4. SÃO PAULO PROJECT

5. PALEMBANG PROJECT

# BOARD OF DIRECTORS

## 董事会



**WEI Dongliang (韦东良)**  
Executive Chairman

**WEI Dongliang (韦东良)** is the Executive Chairman of our Company. Mr. Wei is responsible for the overall strategic planning and management of the Group.

Mr. Wei has more than 20 years of working experience. Prior to joining our Group, Mr. Wei was Deputy General Manager of Zhejiang Zheneng Lanxi Power Generation Co., Ltd. (浙江浙能兰溪发电有限责任公司) from September 2006 to February 2010. From February 2010 to April 2011, Mr. Wei was Deputy General Manager of Zhejiang Water Resources and Hydropower Investment Group Co., Ltd. (浙江省水利水电投资集团有限公司). From April 2011 to September 2016, he was Deputy Director and Director of Asset Management Department of Zhejiang Provincial Energy Group Co., Ltd. (浙江省能源集团有限公司). From September 2016 to September 2019, he served as Director and General Manager of Zheneng Capital Holdings Co., Ltd. (浙能资本控股有限公司). From May 2017 to September 2019, Mr. Wei served as Executive Director of Zhejiang Zheneng Investment Management Co., Ltd. (浙江浙能投资管理有限公司). From June 2017 to September 2019, he was General Manager of Zheneng Equity Investment Fund Management Co., Ltd. (浙能股权投资基金管理有限公司).

Mr Wei graduated from Zhejiang University (浙江大学) with a Bachelor of Chemical Engineering (Industrial Automation) (化学工程学系工业自动化专业) in August 1996 and a Master of Business Administration (工商管理专业硕士) in March 2004. He is an Electrical Engineer as recognised by the National Electric Power Company Intermediate Professional Technical Qualification Review Committee (电力工程师, 国家电力公司中级专业技术资格评审委员会的) in December 2001 and obtained an Intermediate-level Specialist in Business Administration and Economics conferred by the Personnel Department of the PRC (中级工商管理经济师, 中华人民共和国人事部) in November 2002.



**ZHANG Chao (张超)**  
Executive Director  
and Chief Executive Officer

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

Mr. Zhang has rich industry experience and good management skills. He has solid research capabilities in industry development and large enterprise management. He is the Standing Director of China Energy Research Society (中国能源研究会). He is a Committee Member of the 10th and 11th Youth Federation of Beijing (北京市青年联合会), a Committee Member of the Central Enterprise Youth Federation (中央企业青年联合会), Vice-Chairman of China Industrial Energy Conservation And Clean Production Association (中国工业节能与清洁生产协会), and a part-time Researcher of China University of Political Science and Law (中国政法大学). Prior to joining our Group, Mr. Zhang worked as a Deputy Director Clerk at the Beijing Municipal Bureau of Justice from July 1994 to May 1999. From May 1999 to July 2001, he was a lawyer at King & Wood Mallesons and Guolian Law Firm. From January 2017 to November 2017, he was Assistant to the Chairman of Hangzhou Jinjiang Group Co., Ltd. (杭州锦江集团有限公司) ("Jinjiang Group") as well as General Manager of its Eco-Environment Division.

Mr. Zhang graduated from 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 Renmin University of China (中国人民大学) in June 2002 and obtained an Executive Master's Degree in Business Administration from Tsinghua University (清华大学) in September 2015.

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

Mr. Wang has more than 20 years of experience in accounting and corporate finance. Prior to joining our Group, Mr. Wang took up various positions at Zhejiang Institute of Silk Textile (浙江丝绸工学院) (currently known as Zhejiang Sci-Tech University (浙江理工大学)) from July 1985 to March 1999, including Deputy Director of Infrastructure Construction Department (基建处), Deputy Director of Finance Department (财务处) and 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 Director of Finance Department and Accounting Department, 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 Chief Director of Office (办公室) since 2013. Mr. Wang was also Chairman of the board of directors of Zhejiang Huadong Aluminium Co., Ltd. (浙江华东铝业有限公司), a non-ferrous metal smelting and processing company and a subsidiary of Jinjiang Group, from December 2013 to June 2016.

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

**ANG Swee Tian** is the Lead Independent Director of our Company. Mr. Ang is an Independent, Non-Executive Director of Cosco Shipping International (Singapore) Co., Ltd., a public listed company. 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 Northwestern University in 1973.



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



**ANG Swee Tian**  
Lead Independent Director

# BOARD OF DIRECTORS

## 董事会



**HEE Theng Fong**  
*Independent Director*

**HEE Theng Fong** is an Independent Director of our Company. Mr. Hee is a senior lawyer in Singapore with over 30 years of experience. He has handled more than a hundred cases in civil litigation and international arbitration as lead counsel or arbitrator in many countries including Singapore, PRC and Hong Kong. Many of the cases have been reported and referred to in the Singapore Law Reports, textbooks and various legal journals. Mr. Hee is on the panel of many institutions including SIAC, CIETAC, HKIAC, SHIAC, BIAC/BAC, HIAC and AIAC. He is also a mediator, Specialist Mediator (China) and Ambassador for Singapore International Mediation Centre.

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

Mr. Hee serves as Deputy Chairman of Singapore Medishield Life Council and Chairman of Citizenship Committee of Inquiry (ICA). He is also a member of Advisory Committee for the China Ready Programme under the Ministry of Law and a member of the Complaints and Disciplinary Panel under ACRA.

Mr. Hee is a regular speaker in seminars on Directors' Duties and Corporate Governance organised by the Singapore Institute of Directors and the Singapore Exchange Securities Trading Limited.

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

Mr. Hee graduated in 1979 from the Law 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 and Risk Management Committee of our Company.

Mr. Tan started his career in accounting and audit at 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.

Mr. Tan was a Financial Services Partner and has 23 years of experience in the audit of financial institutions and the Singapore Head of KPMG Global China Practice from September 2010 until his retirement from KPMG on 30 September 2015. In addition, he was involved in a number of initial public offerings, debt financing and merger and acquisition transactions during his tenure in KPMG.

Mr. Tan is currently an Independent Non-Executive Director and the Chairman of the Audit Committee of four other public companies listed on the main board of Singapore Stock Exchange namely Dasin Retail Trust Management Pte. Ltd., the Trustee-Manager of Dasin Retail Trust, Koufu Group Limited, ASL Marine Holdings Ltd and Elite Commercial REIT Management Pte. Ltd., the Manager of Elite Commercial REIT.

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 Certified Accountants, UK, and the Certified Practising Accountants (Australia).

**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 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 Department Head and 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

### WANG Wuzhong (王武忠)

*Deputy General Manager*

**WANG Wuzhong (王武忠)** is a Deputy General Manager of our Company and is responsible for the environmental protection, safety, daily operation and research and development and assisting in the overall strategic planning of our Group. 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 and Assistant to the General Manager of the Jiaying 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 of the Yuhang thermal power plant of Jinjiang Group. From March 2001 to August 2001, he served as Manager in the Operations Department of Jinjiang Group. He then served as General Manager of the Yuhang thermal power plant of Jinjiang Group from September 2001 to May 2002 and General Manager of the Qiaosi power plant of Jinjiang Group from June 2002 to June 2005. He was appointed as General Manager of Green Energy (Hangzhou) Corporate Management Co., Ltd since June 2005 and has been serving as Vice General Manager of the Company since August 2016. Mr. Wang is professor level Senior Engineer. He completed his Executive Master of Business Administration at the Zhejiang University (浙江大学) in April 2006. He now is a Committee Member of Technical Committee on Urban Appearance and Sanitation of Standardization Administration of the Ministry of Housing and Urban-Rural Development (住房和城乡建设部市容环境卫生标准化技术委员会委员), a Committee Member of Expert Committee of China Electric Power Federation (中国电力联合会专家委员会委员), Deputy Director of Environmental Protection Equipment and Technology Promotion Center of China Equipment Management Association (中国设备管理协会环保设备与技术推广中心副主任), Expert of the Technical Committee of the Advisory Committee on the Comprehensive Utilization of Power Generation Resources of China (中国资源综合利用发电技术咨询委员会技术委员会专家), Director of Zhejiang Environmental Monitoring Association (浙江省环境监测协会理事) and Executive Director of Zhejiang Energy Conservation Association (浙江省节能协会常务理事).

### JIN Ruizhi (金睿智)

*Chief Financial Officer*

**JIN Ruizhi (金睿智)** is Chief Financial Officer (CFO) of our Company and is responsible for the Group's overall finance function, including corporate finance and financial management. Prior to joining our Group, Mr. Jin was the Director of Finance Department of Zhejiang Zheneng Lanxi Power Generation Co., Ltd. (浙江浙能兰溪发电有限责任公司) from July 2005 to June 2010. From June 2010 to June 2012, Mr. Jin served as Director of Finance Department of Zhejiang Zheneng Zhongmei Zhoushan Coal and Electricity Co., Ltd. (浙江浙能中煤舟山煤电有限责任公司). From June 2012 to January 2015, he was Deputy General Manager and Chief Accountant of Huaizhe Coal and Electricity Co., Ltd. (淮浙煤电有限责任公司) and from January 2015 to February 2019, he was Deputy General Manager of Zhejiang Zheneng Zhongmei Zhoushan Coal and Electricity Co., Ltd. (浙江浙能中煤舟山煤电有限责任公司). From February 2019 to September 2019, Mr. Jin was Deputy General Manager of Guangsha (Zhoushan) Energy Group Co., Ltd. (广厦(舟山)能源集团有限公司) and Zhoushan Huanyu Wharf Co., Ltd. (舟山寰宇码头有限公司). Mr. Jin is an Intermediate-level Accountant as recognised by the Ministry of Finance of the People's Republic of China (中级会计师, 中华人民共和国财政部) in July 1992. Mr. Jin graduated with a College Degree (Financial Accounting) from North China Electric Power University (华北电力大学, 财务会计专业) in July 1997 and a Bachelor Degree in Business Management from Zhejiang University (浙江大学工商管理专业, 本科学历) in June 2004.

### QI Liang (戚亮)

*Chief Engineer*

**QI Liang (戚亮)** is the Chief Engineer of our Company and is responsible for all technical and engineering-related matters of the Group. From March 2007 to August 2014, Mr. Qi was Vice Chairman of Cixi Zhongke Zhongmao Environmental Thermal Power Co., Ltd. (慈溪中科众茂环保热电有限公司). From August 2014 to September 2019, he served as Deputy Director of the Equipment Management Department, Deputy Director of the Engineering Department and subsequently as Director of the Engineering Department, of Zhejiang Zheneng Zhenhai Power Generation Co., Ltd. (浙江浙能镇海发电有限责任公司). Mr. Qi graduated with a College Diploma in Thermal Power conferred by Zhejiang Electric Power Workers' College (浙江省电力职工大学热能动力专业) in September 1993 and is an Electrician recognised by the National Electric Power Company Intermediate Professional Technical Qualification Review Committee of the People's Republic of China (电力工程师, 国家电力公司中级专业技术资格评审委员会) in December 2000.

## **E Hongbiao (鄂宏彪)**

*Deputy General Manager*

**E Hongbiao (鄂宏彪)** is Deputy General Manager of our Company and is responsible for overseeing the construction and development of projects. He also assists in managing the 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 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 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 Deputy General Manager and General Manager at Jinjiang Yuhang Thermal Power Co., Ltd. (锦江余杭热电有限公司). He was 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 an 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 Zhejiang Gongshang University (浙江工商大学) in June 2009 and a Bachelor's Degree in Business Administration from Beijing Normal University (北京师范大学) in July 2014.

## **CHOO Beng Lor**

*Financial Controller*

**CHOO Beng Lor** is the Financial Controller of our Company and is responsible for assisting the CFO in matters relating to financial management and reporting, establishing internal control systems and risk control systems and overseeing compliance with post-listing obligations and investor relations. From August 1996 to November 2002, Mr. Choo worked as an Audit Supervisor at Deloitte & Touche LLP in the field of assurance services. From December 2002 to April 2005, he was 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 CFO of Sound Global Ltd, which is an integrated water and wastewater treatment solutions provider in the PRC, where he was responsible for matters relating to finance, tax, compliance, internal controls and investor relations. From March 2011 to May 2016, Mr. Choo served as the CFO of Cima NanoTech Pte Ltd, where he was in charge of finance, tax and supply chain-related matters. Mr. Choo graduated with a Bachelor of Accountancy from Nanyang Technological University, Singapore in 1996. He is a Chartered Accountant of the Institute of Singapore Chartered Accountants.



**SUSTAINABILITY  
REPORT**  
可持续性报告

# BOARD OF STATEMENT

## 董事会声明



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

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

In 2019, Zheneng Jinjiang Environment conducted a materiality assessment, during which the Sustainability Steering Committee identified six material ESG factors as the Company's sustainability priorities. The Board oversees the management of these material ESG factors and approves the disclosure of sustainability performance and targets in this report.

浙能锦江环境控股有限公司（“浙能锦江环境”或“公司”）第三份可持续发展报告展示了公司对可持续发展的持续承诺。本报告符合新交所上市手册（“上市手册”）第711A和711B条规定，并参照全球报告倡议（“GRI”）标准编制。

早在20世纪90年代，浙能锦江环境就意识到了解决垃圾处理问题的迫切性，并成为中国最早进入垃圾焚烧发电行业的企业之一。浙能锦江环境致力于垃圾焚烧发电（“WTE”）设施的设计、开发、建设、运营和管理，以及合同能源管理（“EMC”）项目，采用先进的技术，提供废弃物处理和能源解决方案，为环境的可持续发展贡献力量。在良好的国家及地区环保政策的支持下，浙能锦江环境增强了经营能力，开拓了新的国内外市场。董事会认识到可持续性发展对社会和环境的重要性，并致力于将环境、社会和治理（“ESG”）等因素与浙能锦江环境的长期战略和业务目标结合起来。

2019年，浙能锦江环境可持续发展指导委员会通过评估确定了6个重要ESG因素作为公司的可持续发展重点。董事会对这些重要ESG因素的管理进行监督，并批准在本报告中披露可持续发展业绩和目标。

# SUSTAINABILITY AT ZHENENG JINJIANG

## ENVIRONMENT

### 浙能锦江环境的可持续发展性

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

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

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

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

#### ECONOMIC PERFORMANCE 经济表现



#### CORPORATE GOVERNANCE 公司管理



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

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

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

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

#### ENVIRONMENTAL SERVICES AND IMPACTS 环境服务和影响



#### WORKFORCE 人才团队



Building a committed and competent workforce fuels technological innovation and is key to Zheneng Jinjiang Environment's development. We implement fair and flexible labour practices, providing a rewarding career platform to attract talents with different backgrounds. At the same time, we seek to create an inclusive and safe working environment, free from discrimination and safety hazards. To retain and groom the right talent, we encourage active learning through a diverse range of training and career development programmes. Our echelon talent training plan including "Chuying, Feiying, Xiangying, Xiongying, Lingying" has cultivated a batch of talent team who are capable and dare to do and fight, to provide a stable talent support for the development of the company, helps us to build up a pool of talents essential for our long-term growth.

人才团队：建设一支有担当和能力的人才队伍是技术创新的动力，是公司发展的关键。浙能锦江环境坚持为员工打造包容、安全的职业发展平台，实施灵活、公平的用人机制，为各类人才敞开大门。通过多样化的培训和职业发展计划，鼓励积极学习，留住和培养合适的人才。其中，公司的“雏鹰、飞鹰、翔鹰、雄鹰、领鹰”梯队人才培养计划培养了一批“能干敢干敢拼”人才队伍，为公司的发展提供了稳定的人才支持。

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

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

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

# SUSTAINABILITY HIGHLIGHTS 2019

## 2019年可持续发展亮点

### Economic Performance 经济表现



#### REVENUE

RMB **3.878B** 收入达人民币38.78亿元

### Environmental Services and Impacts 环境服务和影响



**21**

operating WTE plants across China

21个在中国运营的电厂

Over **10,000**

visitors participated in Zheneng  
Jinjiang Environment's public education  
programme in 2019

1万余参观者在2019年度参与到浙能锦江环境  
的公共教育项目

**34,202** MWh

of energy saved in EMC  
electricity-saving projects

EMC节电类项目节省34,202 兆瓦时电量

**9.76** million  
tonnes

of waste treated

垃圾处理量达976万吨

**2,750,978** MWh

of green electricity supplied to the grid

发电量2,750,978兆瓦

**2,803** thousand  
tonnes

of steam supplied

供汽量2,803千吨

### Workforce 劳动力



**73**

average hours of training per  
employee per year

每年每名员工平均培训73小时

**100%**

employees received  
performance review

100%的员工接受了绩效考核

### Corporate Governance 公司治理



**0**

confirmed cases of corruption

腐败事件零发生

# ABOUT THIS REPORT

## 关于本报告

This Sustainability Report describes Zheneng Jinjiang Environment's sustainability practices and performance from 1 January to 31 December 2019 ("FY2019"). This report covers the listed entity, Zheneng Jinjiang Environment Holding Company Limited, and all its subsidiaries globally. Among which, there are 21 WTE plants and four waste resource recycling projects currently in operation, across 13 provinces, autonomous regions and municipalities in China. There are also 23 WTE plants and six waste resource recycling projects under construction or in the preparatory stage in China. Moreover, there are five overseas WTE plants under construction or in the preparatory stage across countries including India, Indonesia and Brazil. The sections titled "Environmental Services and Education" and "Innovation and Environmental Impact Management" focus solely on our WTE plants currently in operation.

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

本可持续发展报告概述了2019年1月1日至12月31日（“2019财年”）浙能锦江环境的主要可持续发展数据和成效。报告涵盖了上市实体——浙能锦江环境控股有限公司，以及包括浙能锦江环境在中国13个省、自治区和直辖市拥有的21个已投入运营的垃圾焚烧发电项目，4个已运营的垃圾资源化项目，23个在建/筹建垃圾焚烧发电项目，6个在建/筹建垃圾资源化项目，在海外印度、印尼、巴西等国家的5个在建/筹建垃圾发电项目。其中，“环境服务和教育”以及“环境影响管理与创新”部分的数据来自运营中的垃圾焚烧发电厂。

本报告是根据上市手册第711A和711B条规的要求编制的，并参阅了全球报告倡议组织（GRI）标准<sup>2</sup>。本报告未寻求第三方审核，如有任何问询或反馈，请发至电子邮箱[znjjhj@hzjj.cn](mailto:znjjhj@hzjj.cn)。

<sup>2</sup> The report references the following topic-specific disclosures:  
报告参阅了以下议题专项披露

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Disclosure 205-3 from GRI 205: Anti-corruption 2016  
GRI 205披露项205-3：反腐败（2016）

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Disclosure 301-1 from GRI 301: Materials 2016  
GRI 301 披露项301-1：物料（2016）

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Disclosure 302-1 (a) to (d) and 302-3 from GRI 302: Energy 2016  
GRI 302 披露项302-1（a）至（d）和GRI 302 披露项 302-3：能源（2016）

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Disclosure 306-2 (a) and (b) from GRI 306: Effluents and Waste 2016  
GRI 306 披露项306-2（a）和（b）：污水和废弃物（2016）

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Disclosure 307-1 from GRI 307: Environmental Compliance 2016  
GRI 307披露项307-1：环境合规（2016）

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Disclosure 401-1 from GRI 401: Employment 2016  
GRI 401披露项401-1：雇佣（2016）

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Disclosure 403-9 (a) from GRI 403: Occupational Health and Safety 2018  
GRI 403披露项403-9（a）：职业健康与安全（2018）

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Disclosure 404-1 and 404-3 from GRI 404: Training and Education 2016  
GRI 404 披露项404-1和404-3：培训与教育（2016）

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Disclosure 405-1 from GRI 405: Diversity and Equal Opportunity 2016  
GRI 405披露项405-1：多元化与平等机会（2016）

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Disclosure 419-1 from GRI 419: Socioeconomic Compliance 2016  
GRI 419披露项419-1：社会经济合规（2016）

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## MATERIALITY ASSESSMENT

### 重要因素评估

Based on the consultation of the external consultant in 2018 and combined the development requirements to circular economy and environmental protection industry after Zheneng Group became the largest controlling shareholder of the Company, the SSC undertook a materiality reassessment to identify the most important ESG factors for the business, strategy, business model and key stakeholders in 2019. It is aimed to improve quality and efficiency through innovation, promote sustainable development in a coordinated manner, protect clear water and blue sky through emission reduction, promote mutual benefit and win-win through opening up, promote peace and harmony through sharing, and earnestly fulfill the political, economic and social responsibilities of a controlling subsidiary company of a state-owned enterprise.

在2018年外部顾问咨询的基础上，公司可持续发展指导委员会在2019年结合浙能集团入股成为最大控股股东后对循环经济、环保产业的发展要求，重新评估、确定了与业务、战略、业务模式和主要利益相关者关联的重要ESG因素。旨在以创新驱动提质增效，以协调推进持续发展，以减排呵护碧水蓝天，以开放促进互利共赢，以共享助力平安和谐，切实履行作为国有企业控股公司的政治责任、经济责任和社会责任。

The materiality assessment process was guided by the GRI Principles of Materiality and Stakeholder Engagement, and considered the following aspects:

重要ESG因素评估过程以GRI原则和利益相关者参与原则为指导，并考虑了以下几个方面：

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

Six material factors were identified from the assessment and are shown in the table below. We continue to focus on environmental services and impacts, workforce and social and economic performance<sup>3</sup> and corporate governance, which were also disclosed in 2018's Sustainability Report.

公司在评估的过程中确定了六个重要因素，详见下表。本报告继续关注2018年可持续发展报告中有所披露的环境服务和影响、人才团队、社会、经济表现<sup>3</sup>和公司管理这几个因素。

**Table 1 Material factors for FY2019 表1 2019财年重要因素**

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

<sup>3</sup> Details of Zheneng Jinjiang Environment's financial performance in 2019 can be found in the Financial Statement section of this Annual Report.  
2019 年浙能锦江环境的财务表现可在本年报财务报表章节查阅。

# ENVIRONMENTAL SERVICES AND EDUCATION

## 环境服务和教育

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

### WASTE-TO-ENERGY BUSINESS

The economic growth of China has fuelled rapid urbanisation and improvement in standards of living, thus contributing to an increasing volume of municipal waste. In 2019, the total volume of municipal waste collected in China amounted to 238 million tonnes<sup>4</sup> according to the data analysis of the municipal solid waste treatment industry. To solve the potential public health and environmental problems often associated with improper waste treatment, the Chinese government implemented the “13th Five-Year Plan for the Construction of Harmless Treatment Facilities for Municipal Solid Waste”, targeting to grow China’s waste incineration capacity to 1,104,900 tonnes per day by the end of 2020.

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

Positioned as one of the best methods for waste treatment in the market and encouraged by the supportive public policy environment, the WTE industry is undergoing a “golden age” for growth. To tap on the burgeoning opportunities, Zheneng Jinjiang Environment continues to increase its presence within China to serve the wider area, with 6 projects under construction and 17 new WTE plants in the preparatory stage. For existing plants faced with challenges in meeting the increasing demand for waste treatment, the Company has invested in technological upgrading to increase waste treatment capacity.

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

### 垃圾焚烧发电业务

中国的经济增长推动了城市化的快速发展和生活水平的提高，但也导致了城市垃圾量的增加。根据生活垃圾处理行业分析数据显示，2019年中国城市生活垃圾清运量约为2.38亿吨<sup>4</sup>。为解决因废物处理不当而发生的潜在公共卫生环境问题，中国政府实施了《“十三五”全国城镇生活垃圾无害化处理设施建设规划》，指出在2020年将中国城镇生活垃圾的处理能力提高到1,104,900吨/日。

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

作为市场上废物处理的最佳方法之一，WTE产业受到环境政策的支持与鼓舞，正在经历增长的“黄金时代”。为了抓住新兴机遇，浙能锦江环境继续扩大在中国的业务，服务于更广泛的地区，已有6个在建项目和17个新筹建垃圾焚烧发电厂。针对在满足不断增长的处理需求方面存在挑战的已运行的WTE电厂，公司在产能扩张和技术升级上不断投资，进行增容改造工作。



<sup>4</sup> Reference: From several analysis reports on municipal waste treatment industry.  
参考文献：来源于多个生活垃圾处理行业分析报告。

As at 31 December 2019, Zheneng Jinjiang Environment operates 21 WTE plants and four waste resource recycling projects<sup>5</sup>, across 13 provinces, autonomous regions and municipalities in China. Collectively, they are capable of treating 30,380 tonnes of municipal waste a day and have an installed electrical power generation capacity of 632 MW. Taking into consideration all the projects under construction and in the planning phase, the Group's total installed waste treatment capacity is expected to reach 65,746t/d upon the completion of these projects. In 2019, the Company treated a total of 9.76 million tonnes of municipal solid waste, serving approximately 66 million people<sup>6</sup>, while generating 2,750,978 MWh of green electricity and 2,803 thousand tonnes of steam. (Refer to Table 2 for details).

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

## ENERGY MANAGEMENT CONTRACTING PROJECTS

EMC projects are beneficial supplement business segment for Zheneng Jinjiang Environment. An innovative market-oriented energy saving mechanism, EMC is forward-looking and cost-effective, allowing companies to use future energy-saving benefits to fund current energy efficiency upgrades. Through EMC, Zheneng Jinjiang Environment advises clients on ways of achieving greater environmental efficiency and cost savings. During 2019, the company worked on 254 business contracts, among which there are nine new EMC projects and 115 technical consulting projects. Other than the 12 EMC projects currently under construction and the 13 contracted technical consulting projects and design service which are under implement but has not produced profit, the rest of the projects have realised energy and cost savings, helping clients to save more than 34,202 MWh of electricity. Going forward, Zheneng Jinjiang Environment will continue to grow its EMC and technical consulting services, with a strong emphasis on waste heat recovery technology.

截至2019年12月31日，浙能锦江环境在中国13个省、自治区和直辖市拥有21个已投入运营的垃圾焚烧发电项目和4个垃圾资源化项目<sup>5</sup>，垃圾处理能力累计30,380吨/日，装机容量达632兆瓦，待所有在建、筹建项目全部建成后，垃圾处理总能力将达65,746吨/日。在2019年，公司共处理了976万吨的城市生活垃圾，产生了2,750,978MWh电力和2,803千吨蒸汽，相当于为大约6,600万人<sup>6</sup>提供了垃圾处理服务。（详情参阅表2）。

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

## 合同能源管理项目

合同能源管理（“EMC”）项目是垃圾焚烧发电业务的有益补充。EMC是一种以市场为导向的创新节能机制，使企业能够利用未来的节能收益为工厂和设备升级，具有良好的前瞻性和成本效益。通过EMC，浙能锦江环境为客户提供更高的环境效率和成本节约方面的建议。在2019年期间，公司新开展了9个EMC项目和115个技术咨询项目，累计实施254个业务合同。除正在建设的12个EMC项目与实施中尚未产生收益的13个技术咨询服务合同和设计服务合同外，其他项目均已享受节能收益或咨询服务带来的收益，帮助客户节省超过34,202 MWh的电能。展望未来，浙能锦江环境将继续发展其EMC和技术咨询服务，并将重点放在余热利用技术上。

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

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

# ENVIRONMENTAL SERVICES AND EDUCATION

## 环境服务和教育

### MORE ABOUT ENERGY MANAGEMENT CONTRACTING ("EMC")

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

### 关于合同能源管理

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



#### WASTE HEAT RECOVERY PROJECT 余热回收项目

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

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



#### ELECTRICITY SAVING PROJECT 节电项目

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

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



#### ENERGY EFFICIENCY PROJECT 节能项目

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

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



Figure 1 Students from Hangzhou New Century Foreign Language School visited the Zhuji Bafang WTE Facility in Zhejiang Province and participated in a learning activity waste classification.

图1 来自杭州新世纪外国语学校的学生参观浙江省诸暨八方电厂，开展垃圾分类主题研学活动

## ENVIRONMENTAL EDUCATION

Zheneng Jinjiang Environment is committed to raising environmental awareness and promoting understanding about the WTE industry among the public. Conventionally, waste treatment facilities are considered a public nuisance and are usually avoided by the adjacent community. Zheneng Jinjiang Environment strives to improve this situation by demonstrating that WTE can be hazard-free and odourless through reliable operational performance coupled with campaigns to raise public awareness. All our WTE plants are actively open for public visits. In 2019, our facilities were visited by more than 10,000 individuals, including governmental officials, investors, students and the general public. Our Jilin Xixiang WTE Plant in Jilin Province, Kunming Wuhua WTE Plant in Yunnan Province, Xishan WTE Plant in Yunnan Province, Hohhot WTE Plant in Inner Mongolia, Linzi WTE Plant in Shandong Province and our Yinchuan Zhongke WTE Plant in Ningxia are among the second and third batch to be designated as educational bases for the public by the Ministry of Ecology and Environment and the Ministry of Housing and Urban-Rural Development respectively. By now, the number of companies listed in the National List of Units Open to the Public has increased to eight.

## 环境教育

通常，废弃物处理设施具有邻避效应，浙能锦江环境在提高公众环保意识的同时，通过可靠的运营表现，让垃圾无害化、无气味处理，增进公众对垃圾焚烧发电行业的了解。我们的垃圾焚烧发电厂均主动对外开放，在2019年，已有包括政府官员、投资者、学生和其他群众在内的逾1万余人参观我们的设施。浙能锦江环境吉林省长春垃圾发电厂、云南省昆明市五华垃圾发电厂、云南省昆明市西山垃圾发电厂、内蒙古呼和浩特垃圾发电厂、山东省淄博市临淄垃圾发电厂、宁夏银川垃圾发电厂在2019年分别被生态环境部与住房和城乡建设部指定为第二、三批中国环保设施公众开放单位。目前，公司旗下列入国家向公众开放单位名录的企业已增至8家。

# ENVIRONMENTAL SERVICES AND EDUCATION

## 环境服务和教育

Furthermore, Zheneng Jinjiang Environment plays an active part in formulating national and industry standards to facilitate the sustainable development of the WTE industry. Zheneng Jinjiang Environment works together with government agencies, research institutions and universities to develop various industrial standards and conduct technical research. In 2019, the Company and its employees participated to publish 3 national standards and 2 industrial standards, completed two enterprise standards and three core journal papers. Meanwhile, Zheneng Jinjiang Environment also developed two standards as the lead author which have obtained project approval and submitted one standard for government approval which are still works in progress and shall be published in future periods.

此外，浙能锦江环境一直以来积极参与国家及行业标准的编制，与政府机构、研究机构和大学一起参与制定各种行业标准和技术论文，推动垃圾焚烧发电行业的可持续发展。2019年，公司及其员工参与完成并出版3项国家标准、2项行业标准，完成2项企业标准，发表3篇核心期刊论文。同时，浙能锦江环境还主编标准2项（已通过立项申请）、报批标准1项，这些标准将在未来出版。

### Industrial standards and research papers published in 2019 2019年出版/完成的论文和标准

Evaluation Criterion for Domestic Waste Incineration Plant  
《生活垃圾焚烧厂评价标准》

Energy Efficiency Limit Value and Energy Efficiency Grade of Rotary Aerator for Wastewater Treatment  
《污水处理用旋转曝气机能效限定值及能效等级》

Energy Efficiency Limit Value and Energy Efficiency Grade of Submersible Push-Flow Mixer for Sewage Treatment  
《污水处理用潜水推流式搅拌机能效限定值及能效等级》

Procedures for Commissioning and Acceptance of Waste Incineration Power Plants  
《垃圾焚烧发电厂启动试运及验收规程》

Environmental Protection Facilities Operation Organization Service Evaluation Technical Requirements  
《环境保护设施运营组织服务评价技术要求》

The Characteristics of Large Capacity and High Parameter Circulating Fluidized Bed Technology and its Commissioning are Analyzed-Industrial Boiler  
《浅析大容量高参数循环流化床技术特点与调试运行》-工业锅炉

Development Prospect of Solid Recycled Fuel from Municipal Solid Waste in China-Modern Chemical  
《城市生活垃圾固体回收燃料在中国的发展前景》-现代化工

Analysis on the Influencing Factors of Biological Drying of Municipal Solid Waste-Environment and Development  
《城市生活垃圾生物干化的影响因素分析》-环境与发展

In the coming year, we will continue to expand the scale of our environmental services and enhance our environmental education programmes. In 2020, we anticipate six more WTE plants to be launched for operation, both domestically and overseas. We aim to undertake at least three new EMC projects (including technical consulting projects) and to initiate at least one environmental education programme.

明年，我们会继续扩大环保服务的规模，并加强环保教育计划。2020年，我们预计国内外将有六个WTE项目投入运营。我们的目标是进行至少三个新的EMC项目（包括技术咨询项目），并至少主动举办一个环境教育活动。

## GREEN OPERATIONS 绿色经营

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

Technological innovation lays the foundation for our environmentally sustainable operations. The National Engineering Laboratory for Waste Incineration Technology and Equipment, which was established by Zheneng Jinjiang Environment in collaboration with Zhejiang University, has become an important base that consolidates R&D resources, translates research findings into industrial applications, and grooms talent in research and innovation. This lab is the only national-level engineering laboratory approved by the National Development and Reform Commission in the field of waste incineration in China. In 2019, Zheneng Jinjiang Environment obtained 15 patents, including three invention patents and 12 utility model patents. In 2020, we will continue to enhance our R&D capacity and actively collaborate with external technical experts and research institutions to be a promoter and leader in localization of WTE technology.

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

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

技术创新为浙能锦江环境的可持续运营奠定了基础。浙江大学与公司等单位联合建设的垃圾焚烧技术与设备国家工程实验室，是国家发展和改革委员会批准的在垃圾焚烧领域唯一的国家级工程实验室，已成为整合产业创新资源、强化产业技术供给的重要保障，是衔接基础研究和产业研发的桥梁，是凝聚、培养工程技术创新人才的重要基地。2019年，浙能锦江环境新获得专利15项，其中发明专利3项，实用新型专利12项。2020年，我们将继续加强研发能力，积极与外部技术专家和研究机构合作，在国产化垃圾焚烧发电技术方面做推广者和引领者。

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

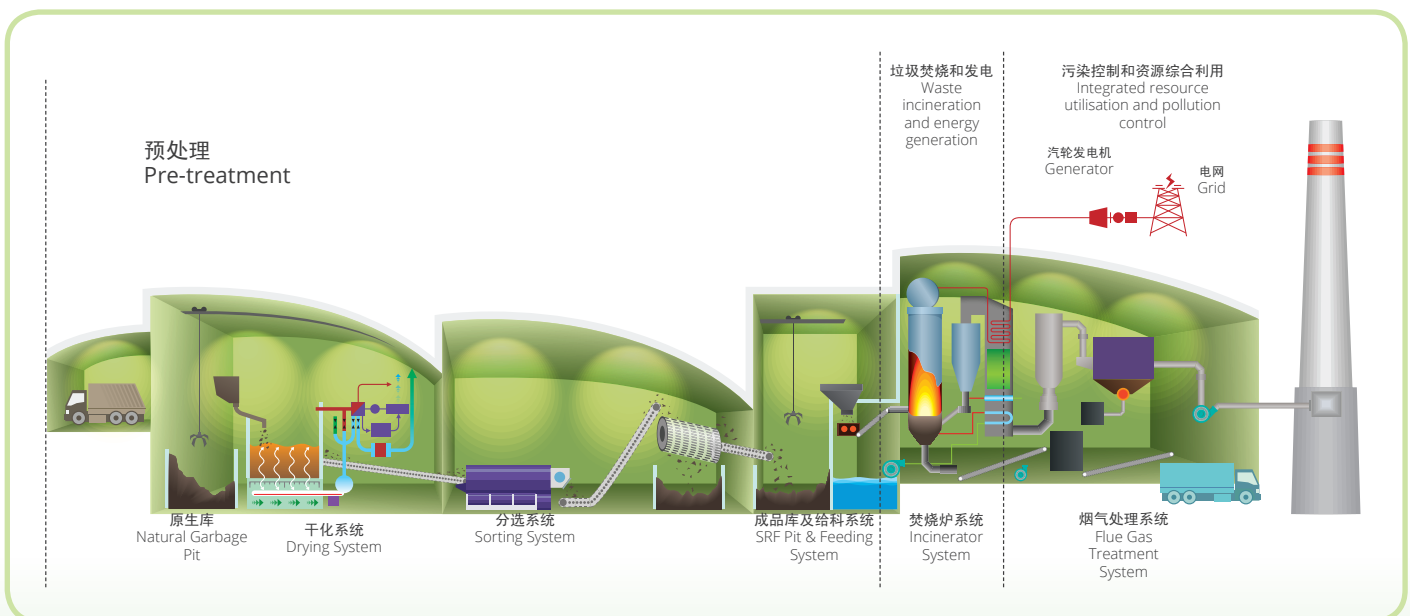


Figure 2 Overview of the WTE process  
图2 垃圾焚烧发电流程概览

# GREEN OPERATIONS

## 绿色经营

### WASTE PRE-TREATMENT

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

Zheneng Jinjiang Environment first introduced European advanced waste fuel pretreatment technology and combined with independent research and development, built the first solid recycled fuel (SRF) production plant in China, effectively realized the conversion of waste to SRF, and promoted more efficient energy conversion of waste incineration power generation facilities. After being transported into the factory, the municipal solid waste is first discharged into the garbage storage, and after preliminary crushing, it is transported to the biological drying bin. The microorganisms are used to get rid of moisture in the waste. The warm and humid air discharged is condensed into condensate when it is heated and is reused after meeting the standard; the part of the treated dry and cold air is re-entered into the drying chamber for recycling, and part of it is discharged after being processed to meet the standard. The dried waste is transported to a mechanical separation system to sort out non-combustible heavy materials such as bricks and stones and recyclable resources such as metals, and the remaining waste is further prepared into a homogeneous and high-calorific value SRF as a fuel for incineration power generation.

### 垃圾预处理

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

浙能锦江环境首次引进欧洲先进垃圾燃料化预处理技术并结合自主研发，建成了国内第一个固体回收燃料（SRF）生产工厂，有效实现了垃圾向SRF的转化，有力促进了垃圾焚烧发电设施更高效的能源转化。城市生活垃圾运输进厂后，先卸入垃圾库，经初步破碎后输送到生物干化仓，利用微生物发酵产热带走垃圾中的水分，排出的暖湿空气经冷凝换热后使其中的水汽成为冷凝液，处理达标后回用；经处理后的干冷空气部分重新进入干化仓循环使用，部分经处理达标后排放。经过干化后的垃圾输送至机械分选系统，分选出砖瓦石块等不可燃重物质以及金属等可回收资源，剩余垃圾进一步制备成均质高热值的SRF，作为焚烧发电燃料。

## WASTE INCINERATION AND ENERGY GENERATION

The Company has integrated and developed various technologies for waste incineration power generation based on the characteristics of China's domestic waste, such as high moisture content, complex composition, and high ash content, etc. The Company is committed to becoming an integrated enhancer of fluidized bed and grate furnace waste incineration power generation technology and continuing to be a promoter and leader in localization of waste incineration power generation technology.

The differential-density circulating fluidized bed waste incineration power generation technology is a high-efficiency clean incineration power generation technology developed by the Company and Zhejiang University in cooperation with complete independent intellectual property rights, and is applied in most of the Company's power plants. The technology has the characteristics of wide fuel adaptability, large adjustment load, adaptation to low calorific value fuel, high combustion efficiency, and low generation of secondary pollutant original concentration. It is one of the globally recognized clean burning technologies for domestic waste.

## 垃圾焚烧和发电

公司根据中国生活垃圾水份高、组份复杂、灰分多等特点，集成、发展了多种垃圾焚烧发电技术，并致力成为流化床和炉排炉垃圾焚烧发电技术的整合提升者，继续在国产化垃圾焚烧发电技术方面做推广者和引领者。

异重循环流化床垃圾焚烧发电技术是公司与中国浙江大学合作开发、拥有完全自主知识产权的高效清洁焚烧发电技术，并在在公司大部分电厂得到应用。该技术具有燃料适应性广、调节负荷大、适应低热值燃料、燃烧效率高、二次污染物原始浓度的产生量低等特点，是全球公认的生活垃圾清洁燃烧技术之一。



# GREEN OPERATIONS

## 绿色经营

Grate furnace technology is one of the two major technical schools in the current waste incineration industry. While improving and optimizing the technology of circulating fluidized bed waste incineration power generation, Zheneng Jinjiang Environment also adopts and utilises moving grate furnaces, the other commonly used incineration technology in the WTE industry. The Company actively collaborates with famous peers on moving grate furnace technology. The collaboration project studies and analyses the incineration of municipal and industrial waste, helping to advise the appropriate furnace type accordingly to the waste profile of different projects. At present, Zheneng Jinjiang Environment operates three WTE Plants with moving grate furnaces in Hebei Province and Zhejiang Province, and there are three projects under construction with the technology in Yunnan Province, Jilin Province and Hebei Province. The Company strives to become a national propagator and leader in the WTE industry, while aiming at propelling the overall advancement of CFB and moving grate furnace technologies.

Zheneng Jinjiang Environment keeps detailed records on the input materials and energy sources as shown in the table below. This allows the Company to identify areas for improvement in the longer term. In 2019, 2,750,978 MWh of green electricity and 2,803 thousand tonnes of steam were generated.

炉排炉技术是目前垃圾焚烧行业两大技术流派之一，浙能锦江环境在提升优化循环流化床垃圾焚烧发电技术的同时，还对炉排炉工艺进行了引进和应用，积极与行业内各知名企业展开炉排炉项目合作，对生活垃圾、工业垃圾的焚烧情况进行分析评判，根据不同的项目选择合适的炉型。当前，公司在河北省、浙江省有三座运行电厂运用了炉排炉技术；在云南省、吉林省、河北省有三个在建项目运用炉排炉技术。

浙能锦江环境对入炉的物质和能量都有详细记录，如下表所示。从长远看，这使公司能够确定需改进的领域。2019年公司产生了绿色电力2,750,978 MWh，蒸汽2,803千吨。

Table 2 Material consumption, energy consumption, and green energy generation in FY2019

表2 2019年物料消耗、能源消耗和产生的绿色能源

FY2019 2019财年	Unit 单位	Amount 数量
<b>Renewable materials 可再生物质</b>		
Municipal Solid Waste 城市固体废物	Tonnes 吨	9,764,000
<b>Non-renewable materials 非可再生物质</b>		
Lime 石灰	Tonnes 吨	35,845
Ammonia 氨水	Tonnes 吨	10,816
Activated Carbon 活性炭	Tonnes 吨	2,959
Hydrochloric Acid 盐酸	Tonnes 吨	2,464
<b>Purchased energy 购买的能源</b>		
Electricity 电	MWh 兆瓦时	19,339
Coal 煤	Tonnes 吨	547,803
Diesel 柴油	Tonnes 吨	3,545
<b>Green energy generated 产生的绿色能源</b>		
Electricity 电	MWh 兆瓦时	2,750,978
Steam 蒸汽	'000 tonnes 千吨	2,803

## INTEGRATED RESOURCE UTILISATION AND POLLUTION CONTROL

Following the principles of integrated resource utilisation, Zheneng Jinjiang Environment recycles waste products generated during the WTE process whenever possible. For non-hazardous waste, Zheneng Jinjiang Environment works with downstream business partners to convert waste into useful resources. For example, bottom ash is processed into building materials used in construction, roadbeds and soil restoration. For hazardous waste which cannot be safely recycled, Zheneng Jinjiang Environment strictly follows environmental regulations on waste treatment and discharge to prevent any pollution. For example, fly ash, which is high in heavy metal, is properly treated to safe standards, before being sent to landfills. In 2019, 950,322 tonnes of fly ash (hazardous waste) was sent to landfill, while 1,051,979 tonnes of bottom ash (non-hazardous waste) was sent for recycling. In 2020, our WTE plants aim to continue monitoring the quality of the waste and effluents discharged in compliance with environmental legislation.

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

## 污染控制和资源综合利用

浙能锦江环境本着资源综合利用的原则，尽可能回收利用在垃圾焚烧发电过程中产生的废弃物。对于非危险废物，浙能锦江环境与下游业务伙伴合作，将废物转化为有用资源，如炉渣“变废为宝”被加工成建筑材料，用于建筑、路基和土壤修复。对于不能安全回收利用的危险废物，浙能锦江环境严格执行《废物处理和排放环境管理规定》，杜绝污染，如在重金属含量高的飞灰被送往垃圾填埋场之前进行适当处理。2019年，950,322吨飞灰（危险废物）被送往垃圾填埋场，1,051,979吨的炉渣（非危险废物）被送去回收。2020年，我们将继续监测废弃物与污水排放质量以符合环境法规。

我们所有的WTE厂都符合生态环境部关于“装、树、联”原则的要求。每个垃圾发电厂都安装了自动监测的设备，并在电厂明显的位置显示排放和运行状态。我们的污染监测系统与生态环境部数据库相连，以实现持续治理监督。我们已在官方网站上发布每厂每日平均排放数据，以增加公众对数据的可访问性。展望未来，我们将加强我们的信息透明度和开放性以促进公众监督、建立信任并改善我们的环境表现。



Figure 3 Real-time emission display of Zibo New Green Energy Co., Ltd, Shandong Province  
图3 山东省淄博绿能新能源有限公司展示的实时排放

# GREEN OPERATIONS

## 绿色经营

### Undertaking the Commitment of Environmental Defender and Facilitating the Green Development in China

#### 践行环境守法者承诺，助推中国绿色发展

On 13 December 2019, Zheneng Jinjiang Environment participated in the inaugural “I am a Law-abiding Environmentalist” launched by China Association of Environmental Protection Industry (CAEPI), together with the other 12 WTE enterprises with strong technical and high environmental management level in China. The management of Ministry of Ecology and Environment of the People's Republic of China, including the Vice Minister Mr. Zhai Qing, attended the activity, resulting in 15 media coverage, including coverage by the China Central Television.

2019年12月13日，浙能锦江环境与其他12家国内技术水平较强、环境管理水平较高的垃圾焚烧发电企业集团一同参与了由中国环境保护产业协会主办的“我是环境守法者”首批承诺发布活动。中国生态环境部副部长翟青等领导出席活动，吸引中国央视等15家新闻媒体报道。

Zheneng Jinjiang Environment delivered a speech as a representative of the WTE industry, showing its resolve to facilitate the green and healthy development of the industry. Mr. Wei Dongliang, the Chairman of the Company, made a solemn commitment on behalf of the Company, stating that “I am a law-abiding environmentalist. I welcome any supervision on me by anyone at any time”.

浙能锦江环境作为垃圾发电企业代表进行发言，表达推动行业绿色健康发展的决心。董事长韦东良代表公司作“我是环境守法者，欢迎任何人员、任何时候对我进行监督”的郑重承诺

Zheneng Jinjiang Environment has actively engaged in and undertaken the commitment as a law-abiding environmentalist. Since 2017, the Company has undertaken a comprehensive expansion and upgrading to its eight operational WTE plants which are older and have potential to handle a higher volume of waste requiring treatment. The waste treatment capacity and boiler operational efficiency have been further enhanced and the environmental protection index has been optimized.

浙能锦江环境一直积极响应、落实环境守法者承诺，自2017年起，对旗下8家投运时间较长、垃圾增量较多的运营电厂进行全面的提升改造，提升了垃圾处理能力以及锅炉运行效率，让环保指标更优。

# TALENT TRAINING AND ADVANCEMENT

## 人才培养与提升

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

Zheneng Jinjiang Environment's human resource policies are grounded in equal opportunities and fair employment practices. All qualified candidates are considered for employment without discrimination of gender, age, ethnicity, religion and national origin. We are committed to creating a diversified and inclusive working environment where each individual's unique talents, experiences and perspectives are respected. As of 31 December 2019, Zheneng Jinjiang Environment has a total of seven board members and 2,756 permanent employees. The charts below provide a quantitative measure of board and employee diversity.

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

浙能锦江环境的人力资源政策以平等机会和公平就业为基础。考虑所有合格的候选人，不受性别、年龄、种族、宗教和国籍的歧视。我们努力创造一个多元化和包容性的工作环境，尊重每个人的独特才能、经验和观点。截至2019年12月31日，浙能锦江环境共有7名董事会成员和2,756名长期雇员。下面的图表提供了董事会和员工多样性的量化指标。

# TALENT TRAINING AND ADVANCEMENT

## 人才培养与提升

### FY2019 Board of Directors 2019 财年董事会成员



#### By Country of Residence

按居住国家

China 中国: 4

Singapore 新加坡: 3



#### By Gender

按性别

Female 女性: 0

Male 男性: 7



#### By Age Group

按年龄

<30 years old 30岁以下: 0

30 – 50 years old 30-50岁: 2

> 50 years old 50岁以上: 5

### FY2019 Workforce 2019 财年人才团队

#### By Location

按地区

China 中国: 2,461

Singapore 新加坡: 8

India 印度: 264

Germany 德国: 23



#### By Gender

按性别

Female 女性: 498

Male 男性: 2,258

#### By Employee Category

按员工类别

Senior Management

高层管理员: 7

Middle Management

中层管理员: 115

Associate 普通职员: 2,634



#### By Age Group

按年龄

<30 years old 30岁以下: 882

30 – 50 years old 30-50岁: 1,683

> 50 years old 50岁以上: 191

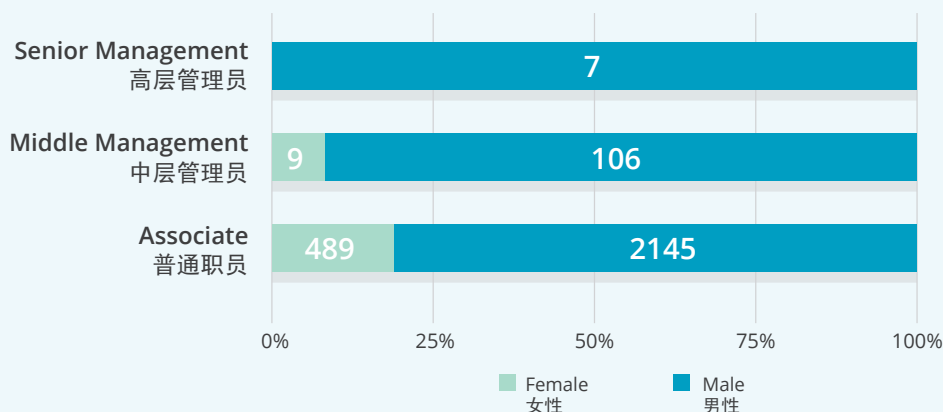
# TALENT TRAINING AND ADVANCEMENT

## 人才培养与提升

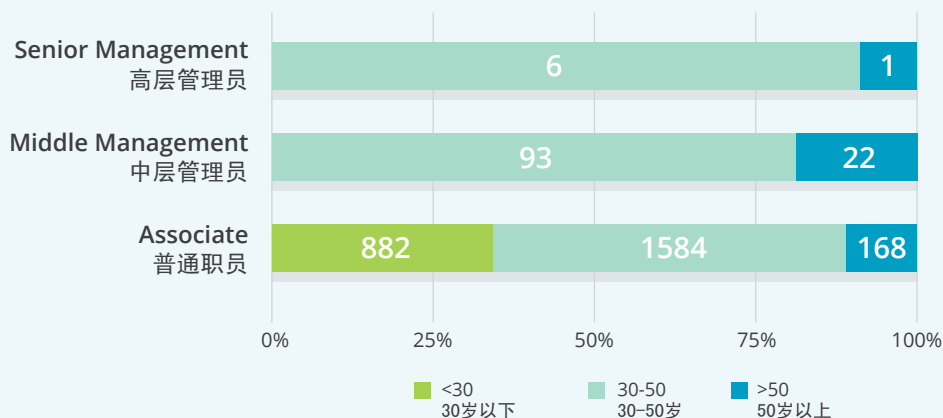
### Percentage of Employee per Employee Category

员工类别的员工百分比

#### By Gender 按性别



#### By Age Group 按年龄



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

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

### Case Study: Being people-oriented : Joint Battle Against Typhoon 以人为本 共同抗击台风

Super Typhoon Lekima landed in Chengnan Town, Wenling City, Zhejiang Province at around 1:45 am on 10 August 2019, the strongest typhoon to land in China since 2019 and the third strongest typhoon in Zhejiang Province since 1949, recording a level 16 at its strongest. A total of 14.024 million people in China was affected, with a direct economic loss of RMB53.72 billion.

超强台风利奇马于2019年8月10日1时45分许在浙江省温岭市城南镇沿海登陆，登陆时中心附近最大风力有16级，是2019年以来登陆中国的最强台风和1949年以来登陆浙江第三强的台风，共造成中国1402.4万人受灾，直接经济损失537.2亿元人民币

Zheneng Jinjiang Environment's WTE facility located in Wenling City, Zhejiang Province directly fought against Typhoon Lekima. 19 hours before its landing, the WTE plant decided to suspend operation temporarily to ensure the safety of employees and production based on the predicated route of typhoon and the actual air force at that time and successfully accomplished the evacuation 9 hours before the Typhoon's landing.

浙能锦江环境温岭电厂位于浙江省温岭市，直面“利奇马”。在“利奇马”登陆前19小时，根据台风路径及当时实际风力情况，电厂决定停产避灾，并在“利奇马”登陆前9小时完成全厂人员撤离，有力保证了电厂的人员安全和生产安全。

After Typhoon Lekima has passed, Wenling Green Energy WTE Facility made a quick check and returned to normal operation within 45 hours after the typhoon's landing. This demonstrated Zheneng Jinjiang Environment's people-oriented principle, dedicated spirit and strong cohesion, through ensuring the safety of its employees, returning back to normal operation to continue guarding the environment.

“利奇马”过境后，温岭垃圾发电厂员工快速排查、检修，在台风登陆后45小时内恢复正常运行与供电。从保障人员安全，到排查确保机器正常运行，再到继续守护城市的碧海蓝天，体现了浙能锦江环境的以人为本、恪尽职守及强大凝聚力。

The Human Resource (HR) Department closely monitors the new hires and turnover rate for strategic planning of our workforce. In 2019, in line with our business expansion, we have grown our workforce. In China and Singapore, we had 503 new employees and 476 turnovers in 2019. The overall annual new hires rate was 18 % and the annual turnover rate was 17% for China and Singapore.

人力资源部（HR）密切关注员工的入职率和离职率，以此进行人员的战略性规划。2019年，随着业务的扩展，我们的员工队伍不断壮大。在中国和新加坡，2019年入职新员工为503人，离职人员为476人。中国和新加坡的整体年度员工入职率为18%，年流动率为17%。

Table 3 Employee new hires and turnover by age group, gender and region in FY2019<sup>7</sup>

表3 按年龄、性别和地区的2019财年雇员新进员工和离职员工<sup>7</sup>

FY2019 2019财年	New hires 新员工		Turnovers 流动	
	Number of individuals 个人数	Annual rate 年率	Number of individuals 个人数	Annual rate 年率
<b>By age group 按年龄</b>				
< 30 years old 30岁以下	247	27%	176	19%
30 - 50 years old 30-50岁	235	13%	249	14%
> 50 years old 50岁以上	21	12%	51	29%
<b>By gender 按性别</b>				
Male 男性	402	17%	452	20%
Female 女性	101	19%	24	5%
<b>By region 按地区</b>				
China 中国	501	20%	476	19%
Singapore 新加坡	2	25%	0	0%
<b>Overall 总计</b>				
Overall 总计	503	18%	476	17%

# TALENT TRAINING AND ADVANCEMENT

## 人才培养与提升

Grooming competent and motivated employees is one of our priorities. We aim to provide our employees with opportunities for systematic, relevant and continued training. During the year, we achieved a minimum of one hour of e-learning on our online learning portal for each employee every month. Our training and development programmes are tailored to the learning needs of our employees across a variety of topics, including job-specific skills, leadership skills, as well as language and communication skills. We also support employees to take part in external trainings, building up their managerial and technological capacities. For example, potential future leaders are sponsored to be enrolled in the MBA programme and seminars offered by Zhejiang University. To encourage global perspectives, we send our best talents to overseas study trips to learn from global leading technologies. The HR Department tracks training attendance and gathers feedback to encourage participation and identify areas for improvement. In China and Singapore, Zheneng Jinjiang Environment has achieved an average of 73 hours of training per employee during 2019.

培养有能力和积极进取的员工是浙能锦江环境的首要任务之一。我们的目标是为员工提供系统、合适和持续培训的机会。让每位员工每个月至少接受1小时的网络学院培训，此外我们会根据员工的学习需求，为其量身定制培训和发展计划，其中包括职业技能、领导技能以及语言沟通技巧。另外，我们还鼓励员工参加外部培训，以此来提高管理和技术能力。例如，公司赞助潜在的未来领导者参加由浙江大学提供的MBA课程和研讨会；为了培养全球视野，我们将最优秀的人才派往海外进行学习深造，以学习全球先进的技术和经验。与此同时，人力资源部会记录培训出勤情况并收集反馈意见，以鼓励参与培训并明确其需要改进的领域。2019年，浙能锦江环境在中国和新加坡的员工平均培训时间为73小时。

Table 4 Average hours of training by gender and employee category in FY2019

表4 2019年按性别和雇员类别的培训时长

FY2019 2019财年	Average hours of training per permanent employee per year (hours) 每位员工每年的平均培训时长（小时）
<b>By gender 按性别</b>	
Female 女性	86
Male 男性	70
<b>By employee category 按雇员类别</b>	
Associate 普通职员	73
Middle management 中层管理员	65
Senior management 高级管理员	96
<b>Overall 总计</b>	
Overall 总计	73

<sup>7</sup> Statistics on new hires, turnover, average hours of training per employee and percentage employee receiving regular performance review pertain only to employees in China and Singapore. Since WTE projects in other regions are still in the preparatory stage and not yet in operation, workforce and training data for those regions are not included at the moment and will be considered for inclusion in future periods.  
新员工、流动数据、员工培训时间及接受绩效评估的统计数据仅统计在中国和新加坡的员工。由于其他地区的WTE项目尚未投运，目前尚未将这些地区的新员工和流失数据统计在内，将考虑在未来涵盖这些地区数据。

### Building up a talent pool: "Eagle Series Cultivation Project" 建立人才库：鹰系列培养计划

"Eagle Series Cultivation Project" mainly refers to the training of the suitable talent team to lay a solid foundation for achieving Zheneng Jinjiang Environment's vision and strategic goals. "Chuying Plan" is aimed to recruit outstanding bachelor graduates with high quality and great potential in technology and management. Having experienced orientation training, job rotation, on-the-job training and performance evaluation, they can explore their interest and advantages under the guidance of mentors and HR professionals, so as to determine the most appropriate job. The "Feiyang Plan" mainly carries out 1-to-1 mentoring system for the outstanding young backbone of power plants who have been employed for more than 1 year, so as to improve their comprehensive management quality. "Xiangying Plan", "Xiongying Plan", "Lingying Plan" respectively for the reserve general manager assistant, reserve deputy general manager, reserve general manager to implement job rotation training, special management courses, and through the points system to implement online training and other training methods, for the plant management team to train and store more talents."

鹰系列培养计划，主要指培养合适的技能人才团队，为浙能锦江环境实现愿景和战略目标奠定基础。“雏鹰计划”主要招募高素质、具有技术、管理潜力的优秀本科及以上学历应届毕业生，通过定向培训、工作轮换、在职培训和绩效评估四个主要阶段，在导师和人力资源专业人士的指导下，让“雏鹰”探索他们的兴趣和发现他们的长处，从而确定最合适的工作岗位。“飞鹰计划”主要对入职1年以上的电厂优秀青年骨干施行1对1导师制培养，提升骨干综合管理素质。“翔鹰计划”、“雄鹰计划”、“领鹰计划”则分别对后备总经理助理、后备副总经理、后备总经理实行轮岗培训、专项管理类课程提升，并通过积分制实行线上培训等培养方式，为电厂管理团队培养、储存更多人才。

To support long-term career development, Zheneng Jinjiang Environment conducts regular performance reviews to communicate employees' performance and career goals. The review provides feedback on areas of improvement and is used as a basis for decisions such as bonus, promotion and internal transfers. In 2019, 100 % of employees in China and Singapore have received a performance review at least once from their supervisors. In the coming year, we will continue to offer training and career development programmes. In 2020, we target to achieve at least on average 70 hours of training per employee per year and provide performance review to all employees across our operations in China and Singapore.

为了帮助员工实现长期的职业发展，浙能锦江环境定期进行绩效评估，以评估员工的绩效和制定职业目标。审核提供有关改进领域的反馈，并为奖励、升职和内部转岗等决策提供参考。在2019年，全体员工至少从其主管那里接受过一次的绩效评估。在来年，我们将继续提供培训和职业发展计划，目标是每位员工每年平均接受至少70小时的培训，并为中国和新加坡所有员工提供绩效评估。



Figure 4 The Fourth Graduation Ceremony of Chuying and Double Selection of Talents  
图4 雏鹰四期毕业典礼暨人才双选会

# OCCUPATIONAL HEALTH AND SAFETY

## 职业健康和安全

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

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

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

Zheneng Jinjiang Environment has set up safety production management committees at all levels, and held regular meetings to strengthen safety awareness at all levels, define safety responsibilities and implement safety objectives. The Company is committed to building a strong safety culture through training and education. All new employees are required to undergo compulsory safety training prior to their commencement of work. OHS policies and management systems are clearly communicated to employees. Meanwhile, the training programmes also highlight areas of high risks, such as fire hazards, operation of machinery and handling of hazardous chemicals, and the respective safety precautions. Moreover, we also include safety trainings as part of our engagement procedure with contractors, thus extending the safety culture into our value chain.

In 2019, during the operation of Zheneng Jinjiang Environment, there was an incident of employee casualty due to work. After the incident, the Company quickly convened meetings of the safety production management committees at all levels, made a special analysis around the managements of each operating enterprise on safety, environmental protection, and construction engineering safety, made overall arrangements for the safety production management of each operating enterprise and set the month of October as the Company safety warning month based on the national safe production month in June. In the outbreak of the new coronavirus epidemic from late 2019 to early 2020, the Company immediately responded to a large number of epidemic prevention and control work to ensure the normal operation while helping regulate local governments to co-operate with medical waste. As of the first quarter of 2020, there were zero infections, zero safety accidents, and zero environmental issues. In 2020, Zheneng Jinjiang Environment aims to maintain a good record of safe and environmental protection production during the epidemic, with zero workplace injuries and fatalities for employees.

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

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

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

浙能锦江环境成立各级安全生产管理委员会，并定期召开会议强化各级安全意识、明确安全职责、落实安全目标。公司致力于通过培训和教育建立强大的安全文化。所有新员工在开始工作前都必须接受安全培训，学习 OHS政策、管理系统以及高风险领域的安全防护措施。此外，公司还将安全培训作为我们与承包商的互动程序的一部分，从而将安全文化扩展到公司的价值链中。

2019年，在浙能锦江环境的运营过程中，存在一件员工因工伤亡事件。事件发生后，公司迅速召开各级安全生产管理委员会会议，围绕各运营企业安全、环保、建设工程安全管理方面作专题分析，并对各运营企业安全生产的管理工作进行了总体安排部署，在每年6月国家安全生产月的基础上，将每年10月作为公司安全警示月。在2019年末至2020年初爆发的新型冠状病毒肺炎疫情中，公司即刻响应开展大量疫情防控工作，在规范、高效生产的同时帮助各地政府协同处理医疗垃圾，做到防疫、生产“两手抓”，截至2020年一季度全员零感染、零安全事故、零环保问题发生。2020年，浙能锦江环境旨在保持疫情期间良好的安全、环保生产记录，零员工工伤与死亡。

# REGULATORY COMPLIANCE

## 监管合规

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

Zheneng Jinjiang Environment takes a strong stance against all forms of corruption. Employees are required to abide by the Employee Code of Conduct, which gives guidance on issues including the prohibition of bribery, management of conflicts of interest and anti-corruption. The company has established a whistle-blowing channel for employees to report any suspected violations. In 2019, there were no confirmed incidents of corruption. In order to recognize and prevent (potential) conflicts of interest of employees, control and prevent personnel management risks, and protect the interests of the company and employees, the Company has formulated conflict of interest management methods, and conducted a conflict of interest investigation in key positions in the system once a year to maintain internal fairness and prevent corruption. In the coming year, Zheneng Jinjiang Environment aims to maintain zero incidents of confirmed corruption.

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

Zheneng Jinjiang Environment acknowledges the changing regulatory environment and actively manages its compliance risks. The management, technical teams and the ERM Department communicate regularly with regulators and industrial associations, and actively participate in the consultation of new laws and regulations. Our internal risk management policies and employee communications are updated on a timely basis. In 2019, in order to improve the compliance and risk awareness for every employee, the company launched six special training programmes involving labour relations, interest party transactions, conflicts of interest, internal control, environmental protection laws and honest practices. For operational WTE plant, training on contract performance and human resource legal knowledge were undertaken. In 2020, we intend to launch special training programmes on listing compliance, integrity and self-discipline, environmental protection law and internal control.

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

浙能锦江环境在反腐倡廉的问题上立场坚定、态度鲜明，员工必须遵守“员工行为准则”，尤其需要在禁止贿赂、利益冲突管理、反腐等问题上符合公司要求。公司已设立举报渠道，以便员工举报任何涉嫌违规行为。为了认识并预防员工（潜在）利益冲突，控制和防范人员管理风险，保护公司和员工利益，公司制定利益冲突管理办法，并每年在系统里关键岗位做一次利益冲突调查，维护内部公平和防止腐败。2019年，公司没有发生腐败事件。在接下来的一年，浙能锦江环境的目标是保持零确认腐败事件。

公司遵守废物排放、环境披露、劳工实践和职业健康安全实践等相关方面的法律法规，废物排放、环境披露、劳工实践和职业健康安全实践均由公司企业管理部督促监控，由风控部审核调查，任何重大的运营中断或违规行为都将立即报告并进行彻底的内部调查。

浙能锦江环境主动适应不断变化的监管环境，并积极管理合规风险，公司管理团队、技术团队、风控部门定期与监管机构、行业协会沟通，积极参与行业新法律法规的协商讨论。公司及时更新内部风险管理政策和员工沟通机制。2019年，为提升各层级的合规及风险意识，公司共组织劳动关系、关联交易、利益冲突、内部控制、环保法律、廉洁从业6次专题培训，以及对运行电厂开展合同履行、人力资源法律知识培训。2020年，我们计划开展组织上市合规、廉洁自律、环保法律、内部控制等专题培训项目。

Figure 5 The Production and COVID-19 Prevention of Two WTE Plants in Wuhan City, Hubei Province

图5 浙能锦江环境湖北武汉两座电厂防疫、生产“两手抓”



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

In 2019, we participated in various community service projects to create positive social impacts, as described below.

2019年，我们参与了各种社会公益项目，产生了积极的社会影响，如下所述。

### 1. CELEBRATION ACTIVITIES FOR THE 70TH ANNIVERSARY OF THE FOUNDING OF THE PEOPLE'S REPUBLIC OF CHINA

公司全体举办活动，庆祝中华人民共和国成立70周年

Thanks to China's stable environment and policy support, Zheneng Jinjiang Environment has been developing rapidly for more than 20 years. 2019 is the 70th anniversary of the founding of the People's Republic of China. To celebrate this important moment, review the development of China and the company, show the spirit of unity and progress of environmentalists, and enhance the sense of responsibility of employees to protect the "pure water and green mountains", each of its operating WTE plants, young eagle students and employees from head office carried out a variety of themed activities.

得益于中国稳定的环境、政策的支持，浙能锦江环境得以快速发展20余年。2019年是中华人民共和国成立70周年，为庆祝这一重要时刻，回顾中国及公司发展历程，展现环保人团结向上的精神面貌，增强员工守护“绿水青山”的责任意识，浙能锦江环境本部、旗下各运行垃圾发电厂、雏鹰学员开展了丰富多彩的主题活动。



Figure 6 Zheneng Jinjiang Environment launched a round table meeting at its head office.

图6 浙能锦江环境本部举办圆桌故事会

### 2. PASS LOVE TO WARM THE NEEDED PEOPLE

春风行动送温情，齐献爱心暖人心

In Spring 2019, employees actively responded to the call of "Spring breeze action", donating their money to pass their love to people needed.

2019年春天，浙能锦江环境员工积极响应“春风行动”的号召，纷纷捐款献出自己的爱心，把爱传递给最需要帮助的人。



Figure 7 Employees participating in "Spring Breeze Action" donation drive

图7 员工参与“春风行动”爱心捐赠活动

### 3. VISITING ELDERLY PERSONS IN THE LOCAL COMMUNITY

#### 慰问当地老人

On 2019 Double Ninth Festival, Kunming Xishan WTE Facility in Yunnan Province organised a charitable visit to elderly persons from the nearby community. Employees donated necessities and brought educational pamphlets on WTE. This initiative celebrated the traditional virtue of respecting and caring for the elderly, promoting environmental education at the same time.

2019年重阳节，浙能锦江环境云南省昆明市西山电厂组织慰问企业周边老人，为老人们送去生活必备物资、发放垃圾发电科普宣传手册，传承敬老、爱老精神的同时，宣传环保知识。



Figure 8 Employees from Kunming Xishan WTE Plant in Yunnan Province giving our necessities to elderly persons.

图8 浙能锦江环境云南昆明西山电厂员工为老人们送去物资

### 4. ADD A BIT OF GREEN TO BUILD A GREENER HOMELAND

#### 我为地球增点绿 共建绿色家园

On 5 June 2019, the 48th World Environment Day, Songyuan Xinxiang WTE Facility in Jilin Province organised an activity to plant flowers and trees off-site, adding some green for the whole earth and building their homeland with the local community.

2019年6月5日是第48个世界环境日，浙能锦江环境吉林省松原垃圾发电厂组织员工在厂区外种植花草。电厂在为地球增添绿色的同时，与当地社区保持积极的关系，共建绿色家园。



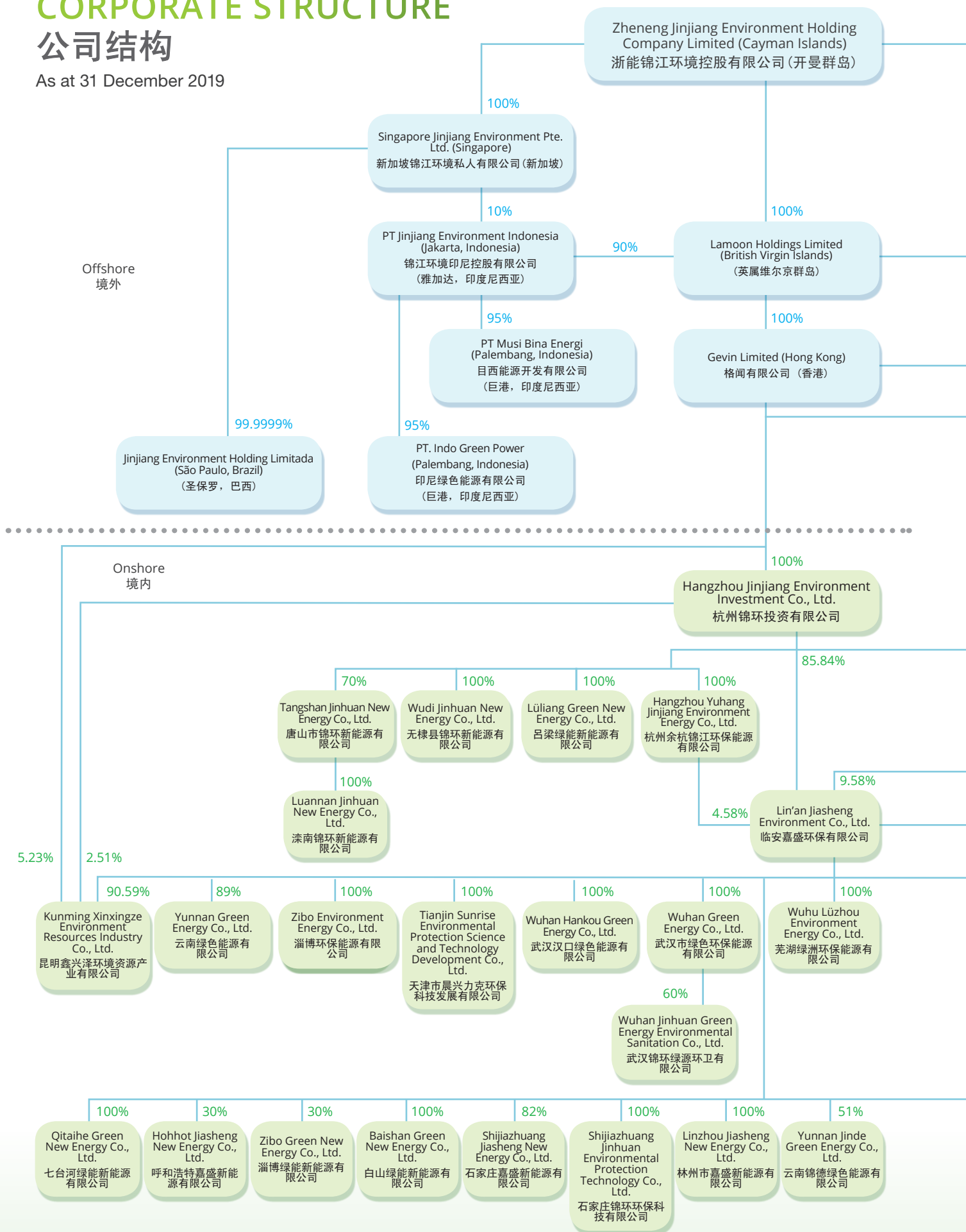
Figure 9 Employees from Songyuan Xinxiang WTE Facility in Jilin Province participating in tree-planting off-site.

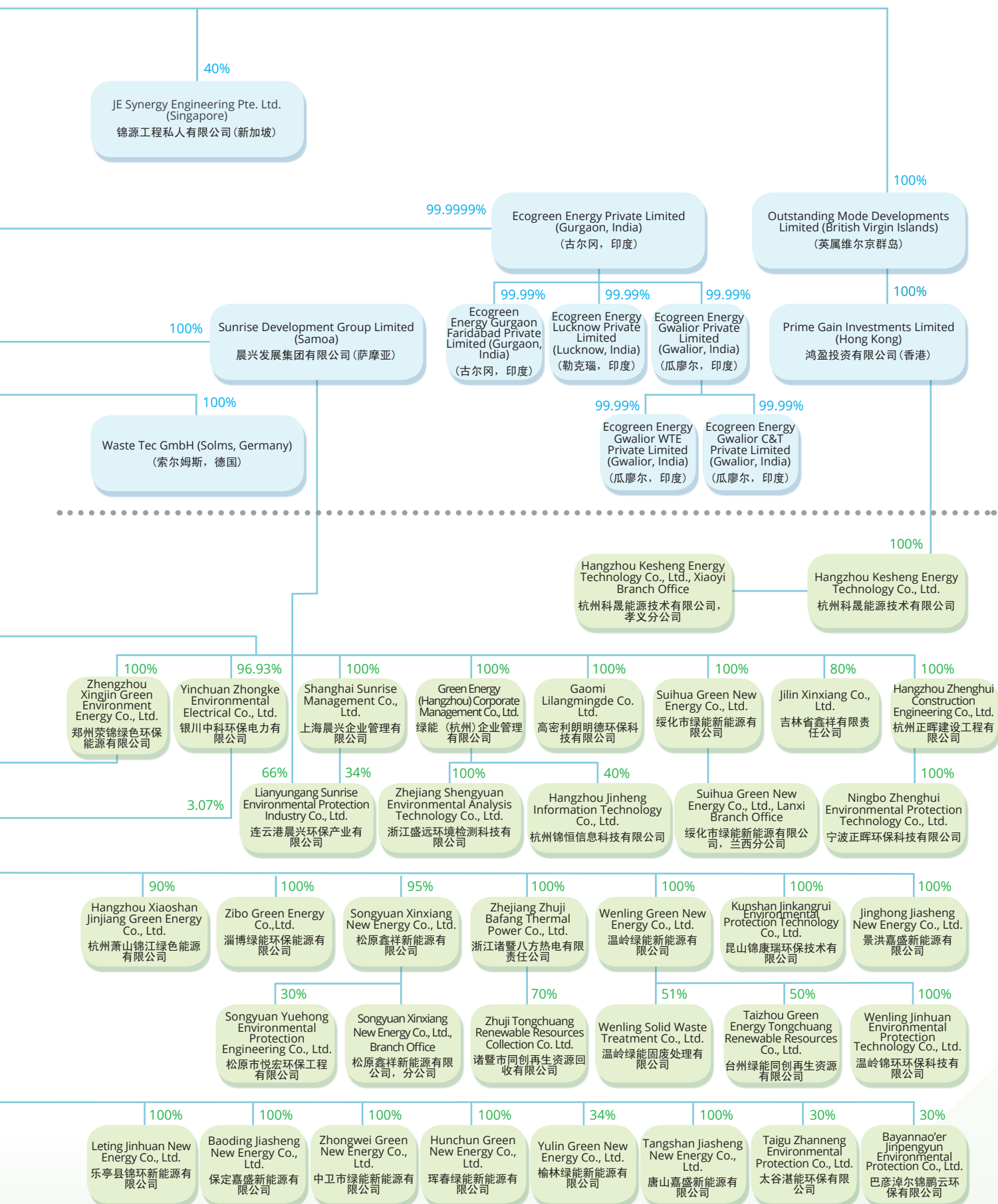
图9 浙能锦江环境吉林省松原垃圾发电厂员工在厂区外种植花草

# CORPORATE STRUCTURE

## 公司结构

As at 31 December 2019





# CORPORATE INFORMATION

## 公司信息

### BOARD OF DIRECTORS

Wei Dongliang  
(Executive Chairman)  
Zhang Chao  
(Executive Director and Chief Executive Officer)  
Wang Ruihong  
(Executive Director and Deputy General Manager)  
Ang Swee Tian (Lead Independent Director)  
Hee Theng Fong (Independent Director)  
Tan Huay Lim (Independent Director)  
Ni Mingjiang (Independent Director)

### AUDIT AND RISK MANAGEMENT COMMITTEE

Tan Huay Lim (Chairman)  
Ang Swee Tian (Member)  
Hee Theng Fong (Member)

### NOMINATING COMMITTEE

Ang Swee Tian (Chairman)  
Wei Dongliang (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))  
Toh Li Ping, Angela (ACIS)

### REGISTERED OFFICE

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

### PRINCIPAL PLACE OF BUSINESS

1 Yinxiu Road,  
Level 19, Tower A, Hangyue Commercial Center,  
Gongshu District, Hangzhou City,  
Zhejiang Province, People's Republic of China 310011

2 Venture Drive  
#15-19 Vision Exchange  
Singapore 608526

### LEGAL ADVISER TO THE COMPANY AS TO SINGAPORE LAW

Rajah & Tann Singapore LLP  
9 Straits View  
#06-07 Marina One West Tower  
Singapore 018937

### 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

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

## 审计及风险管理委员会

陈怀林（主席）  
汪瑞典（会员）  
许廷芳（会员）

## 提名委员会

汪瑞典（主席）  
韦东良（会员）  
陈怀林（会员）  
倪明江（会员）

## 薪酬委员会

许廷芳（主席）  
汪瑞典（会员）  
倪明江（会员）

## 联席公司秘书

朱明炉（新加坡注册会计师）  
洪啟騰（法学学士（荣誉））  
卓丽萍（新加坡特许秘书行政管理人员学会成员）

## 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

浙江省杭州市拱墅区隐秀路1号杭悦商业中心写字楼A座19楼  
（邮编：310011）

探险大道2号  
#15-19 愿景楼  
新加坡邮区608526

## 公司的新加坡法律事务法律顾问

新加坡立杰有限责任合伙律师事务所  
海峡景9号  
#06-07 滨海盛景西座  
新加坡邮区018937

## 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

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# CORPORATE GOVERNANCE REPORT

Zheneng 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 Provisions of the Code of Corporate Governance 2018 (the “**CG Code**”). Where the Company’s practices differ from the Provisions under the CG Code, comprehensive and meaningful explanations on how such practices it had adopted are consistent with the aim, intent and philosophy of the relevant Principle have been included in this report.

## Board Matters

### Principle 1: The Board’s Conduct of Affairs

#### Role of the Board

The Board oversees the Group’s business and its performance. It is collectively responsible and works with management for the long-term success of the Company. The Board’s principal roles include guiding and establishing strategic and business objectives. The Board considers sustainability issues, including environmental and social factors, as part of its strategic formulation. Executives of the Board are tasked to execute these by setting direction and goals for management and staff and ensuring that the business of the Group is effectively managed and properly conducted day to day towards these ends. The Board reviews the Group’s performance and satisfies itself on the adequacy and effectiveness of the framework and processes for internal controls. The Board also sets the tone for the Group in respects of ethics, values and desired organisational culture, and ensures proper accountability within the Group. The Board assumes the overall responsibility for good corporate governance.

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

#### Independent Judgement

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

#### Delegation by the Board

To assist in the execution of its responsibilities as a listed company, the Board has established an Audit Committee, which was renamed to the Audit and Risk Management Committee (the “**ARMC**”) on 25 February 2019, a Remuneration Committee (the “**RC**”) and an NC. These Committees function within clearly defined written terms of references setting out their compositions, authorities and duties including reporting back to the Board, which are reviewed on a periodic basis to ensure their continued relevance. The composition and effectiveness of each Committee is also periodically reviewed by the Board. The delegation of authority by the Board to the Committees enables the Board to achieve operational efficiency by empowering the Committees to decide on matters within their respective terms of reference, and yet without abdicating its responsibility. Please refer to Principles 10, 6 and 4 in this Corporate Governance Report for further information on the activities of the ARMC, RC and NC respectively.

# CORPORATE GOVERNANCE REPORT

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

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

## Board Processes

The Board meets at least quarterly and whenever necessary to address any specific significant matters that may arise. Records of such meetings, including key deliberations and decisions taken, are maintained by the Joint Company Secretaries. The Company's Articles of Association allow a Board meeting to be conducted by way of telephonic or video-conference. Board approval may be obtained by circulation via written resolutions.

The number of Board and Committee meetings held for the financial year ended 31 December ("FY") 2019 and the attendance of each Director where relevant are as follows:

## Directors' Attendance at Board and Board Committee Meetings in FY2019

	Board	AGM / EGM	ARMC	NC	RC
<b>Number of meetings held in FY2019</b>	4	2	7	2	2
<b>Name of Director</b>	Number of meetings attended in 2019				
Wei Dongliang <sup>(1)</sup>	1	1	2 ^	1	N.A.
Wang Yuanluo <sup>(2)</sup>	2	1	2 ^	1	1 ^
Zhang Chao	4	2	5 ^	1 ^	1 ^
Wang Ruihong	4	2	5 ^	1 ^	1 ^
Ang Swee Tian	4	2	7	2	2
Hee Theng Fong	4	2	7	2 ^	2
Tan Huay Lim	4	2	7	2	2 ^
Ni Mingjiang	2	2	2^	2	2

^ : by invitation

(1) Mr Wei Dongliang joined the Board on 26 September 2019.

(2) Ms Wang Yuanluo retired from the Board on 26 September 2019.

Despite the above disclosure, the Board is of the view that the contribution of each Director should not only be focused on the attendance at Board and Board Committee meetings but should extend beyond attendance at meetings. A Director may share his or her opinion, advice and experience with other Directors and management and doing so can also further the interest of the Group. A Director with multiple board representations has ensured that sufficient time and attention is given to the affairs of the Company.

## 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;

# CORPORATE GOVERNANCE REPORT

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

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

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

## Orientation and Training

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

In addition to the above, all Directors and management are encouraged to undergo relevant training to enhance their skills and knowledge, particularly on new laws and regulations affecting the Group's business and governance practices. Directors who have no prior experience as a director of a listed company are required to attend the Listed Entity Directors Programme conducted by the Singapore Institute of Directors within the prescribed timelines under the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST Listing Manual**") to acquire the relevant knowledge on the roles and responsibilities of a listed company director. Mr. Wei was appointed to the Board on 26 September 2019. Prior to his appointment as a Director, the Company's compliance adviser had briefed Mr. Wei on his role and duties as a Director as well as the relevant laws, regulations, codes and provisions of the SGX-ST Listing Manual. Prior to the onset of the Coronavirus Disease 2019 (COVID-19) pandemic, the Company had intended to arrange for Mr. Wei to attend the Listed Entity Director Programme (Mandarin) Core conducted by the Singapore Institute of Directors from time to time, which is a Mandarin version of the four core modules of the Listed Entity Directors Programme designed for China-based senior management and board directors and usually held in Beijing or Shanghai. While the Company is aware that the Listed Entity Directors Programme will be conducted via online webcast in July 2020, the Company is nonetheless of the view that it would be more advantageous for Mr. Wei to attend the Listed Entity Director Programme (Mandarin) Core given that he speaks Mandarin as his first language. While there are currently no upcoming sessions scheduled under the Listed Entity Director Programme (Mandarin) Core, the Company will continue to monitor the situation and ensure that Mr. Wei receives the required training within the prescribed timelines under the SGX-ST Listing Manual.

The Joint Company Secretaries coordinate with such Director to complete such training, subject to the training schedule and the Director's availability. The Directors are also provided with updates periodically by the Company's compliance adviser, Joint Company Secretaries, auditors and other professionals relating to directors' duties, relevant laws, regulations and codes, financial reporting standards, internal controls, corporate governance and risk management. All the orientation and training expenses are fully funded by the Group.

## Complete, Adequate and Timely Information

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

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

## Joint Company Secretaries

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

## Independent Professional Advice

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

## Principle 2: Board Composition and Guidance

### Board of Directors

The Board comprises 7 Directors: 1 executive Chairman, 2 executive Directors and 4 independent non-executive Directors. Accordingly, non-executive directors make up a majority of the Board. As at the date of this Report, the Board comprises the following members:

Name of Director	Age	Date of first appointment	Position(s)
Wei Dongliang	46	26 Sep 2019	Executive Chairman
Zhang Chao	48	30 Apr 2018	Executive Director and Chief Executive Officer
Wang Ruihong	54	23 Dec 2010	Executive Director and Deputy General Manager
Ang Swee Tian	71	29 Jun 2016	Lead Independent Director
Hee Theng Fong	65	29 Jun 2016	Independent Director
Tan Huay Lim	63	29 Jun 2016	Independent Director
Ni Mingjiang	70	29 Jun 2016	Independent Director

### Board Independence

The NC conducts an annual review of each director's independence in accordance with Rule 210(5)(d) of the SGX-ST Listing Manual and Provision 2.1 of the CG Code. Guideline 2.4 of the Code of Corporate Governance 2012 is not applicable as none of the Independent Directors have served on the Board beyond 9 years from the date of their first appointment.

For FY2019, the Board, taking into account the views of the NC, has determined that the four Independent Directors of the Company are independent in character and judgement and that there are no relationships or circumstances with the Company, its related corporations, its substantial shareholders (as defined in the SGX-ST Listing Manual) or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of these Directors' objective business judgment in the best interests of the Company, thus providing a strong and independent element on the Board. No individual or small group of individuals dominate the Board's decision making. Given that the Chairman of the Board is not an independent director, independent directors make up a majority of the Board. Each of the Independent Directors had recused himself from the NC's and Board's deliberations on his own independence.

### Board Composition and Size

The NC reviews the size and composition of the Board and each Board Committee annually to ensure they are of an appropriate size and comprise Directors who as a group provide an appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The Board is committed to achieve an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company. The Board recognises that a diverse Board of an appropriate size is an important element which will better support the Company's achievement

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of its strategic objectives for sustainable development, avoid groupthink and foster constructive debate. A diverse Board also enhances decision-making process through the perspectives derived from various skills, business experience, industry discipline, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service and other distinguishing qualities of the Directors.

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

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

On 26 September 2019, Ms Wang Yuanluo had resigned as the Non-Executive Chairman and Mr Wei Dongliang ("Mr Wei") had been appointed as the Executive Chairman in connection with Zhejiang Provincial Energy Group Co., Ltd. becoming the largest controlling shareholder of the Company. In addition to his background in engineering and business management, Mr Wei brings to the Board a wealth of managerial experience in the power generation sector in China. He also has experience as a director of listed companies in China and Hong Kong, and his appointment to the Board has broadened the Board's expertise. His background, qualifications, age and experience add to the diversity of the Board. Accordingly, while the current Board does not have a mixed gender diversity, consistent with the intent of Principle 2 of the CG Code, the Board currently comprises suitably qualified Directors with a good balance of expertise and experience, complemented by sound industry knowledge. Taking into account the mix of expertise and experience possessed by the members of the Board and the Board Committees, the Board, taking into consideration the views of the NC, considers that its Directors meet the criteria under its Board Diversity Policy and the Board possesses the necessary diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company. The NC and the Board would also continue working towards implementing the Board Diversity Policy more extensively as an ongoing process.

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

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

### **Chairman and CEO**

The roles of the Chairman and the CEO are separate persons to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

Mr Wei Dongliang is the Executive Chairman of the Group. Mr Wei is responsible for the overall strategic planning and management of the Group, and is responsible for leading the Board to ensure its effectiveness on all aspects of its role, setting and allocating time for discussion on all agenda items, promoting an open environment for constructive debate at the Board, encouraging non-executive Directors to speak and contribute constructively and ensuring quality, quantity and timeliness of information flow between the Board and management. He also leads the Group in its commitment to achieve and maintain good corporate governance and facilitates dialogue between shareholders, the Board and management during shareholders' meetings.

Mr Zhang Chao ("Mr Zhang") is an Executive Director and the CEO of the Group. Mr Zhang is responsible for overseeing the day-to-day operations of the Group and is responsible for its performance and achievement of the corporate goals set for the Group.

Mr Wei and Mr Zhang do not have any familial relationship.

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## Lead Independent Director

Given that the Chairman is not independent, Mr Ang Swee Tian ("Mr Ang") has been appointed as the Lead Independent Director ("Lead ID"). The Board is of the view that the process of decision making by the Board is independent and based on collective decision-making without any individuals exercising any considerable concentration of power or influence. All major decisions made by the Group will be subject to review by the Board. The Lead ID is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman of the Board or management are inappropriate or inadequate. No concerns were received from shareholders in the year 2019. The Lead ID has also held discussions with the other independent Directors without the presence of the Executive Chairman or management.

## Principle 4: Board Membership

### NC Composition and Role

The NC comprises four directors namely:

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

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

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 appointment and/or replacement of the Chairman, the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Company ("Key Management Personnel"), (ii) the process and criteria for evaluation of the performance of the Board, its board committees and directors, (iii) the reviewing of training and professional development programmes for the Board and its Directors and (iv) the appointment and re-appointment of Directors (including alternate Directors, if any);
- 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 and Board Committees annually to ensure that the Board and the Board Committees are of an appropriate size, and comprise Directors who as a group provide an appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate;
- 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
- ensuring that new Directors are aware of their duties and obligations and deciding whether a Director is able to and has been adequately carrying out his or her duties as Director, taking into consideration the Director's number of listed company directorships 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 written terms of reference. The Joint Company Secretaries maintain records of all NC meetings and the board evaluation checklist. For more information on the board evaluation checklist, please refer to Principle 5 of this Corporate Governance Report.

### Selection, Nomination and Appointment of New Directors

In the selection and nomination for new Directors, the NC identifies the key attributes that an incoming Director should possess based on the requirements of the Group. The NC taps on the Directors, management and external parties for recommendations of potential candidates. The NC meets with the potential candidates to assess their suitability before formally recommending them for appointment to the Board for further evaluation.

# CORPORATE GOVERNANCE REPORT

In the selection process, the NC considers:

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

## Re-appointment of Directors

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

The NC also decides if a Director is able to and has been adequately carrying out his or her duties as a Director of the Company. The NC reviews annually the directorships held by each Director as well as principal commitments, if any. Where a Director holds a significant number of listed company directorships and principal commitments, the NC and the Board will make a reasoned assessment of the ability of the Director to diligently discharge his or her duties. Each Director is also required to confirm annually to the NC whether he has any issue with competing time commitments which may impact his ability to provide sufficient time and attention to his duties as a Director of the Company. Based on the analysis, the confirmation from the Directors, the number of listed company directorships and principal commitments of each Director and their contribution to the Company, the NC is of the view that all the Directors are able to and have adequately carried out their duties as Directors of the Company.

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

The Board requires a Director to inform the Board when accepting any new principal commitment or listed company board appointment. The Director will also be required to confirm that the new commitment or appointment will not affect his ability to adequately carry out his duties as a Director of the Company. Directors are also required to disclose to the Board details of any relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence<sup>1</sup>, including business relationships which a Director, his or her immediate family member, or an organisation which the Director, or his or her immediate family member is a substantial shareholder, partner (with 5% or more stake), executive officer or director in has with the Company or any of its related corporations, and the Director's direct association with a substantial shareholder of the Company, in the current and immediate past financial year. No Director or his or her immediate family member, or a company that he, she or they are a substantial shareholder in, provides to or receives from the company or its subsidiaries any significant payments or material services.

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

## Key Information on Directors

The present and past (at least for the past five financial years) directorships and principal commitments<sup>2</sup> of each Director in other listed companies, group and related companies and other companies and organisations are set out below.

<sup>1</sup> "independence" has the same meaning as defined in the CG Code.

<sup>2</sup> "principal commitments" has the same meaning as defined in the CG Code.

# CORPORATE GOVERNANCE REPORT

Name 名字	Present Directorships 现任董事	Past Directorships 前任董事
Wei Dongliang (韦东良)	<p><u>Group Companies</u></p> <p>Hangzhou Jinjiang Environment Investment Co., Ltd. (杭州锦环投资有限公司)</p> <p>Singapore Jinjiang Environment Pte. Ltd.</p> <p><u>Other Companies</u></p> <p>Zhejiang Zheneng Ningbo Natural Gas Technology Development Co., Ltd. (浙江浙能宁波天然气科技开发有限责任公司)</p> <p>Zheneng Capital Holdings Co., Ltd. (浙能资本控股有限公司)</p>	<p><u>Group Companies</u></p> <p>–</p> <p><u>Other Companies</u></p> <p>Zhejiang Fuzhe Investment Co., Ltd. (浙江富浙投资有限公司)</p> <p>Zhejiang Provincial Energy Group Venture Capital Co., Ltd. (浙江浙能创业投资有限公司)</p> <p>Zheshang Property and Casualty Insurance Co., Ltd. (浙商财产保险股份有限公司)</p> <p>China Zheshang Bank Co., Ltd. (浙商银行股份有限公司)</p> <p>Zhejiang Zheneng Ningbo Natural Gas Technology Development Co., Ltd. (浙江浙能宁波天然气科技开发有限责任公司)</p> <p>Zheneng Equity Investment Fund Management Co., Ltd. (浙能股权投资基金管理有限公司)</p> <p>Zhejiang Zheneng Investment Management Co., Ltd. (浙江浙能投资管理有限公司)</p> <p>Zhejiang Guohua Zheneng Power Generation Co., Ltd. (浙江国华浙能发电有限公司)</p> <p>Qinshan Nuclear Power Co., Ltd. (秦山核电有限公司)</p> <p>Nuclear Power Qinshan Joint Venture Co., Ltd. (核电秦山联营有限公司)</p> <p>Guodian Zhejiang Beilun No.1 Power Generation Co., Ltd. (国电浙江北仑第一发电有限公司)</p> <p>Zhejiang Zheneng Jiaxing Power Co., Ltd. (浙江浙能嘉兴发电有限公司)</p> <p>Ningbo Marine Group Company Limited (宁波海运集团有限公司)</p> <p>Zhejiang Ocean Development Investment Group Co., Ltd. (浙江省海洋开发投资集团有限公司)</p> <p>Zhejiang Tou Men Port Investment and Development Co., Ltd. (浙江头门港投资开发有限公司)</p> <p>Qianjiang Water Resources Development Co., Ltd. (钱江水利开发股份有限公司)</p> <p>Huaizhe Coal &amp; Electricity Co., Ltd. (淮浙煤电有限责任公司)</p>

# CORPORATE GOVERNANCE REPORT

Name 名字	Present Directorships 现任董事	Past Directorships 前任董事
		<p>Zhejiang Zheneng Gas Co., Ltd. (浙江浙能燃气有限公司)</p> <p>Shenhua Guohua (Zhoushan) Power Generation Co., Ltd. (神华国华(舟山)发电有限责任公司)</p> <p>Zhejiang Zheneng Wenzhou Power Generation Co., Ltd. (浙江浙能温州发电有限公司)</p> <p>Zhejiang Fuxing Electric Power Fuel Co., Ltd. (浙江富兴电力燃料有限公司)</p> <p>Zhejiang Zheneng Beilun Power Generation Co., Ltd. (浙江浙能北仑发电有限公司)</p> <p>Zhejiang Zheneng Changxing Power Generation Co., Ltd. (浙江浙能长兴发电有限公司)</p>
Zhang Chao (张超)	<p><u>Group Companies</u></p> <p>Lin'an Jiasheng Environmental Protection Co., Ltd. (临安嘉盛环保有限公司)</p> <p>Green Energy (Hangzhou) Enterprise Management Co., Ltd. (绿能(杭州)企业管理有限公司)</p> <p>Hangzhou Jinjiang Environment Investment Co., Ltd. (杭州锦环投资有限公司)</p> <p>Hangzhou Xiaoshan Jinjiang Green Energy Co., Ltd. (杭州萧山锦江绿色能源有限公司)</p> <p>Kunming Xinxingze Environmental Resources Industry Co., Ltd. (昆明鑫兴泽环境资源产业有限公司)</p> <p>Yunnan Green Energy Co., Ltd. (云南绿色能源有限公司)</p> <p>Jilin Xinxiang Co., Ltd. (吉林省鑫祥有限责任公司)</p> <p>Songyuan Xinxiang New Energy Co., Ltd. (松原鑫祥新能源有限公司)</p> <p>Shanghai Sunrise Management Co., Ltd. (上海晨兴企业管理有限公司)</p> <p>Yulin Green New Energy Co., Ltd. (榆林绿能新能源有限公司)</p> <p>Ecogreen Energy Private Limited</p> <p>Ecogreen Energy Gurgaon Faridabad Private Limited</p> <p>Ecogreen Energy Lucknow Private Limited</p> <p>Ecogreen Energy Gwalior Private Limited</p>	<p><u>Group Companies</u></p> <p>–</p> <p><u>Other Companies</u></p> <p>–</p>

# CORPORATE GOVERNANCE REPORT

Name 名字	Present Directorships 现任董事	Past Directorships 前任董事
	<u>Other Companies</u>	
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Wang Ruihong (王瑞红)	<u>Group Companies</u>	<u>Group Companies</u>
	Lin'an Jiasheng Environmental Protection Co., Ltd.	Hohhot Jiasheng New Energy Co., Ltd.
	(临安嘉盛环保有限公司)	(呼和浩特嘉盛新能源有限公司)
	Green Energy (Hangzhou) Enterprise Management Co., Ltd.	Baishan Green New Energy Co., Ltd.
	(绿能(杭州)企业管理有限公司)	(白山绿能新能源有限公司)
	Hangzhou Jinjiang Environment Investment Co., Ltd.	Hunchun Green New Energy Co., Ltd.
	(杭州锦环投资有限公司)	(珲春绿能新能源有限公司)
	Hangzhou Xiaoshan Jinjiang Green Energy Co., Ltd.	Linzhou Jiasheng New Energy Co., Ltd.
	(杭州萧山锦江绿色能源有限公司)	(林州市嘉盛新能源有限公司)
	Hangzhou Yuhang Jinjiang Environmental Energy Co., Ltd.	Zhongwei Green New Energy Co., Ltd.
	(杭州余杭锦江环保能源有限公司)	(中卫市绿能新能源有限公司)
	Wenling Green New Energy Co., Ltd.	Tangshan Jiasheng New Energy Co., Ltd.
	(温岭绿能新能源有限公司)	(唐山嘉盛新能源有限公司)
	Wuhan Green Energy Co., Ltd.	Yulin Green New Energy Co., Ltd.
	(武汉市绿色环保能源有限公司)	(榆林绿能新能源有限公司)
	Wuhan Hankou Green Energy Co., Ltd.	<u>Other Companies</u>
	(武汉汉口绿色能源有限公司)	Kuitun Jinjiang Chemical Co., Ltd.
	Kunming Xinxingze Environmental Resources Industry Co., Ltd.	(奎屯锦疆化工有限公司)
	(昆明鑫兴泽环境资源产业有限公司)	Zhejiang East China Aluminum Co., Ltd.
	Yunnan Green Energy Co., Ltd.	(浙江华东铝业股份有限公司)
	(云南绿色能源有限公司)	Henan Jinrong Cement Co., Ltd.
	Zibo Environmental Energy Co., Ltd.	(河南锦荣水泥有限公司)
	(淄博环保能源有限公司)	Zhejiang Zhuji Thermal Power Development Co., Ltd.
	Zibo Green Environmental Energy Co., Ltd.	(浙江诸暨热电发展有限公司)
	(淄博绿能环保能源有限公司)	Cayman (Shanxian) Energy Comprehensive Utilization Co., Ltd.
	Gaomi Lilangmingde Environmental Protection Technology Co., Ltd.	(开曼(陕县)能源综合利用有限公司)
	(高密利朗明德环保科技有限公司)	Sanmenxia Green Energy Environmental Protection Energy Co., Ltd.
	Zibo Green New Energy Co., Ltd.	(三门峡绿能环保能源有限公司)
	(淄博绿能新能源有限公司)	Wuhan Jinhong Bioenergy Co., Ltd.
	Jilin Xinxiang Co., Ltd.	(武汉锦弘德生物能源有限公司)
	(吉林省鑫祥有限责任公司)	Kuitun Jinjiang Thermoelectricity Co., Ltd.
	Songyuan Xinxiang New Energy Co., Ltd.	(奎屯锦疆热电有限公司)
	(松原鑫祥新能源有限公司)	Kuitun Tianbei Mining Investment Co., Ltd.
		(奎屯天北矿业投资有限责任公司)

# CORPORATE GOVERNANCE REPORT

Name 名字	Present Directorships 现任董事	Past Directorships 前任董事
	Suihua Green New Energy Co., Ltd. (绥化市绿能新能源有限公司)	Holingol Logistics Co., Ltd. (霍林郭勒锦联物流有限公司)
	Qitaihe Green New Energy Co., Ltd. (七台河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)
	Lianyungang Sunrise Environmental Protection Industry Co., Ltd. (连云港晨兴环保产业有限公司)	Xiaoyi Xing'an Chemical Co., Ltd. (孝义市兴安化工有限公司)
	Zhengzhou Xingjin Green Environmental Energy Co., Ltd. (郑州荣锦绿色环保能源有限公司)	Shanxi Rongguang Energy Co., Ltd. (山西荣光能源有限公司)
	Yinchuan Zhongke Environmental Electrical Co., Ltd. (银川中科环保电力有限公司)	Shanxi Heguang Energy Co., Ltd. (山西和光能源有限公司)
	Zhejiang Zhuji Bafang Thermal Power Co., Ltd. (浙江诸暨八方热电有限责任公司)	Zhejiang Baojie Environmental Protection Technology Co., Ltd. (浙江宝杰环保科技有限公司)
	Wuhu Lüzhou Environmental Protection Energy Co., Ltd. (芜湖绿洲环保能源有限公司)	Inner Mongolia Pulate Transportation Energy Co., Ltd. (内蒙古普拉特交通能源有限公司)
	Tianjin Sunrise Environmental Protection Science and Technology Development Co., Ltd. (天津市晨兴力克环保科技发展有限公司)	Jinjiang Green Energy Limited
	Shanghai Sunrise Management Co., Ltd. (上海晨兴企业管理有限公司)	
	Shijiazhuang Jiasheng New Energy Co., Ltd. (石家庄嘉盛新能源有限公司)	
	Lüliang Green New Energy Co., Ltd. (吕梁绿能新能源有限公司)	
	Tangshan Jinhuan New Energy Co., Ltd. (唐山市锦环新能源有限公司)	
	Ecogreen Energy Private Limited	
	Ecogreen Energy Gurgaon Faridabad Private Limited	
	Ecogreen Energy Lucknow Private Limited	
	Ecogreen Energy Gwalior Private Limited	
	PT Jinjiang Environment Indonesia	
	PT. Indo Green Power	
	Singapore Jinjiang Environment Pte. Ltd.	
	<u>Other Companies</u>	
	—	

# CORPORATE GOVERNANCE REPORT

Name 名字	Present Directorships 现任董事	Past Directorships 前任董事
Ang Swee Tian	<p><u>Group Companies</u></p> <p>–</p> <p><u>Other Companies</u></p> <p>* Cosco Shipping International (Singapore) Co., Ltd</p> <p>ICE Singapore Holdings Pte Ltd</p> <p>ICE Futures Singapore Pte Ltd</p> <p>ICE Clear Singapore Pte Ltd</p>	<p><u>Group Companies</u></p> <p>–</p> <p><u>Other Companies</u></p> <p>* China Aviation Oil (Singapore) Corporation Ltd</p> <p>Galaxy Futures Brokers Company Limited</p> <p>Tuas Power Ltd</p> <p>Tuas Power Generation Pte Ltd</p> <p>TP Utilities Pte Ltd</p> <p>Amare-Greenland Hospitality Investments (AGHI) Pte Ltd</p>
Hee Theng Fong	<p><u>Group Companies</u></p> <p>–</p> <p><u>Other Companies</u></p> <p>* Straco Corporation Limited</p> <p>* APAC Realty Limited</p> <p>* Yanlord Land Group Limited</p> <p>* China Aviation Oil (Singapore) Corporation Ltd</p> <p>** Haidilao International Holding Ltd</p> <p>F &amp; H Singhome Fund II Ltd.</p> <p>F &amp; H Singhome Fund III Ltd.</p> <p>Greenland (Singapore) Trust Management Pte Ltd</p> <p>Chua Foundation</p> <p>Medishield Life Council</p> <p>Citizenship Committee of Inquiry</p> <p>Singapore Chinese Chamber of Commerce and Industry<sup>(1)</sup></p> <p>Advisory Committee for the China Ready Program under Ministry of Law</p> <p>ACRA's Complaints and Disciplinary Panel</p>	<p><u>Group Companies</u></p> <p>–</p> <p><u>Other Companies</u></p> <p>* Tye Soon Limited</p> <p>* First Resources Limited</p> <p>* YHI International Limited</p> <p>* Datapulse Technology Limited</p> <p>* Delong Holdings Limited</p> <p>NTUC Fairprice Co-operative Limited</p> <p>NTUC Fairprice Foundation Ltd.</p> <p>Business China</p> <p>Chinese Development Assistance Council</p> <p>Singapore Chinese Cultural Centre</p>

# CORPORATE GOVERNANCE REPORT

Name 名字	Present Directorships 现任董事	Past Directorships 前任董事
Tan Huay Lim	<p><u>Group Companies</u></p> <p>–</p> <p><u>Other Companies</u></p> <p>Dasin Retail Trust Management Pte. Ltd., the Trustee Manager of * Dasin Retail Trust</p> <p>Koufu Group Limited</p> <p>ASL Marine Holdings Ltd.</p> <p>Elite Commercial REIT Pte. Ltd., the Manager of * Elite Commercial REIT</p> <p>Singapore Hokkien Huay Kuan<sup>(2)</sup></p> <p>Singapore Chinese Chamber of Commerce and Industry<sup>(3)</sup></p>	<p><u>Group Companies</u></p> <p>–</p> <p><u>Other Companies</u></p> <p>* Hong Leong Asia Ltd.</p> <p>* Auric Pacific Group Limited</p> <p>KPMG LL<sup>P(4)</sup></p> <p>The Hokkien Foundation<sup>(5)</sup></p> <p>Yunnan Realty Pte Ltd</p> <p>Singapore Hokkien Huay Kuan Cultural Academy Pte Ltd</p> <p>Singapore Hokkien Huay Kuan<sup>(6)</sup></p>
Ni Mingjiang (倪明江)	<p><u>Group Companies</u></p> <p>–</p> <p><u>Other Companies</u></p> <p>Zhejiang University Jinjiang Energy Environmental Protection Co., Ltd. (浙江浙大锦江能源环保有限公司)</p>	<p><u>Group Companies</u></p> <p>–</p> <p><u>Other Companies</u></p> <p>–</p>

Notes:  
备注:

\*: denotes public listed companies listed on the SGX-ST

\*\*: denotes public listed companies listed on in the Stock Exchange of Hong Kong Limited ("SEHK")

\*\*\*: denotes public listed companies listed on the SEHK and the Shanghai Stock Exchange

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

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

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

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

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

(6) Mr. Tan was a member of the Council of the Singapore Hokkien Huay Kuan.

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

# CORPORATE GOVERNANCE REPORT

## Supplemental Information on Director Seeking Re-election

The information required under Rule 720(6) of the SGX-ST Listing Manual relating to the director being proposed for re-election, namely, Mr Wei Dongliang, is set out below:

<b>Name of Director</b>	<b>Wei Dongliang</b>
Date Of Appointment	26 September 2019
Date Of Last Re-Appointment (if applicable)	Not applicable
Age	46
Country Of Principal Residence	People's Republic of China
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The re-election of Mr Wei as Executive Chairman was recommended by the Nominating Committee ("NC") and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experience and overall contributions since he was appointed as a Director of the Company.</p> <p>Mr Wei has abstained from the deliberation of the NC as well as that of the Board pertaining to his re-election.</p>
Whether appointment is executive, and if so, the area of responsibility	Executive. Mr. Wei will be responsible for the overall strategic planning and management of the Group.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and Nominating Committee Member
Professional Qualifications	<p>Master of Business Administration, Zhejiang University (浙江大学工商管理专业硕士)</p> <p>Bachelor of Chemical Engineering (Industrial Automation), Zhejiang University (浙江大学化学工程学系工业自动化专业)</p> <p>Intermediate-level Specialist in Business Administration and Economics conferred by Personnel Department of the PRC (中华人民共和国人事部授予的工商管理经济中级)</p> <p>Electrical Engineer conferred by the National Electric Power Company Intermediate Professional Technical Qualification Review Committee (国家电力公司中级专业技术资格评审委员会授予的电力工程工程师)</p>
Working experience and occupation(s) during the past 10 years	<p>September 2006 to February 2010: Deputy General Manager of Zhejiang Zheneng Lanxi Power Generation Co., Ltd. (浙江浙能兰溪发电有限责任公司)</p> <p>February 2010 to April 2011: Deputy General Manager, Zhejiang Water Resources and Hydropower Investment Group Co., Ltd. (浙江省水利水电投资集团有限公司)</p> <p>April 2011 to September 2016: Deputy Director, Director of Asset Management Department, Zhejiang Provincial Energy Group Co., Ltd. (浙江省能源集团有限公司)</p> <p>September 2016 to September 2019: Director and General Manager, Zheneng Capital Holdings Co., Ltd. (浙能资本控股有限公司)</p> <p>May 2017 to September 2019: Executive Director, Zhejiang Zheneng Investment Management Co., Ltd. (浙江浙能投资管理有限公司)</p> <p>June 2017 to September 2019: General Manager, Zheneng Equity Investment Fund Management Co., Ltd. (浙能股权投资基金管理有限公司)</p>
Shareholding interest in the listed issuer and its subsidiaries	None
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None

# CORPORATE GOVERNANCE REPORT

Name of Director	Wei Dongliang
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7.7 under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments <sup>1</sup> including Directorships – Past (for the last 5 years)	<p>Zhejiang Fuzhe Investment Co., Ltd. (浙江富浙投资有限公司)</p> <p>Zhejiang Provincial Energy Group Venture Capital Co., Ltd. (浙江浙能创业投资有限公司)</p> <p>Zheshang Property and Casualty Insurance Co., Ltd. (浙商财产保险股份有限公司)</p> <p>China Zheshang Bank Co., Ltd. (浙商银行股份有限公司)</p> <p>Zhejiang Zheneng Ningbo Natural Gas Technology Development Co., Ltd. (浙江浙能宁波天然气科技开发有限责任公司)</p> <p>Zheneng Equity Investment Fund Management Co., Ltd. (浙能股权投资基金管理有限公司)</p> <p>Zhejiang Zheneng Investment Management Co., Ltd. (浙江浙能投资管理有限公司)</p> <p>Zhejiang Guohua Zheneng Power Generation Co., Ltd. (浙江国华浙能发电有限公司)</p> <p>Qinshan Nuclear Power Co., Ltd. (秦山核电有限公司)</p> <p>Nuclear Power Qinshan Joint Venture Co., Ltd. (核电秦山联营有限公司)</p> <p>Guodian Zhejiang Beilun No.1 Power Generation Co., Ltd. (国电浙江北仑第一发电有限公司)</p> <p>Zhejiang Zheneng Jiaxing Power Co., Ltd. (浙江浙能嘉兴发电有限公司)</p> <p>Ningbo Marine Group Company Limited (宁波海运集团有限公司)</p> <p>Zhejiang Ocean Development Investment Group Co., Ltd. (浙江省海洋开发投资集团有限公司)</p> <p>Zhejiang Tou Men Port Investment and Development Co., Ltd. (浙江头门港投资开发有限公司)</p> <p>Qianjiang Water Resources Development Co., Ltd. (钱江水利开发股份有限公司)</p> <p>Huaizhe Coal &amp; Electricity Co., Ltd. (淮浙煤电有限责任公司)</p> <p>Zhejiang Zheneng Gas Co., Ltd. (浙江浙能燃气有限公司)</p> <p>Shenhua Guohua (Zhoushan) Power Generation Co., Ltd. (神华国华(舟山)发电有限责任公司)</p> <p>Zhejiang Zheneng Wenzhou Power Generation Co., Ltd. (浙江浙能温州发电有限公司)</p> <p>Zhejiang Fuxing Electric Power Fuel Co., Ltd. (浙江富兴电力燃料有限公司)</p> <p>Zhejiang Zheneng Beilun Power Generation Co., Ltd. (浙江浙能北仑发电有限公司)</p> <p>Zhejiang Zheneng Changxing Power Generation Co., Ltd. (浙江浙能长兴发电有限公司)</p>
Other Principal Commitments* including Directorships – Present	<p>Group Companies</p> <p>Hangzhou Jinjiang Environment Investment Co., Ltd. (杭州锦环投资有限公司)</p> <p>Singapore Jinjiang Environment Pte. Ltd.</p> <p>Other Companies</p> <p>Zhejiang Zheneng Ningbo Natural Gas Technology Development Co., Ltd. (浙江浙能宁波天然气科技开发有限责任公司)</p> <p>Zheneng Capital Holdings Co., Ltd. (浙能资本控股有限公司)</p>

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

<sup>3</sup> Principal Commitments has the same meaning as defined in the CG Code.

# CORPORATE GOVERNANCE REPORT

The Company confirms that there is no change in the declaration items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual concerning the Director to be re-elected as announced via the SGXNET on 26 September 2019.

Additional information on the Directors of the Company can be found under the “**Board of Directors**” section as well as the **Notice of AGM**.

## **Principle 5: Board Performance**

### **Board Evaluation Process**

The Board has a process in place for undertaking a formal annual assessment of the effectiveness of the Board as a whole, each of its Board Committees and for assessing the contribution by each Director to the effectiveness of the Board. No external facilitator was used. The NC assesses performance using objective performance criteria and processes, which were recommended by the NC and approved by the Board, for the evaluation of the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by the Executive Chairman and each Director to the Board. The overall evaluation and recommendations for improvement are presented to the Board.

### **Board Evaluation and Board Committees Evaluation Criteria**

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

For the financial year under review, Directors were requested to complete a board evaluation checklist to assess the overall effectiveness of the Board and Board Committees. In addition, the Chairmen of the respective Board Committees are also required to complete a questionnaire on the effectiveness of the Board Committees, which would be tabled at the NC meeting for further discussion. The results of these checklists were considered by the NC in its assessment of the Board's and the Board Committees' performance.

### **Individual Director Evaluation Criteria**

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

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

## **Remuneration Matters**

### **Principle 6: Procedures for Developing Remuneration Policies**

#### **RC Composition and Role**

The RC comprises three directors namely:

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

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

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

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

# CORPORATE GOVERNANCE REPORT

- reviewing and approving the design of all share option plans, performance share plans and/or other equity-based plans and benefits in kind;
- in the case of service contracts, reviewing the Company's obligations arising in the event of termination of the executive Directors' or Key Management Personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance; and
- approving performance targets for assessing the performance of each of the Key Management Personnel and recommending such targets as well as employee specific remuneration packages for each of such Key Management Personnel, for endorsement by the Board.

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

The RC oversees and administers the Jinjiang Environment 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 FY2019, 10,906,500 share awards were granted under the Jinjiang Environment PSP, in respect of the performance of the Group for the past three financial years ended 31 December 2018, 2017 and 2016. All entitled employees are required to pay 30% of the closing market price of the shares awarded to them on the date of grant in cash as a condition for the vesting of the share awards. These shares were granted without a vesting period but are subject to a moratorium on trading of 12 months from the date of issuance and allotment. No share awards were granted to any of the Company's controlling shareholders or their associates (as defined in the SGX-ST Listing Manual). During FY2019, 10,777,900 shares were issued and allotted pursuant to the vesting of 10,777,900 share awards granted in FY2019. The remaining 128,600 awards granted in FY2019 lapsed as the relevant employees had not made the required co-payment.

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. For more information on the board evaluation checklist, please refer to Principle 5 of this Corporate Governance Report.

## **Principle 7: Level and Mix of Remuneration**

### **Remuneration of Directors and Management**

The RC periodically considers and reviews the remuneration packages in order to maintain their attractiveness, to attract, retain and motivate the Directors to provide good stewardship of the Company and Key Management Personnel to successfully manage the Company for the long term, and to ensure that the level and structure of remuneration of the Board and Key Management Personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives, and the long-term interests and risk policies of the Company.

The Company adopts a performance-based remuneration system for employees, including its executive Directors and Key Management Personnel. A significant and appropriate proportion of executive Directors' and Key Management Personnel's remuneration is structured so as to link rewards with the achievement of corporate and individual performance targets in an objective and equitable way and reflects the degree of responsibility held by each employee.

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

# CORPORATE GOVERNANCE REPORT

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

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

## Principle 8: Disclosure on Remuneration

### Disclosure on Remuneration

The remuneration package for Directors and Key Management Personnel is made up of a fixed component (base salary and fixed allowances), 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 Key Management Personnel in FY2019.

The policy and criteria for setting remuneration and the link between remuneration paid to Directors and Key Management Personnel and performance is set out under Principle 7 above. Information on the Jinjiang Environment PSP can be found under Note 4 in the Directors' Statement.

Remuneration for Directors, CEO and Key Management Personnel

The remuneration for the Directors and the CEO of the Company for FY2019 is set out below:

Name	Base / Fixed Salary %	Variable Bonus %	Directors' Fees <sup>4</sup> %	Awards of Shares under the Jinjiang Environment PSP %	Total %
Wei Dongliang <sup>(i)</sup>	68	32	–	–	100
Wang Yuanluo <sup>(ii)</sup>	–	–	–	100	100
Zhang Chao	25	14	–	61	100
Wang Ruihong	27	9	–	64	100
Ang Swee Tian	–	–	100	–	100
Hee Theng Fong	–	–	100	–	100
Tan Huay Lim	–	–	100	–	100
Ni Mingjiang	–	–	100	–	100

(i) Mr Wei Dongliang joined the Board on 26 September 2019.

(ii) Ms Wang Yuanluo retired from the Board on 26 September 2019.

<sup>4</sup> Directors' fees for FY2019 are subject to approval by shareholders as a lump sum at the AGM.

# CORPORATE GOVERNANCE REPORT

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

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

The Group does not have any employee who is a substantial shareholder of the Company or an immediate family member of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeded S\$100,000 during FY2019.

## **Accountability and Audit**

### **Principle 9: Risk Management and Internal Controls**

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

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

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

For the financial year under review, the CEO and the 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 quarters to the shareholders in accordance with the regulatory requirements. The CEO and other Key Management Personnel also provided the Board with such information and explanations as the Board may require from time to time.

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

# CORPORATE GOVERNANCE REPORT

The ARMC reviews the adequacy and effectiveness of the Group's key internal controls and risk management systems with the assistance of management and external and internal auditors. The internal audit identified some control weaknesses at some of the Group's subsidiaries in China and provided recommendations for improvements. Management has adopted the recommendations to address these weaknesses and the internal audit will follow up to ensure that the recommendations were properly implemented. The external auditors, Deloitte and Touche LLP ("DT"), during the course of the audit of the Group's financial statements, also identified certain deficiencies in internal controls, which have been reported to the ARMC and management. Management action plans are initiated to address the weaknesses and deficiencies identified. Management has assessed and determined that these weaknesses and deficiencies do not have significant financial impact on the financial statements for the Group for FY2019. Based on the above audits and the written assurance from management, the Board and the ARMC is of the opinion that the system of internal controls and risk management to address the financial, operational, compliance and information technology risks of the Company, are adequate and effective as at 31 December 2019.

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

## **Principle 10: Audit Committee**

### **Composition of ARMC**

The ARMC comprises three directors namely:

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

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

### **Powers and Duties of the ARMC**

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

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

- (a) assisting the Board in discharging its statutory responsibilities on financing and accounting matters;
- (b) reviewing significant financial reporting issues and judgments to ensure the integrity of the financial statements and any formal announcements relating to financial performance;
- (c) reviewing the adequacy, effectiveness, independence, 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;

# CORPORATE GOVERNANCE REPORT

- (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 independence, scope, results, 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 auditors, and the remuneration and terms of engagement of the external auditors;
- (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) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;
- (u) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- (v) 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 ARM; and
- (w) 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.

# CORPORATE GOVERNANCE REPORT

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

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

## External Auditors

The ARMC undertook a review of the independence of DT and gave careful consideration to the Group's relationship with DT in 2019. In determining the independence, the ARMC reviewed the Group's relationship with DT and considered the nature and fees of non-audit services supplied by DT. The ARMC is of the opinion that the nature and amount of such non-audit services did not impair DT's position as an independent external auditor. Based on the review, the ARMC is of the opinion that DT is, and is perceived to be, independent for the purpose of the Group's statutory financial audit.

During the year under review, the Company has paid an aggregate of approximately RMB6,675,000 to the external auditor for its audit services. The amount of non-audit fees paid to the external auditor is approximately RMB25,000.

The Company is proposing to seek its shareholders' approval at the AGM to appoint PricewaterhouseCoopers LLP ("**PwC**") as the external auditors in place of the retiring external auditors, DT, to hold office until the conclusion of the next annual general meeting of the Company, and to authorise the Directors to fix its remuneration.

DT had audited the Company's consolidated financial statements for the financial years ended 31 December 2013, 2014 and 2015 in connection with the Company's initial public offering and listing on the Main Board of the SGX-ST (the "**Listing**") and have continued to be the external auditors of the Company following the Listing. It is not uncommon for listed companies to change their external auditors from time to time, as this accords with good corporate governance practice, and the Company was of the view that it would be timely to review the appointment of its external auditors.

The Company's management had evaluated competitive proposals received from various audit firms, and recommended to the ARMC that PwC be appointed as the external auditors of the Company.

The ARMC had reviewed and deliberated on the management's evaluation of the various proposals and its recommendation for PwC to be appointed, carefully studied PwC's proposal and took into consideration various factors including, *inter alia*, the Audit Quality Indicators Disclosure Framework issued by the Accounting and Corporate Regulatory Authority and audit fees. The quality and scope of audit services to be provided by PwC will be comparable to the services currently provided by the Company's existing external auditors. The ARMC has also interviewed PwC and in particular, the audit engagement partner, Mr Tham Tuck Seng. The ARMC had recommended the same for approval by the Board after taking into consideration, *inter alia*, the suitability of PwC to meet the audit obligations of the Company having regard to various factors including the adequacy of the resources and experience of PwC, the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Company and its subsidiaries, and the number and experience of supervisory and professional staff assigned to the particular audit, as well as audit fees.

Each of DT and PwC has confirmed that they are registered with the Accounting and Corporate Regulatory Authority.

# CORPORATE GOVERNANCE REPORT

The statutory auditors of each of the Company's significant<sup>5</sup> foreign-incorporated subsidiaries are as follows:

Name of Significant Foreign-incorporated Subsidiary	Name of Statutory Auditors
Hangzhou Jinhuan Investment Co., Ltd. (杭州锦环投资有限公司)	Da Hua Certified Public Accountants (Special General Partnership) Zhejiang Wan Bang Branch (大华会计事务所 (特殊普通合伙) 浙江万邦分所)
Hangzhou Kesheng Energy Technology Co., Ltd. (杭州科晟能源技术有限公司)	Da Hua Certified Public Accountants (Special General Partnership) Zhejiang Wan Bang Branch (大华会计事务所 (特殊普通合伙) 浙江万邦分所)
Lin'an Jiasheng New Energy Co., Ltd. (临安嘉盛环保有限公司)	Da Hua Certified Public Accountants (Special General Partnership) Zhejiang Wan Bang Branch (大华会计事务所 (特殊普通合伙) 浙江万邦分所)
Gevin Limited	Justin Lo & Co.

Each of the Company's significant foreign-incorporated subsidiaries above is audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, which is a member firm of Deloitte Touche Tohmatsu Limited, for consolidation purposes. If the proposed change of auditors is approved by the Company's shareholders at the AGM, each of the Company's significant foreign-incorporated subsidiaries above will be within the scope of work by PricewaterhouseCoopers Zhong Tian LLP, a member firm of PricewaterhouseCoopers International Limited, for the use of PwC in connection with the audit of the consolidated financial statements of the Group.

The Company is therefore in compliance with Rule 712 and Rule 715 (read together with Rule 716) of the SGX-ST Listing Manual in relation to the appointment of the Group's auditors.

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

## ARMC's Commentary on Significant Financial Reporting Matters

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

### Going Concern Basis of Preparation of Financial Statements

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

As at 31 December 2019, the Group and the Company were in a negative working capital position with net current liabilities of RMB3,415 million and RMB2,679 million respectively. This is mainly due to:

- A principal amount of US\$200 million (RMB1.4 billion) 6.0% senior unsecured notes which were issued in July 2017 and are due and payable on 27 July 2020; and
- The Company has a syndicated term facility of US\$200m and RMB100m ("the Facility") as at 31 December 2019. Under the terms of the US\$200m syndicated term loan facility, the Company has to ensure that the ratio of its consolidated EBITA in respect of any 12-month period ending on 30 June or 31 December is not less than 3.0 times its consolidated interest expenses for such period ("Financial Covenant"). The aforesaid ratio for the 12-month periods ended 30 June 2019 and 31 December 2019 had fallen below 3.0 times resulting in technical breaches by the Company of the Financial Covenant.

As a result of the above technical breaches, non-current borrowings of the Group and the Company amounting to approximately RMB1,265.5 million and RMB1,180.3 million respectively have been reclassified as current liabilities as at 31 December 2019.

<sup>5</sup> Under the Listing Manual, a subsidiary or an associated company is considered significant if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits. For the avoidance of doubt, the Company did not have any associated company which was considered significant for the financial year ended 31 December 2019.

# CORPORATE GOVERNANCE REPORT

Notwithstanding the above, the directors and management have assessed the going concern basis for the preparation of the financial statements is appropriate, after considering the following:

- (a) the cashflow forecast prepared by management for the next 12 months to 31 December 2020 indicates that the Group has sufficient cash and cash equivalents and adequate bank facilities to support its operations and meet its payment obligations as and when they fall due, and is based on the following key assumptions:
  - (i) completion of the refinancing of certain borrowings and lease liabilities that are due for repayment within the next 12 months up to 31 December 2020 amounting to approximately RMB900 million and securing of new borrowings and lease liabilities amounting to approximately RMB700 million; and
  - (ii) the successful completion of the refinancing proposals set out in (b) below.
- (b) the Company is actively pursuing various proposals to refinance the US\$200 million of 6.0% senior unsecured notes through, among others, (i) securing additional overseas syndicated loan facilities amounting to approximately US\$270 million by early July 2020 with a view to effecting drawdowns by the middle of July 2020 for repayment on 27 July 2020, in tandem with which Zhejiang Provincial Energy Group Co., Ltd. as an applicant, with the Company as a borrower, has sought the relevant approvals from the National Development and Reform Commission and (ii) issuing asset-backed securities ("ABS") amounting to approximately RMB1 billion to qualified investors in the PRC;
- (c) the Company has been in regular communication with the respective offshore and onshore agents for the lenders in relation to the Facility ("Agents") on an ongoing basis in relation to the Company's compliance with the financial covenants under the Facility and the Agents had been notified of the Financial Covenant in a timely manner since August 2019. As disclosed in the Company's announcement dated 28 May 2020, the Company has not received any notice for accelerated repayment from the Agents. The Company has been further informed by the Agents that none of the syndicated lenders under the Facility have requested for accelerated repayment; and
- (d) the Company will continue to actively seek the support of the largest controlling shareholder Zhejiang Provincial Energy Group Co., Ltd., which is a state-owned provincial energy enterprise with great financial strength and a much higher credit standing than the Group, to improve the Group's financing channels and reduce financing costs in relation to the Group's current and future fund-raising plans, so as to strengthen the working capital of the Group.

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

The ARMC also held discussions with the external auditors on their audit procedures to test the cashflow forecast. The ARMC also noted the assessment of the ability of the Company and the Group to continue as a going concern by the external auditors and the relevant disclosures made in Note 1 to the financial statements.

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

## **Service concession arrangements and revenue recognition with respect to arrangement under the scope of IFRS Interpretations Committee ("IFRIC") 12: Service Concession Arrangements**

The ARMC 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 International Financial Reporting Standard IFRS 15 *Revenue from Contracts with Customers* for the construction services it performs, and accounting for the fair value of consideration receivable in exchange for construction services rendered as service concession receivables and intangible assets.

Based on the review by the ARMC and discussions with the management and the external auditor, the ARMC is satisfied that the BOO and BOT contracts have been properly accounted for in compliance with IAS 16: *Property, Plant and Equipment* and IFRIC 12: *Service Concession Arrangements* respectively.

# CORPORATE GOVERNANCE REPORT

The recognition of revenue from service concession agreements which are within the scope of IFRIC 12 *Service Concession Arrangements* based on International Financial Reporting Standard IFRS 15 *Revenue from Contracts with Customers* requires a significant degree of management judgement and estimates of the total budgeted contract costs, the stage of completion of contract activity and the expected gross profit margin. The determination of the fair values of the consideration receivables and allocation of the consideration between service concession receivables and intangible assets involve the forecasting and discounting of future cash flows.

Based on the discussion with the management and the external auditors in conjunction with the annual audit, the ARMC is satisfied that the revenue has been appropriately recognized in accordance with the Group's accounting policies and the gross profit margin is 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 ARMC considered the appropriateness of the methodology and processes applied by the management to review for indicators of impairment of property, plant and equipment ("Assets"). In addition, the ARMC held discussion with the management and reviewed the reasonableness of the key assumptions and the significant judgement made by the management in determining the recoverable amount of the Assets or the amount of impairment losses required to be recorded.

As disclosed in the Group's announcements for the quarterly results for the nine months ended 30 September 2017, due to changes in the land use planning and environmental policies of the relevant local government, the Group was required to cease operations of the Kunming Jinjiang WTE Facility and relocate to a new Kunming Wuhua WTE Facility. The timing of any closure will be determined based on the overall progress of completion of Kunming Wuhua WTE Facility. The three furnaces and two generators at the Kunming Wuhua WTE Facility have been put into operation in May 2020. However, the local government has now instructed the Group to continue operating the Kunming Jinjiang WTE Facility at its normal level of activities due to the local government's plan for the treatment of domestic waste in Kunming city. In addition, the Group has not received any official notice with regards to the impending closure. Consequently, the management is of the view that the Kunming Jinjiang WTE facility will remain operational in the foreseeable future. Accordingly, the management has assessed and determined that there is no indication of impairment of the carrying values amounting to approximately RMB 211 million of the property, plant and equipment and land-use rights of Kunming Jinjiang WTE Facility as at 31 December 2019.

The ARMC also noted that the Group had voluntarily ceased operations at the Kunshan Jinkangrui resource project towards end of December 2019 due to changes in the land use planning and environment policies by the government and an impairment loss of approximately RMB 36.7 million has been made based on the recoverable amount of the assets.

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

## **Interested Person Transactions**

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

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

# CORPORATE GOVERNANCE REPORT

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

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		RMB'000	RMB'000
<b>Purchases of coal from:</b>			
Hangzhou Huawang Shiye Group Co., Ltd.	Associate of Mr. Dou Zhenggang, a controlling shareholder of the Company ("Mr. Dou")	–	5,360
Ningbo Daxie Development Zone Fuyuan Fuel Co., Ltd.	Associate of Zhejiang Provincial Energy Group Co., Ltd. (浙江省能源集团有限公司), a controlling shareholder of the Company ("Zheneng Group")	–	4,070
<b>Project technical and management services provided to:</b>			
Inner Mongolia Pulate Transport Energy Co., Ltd.	Associate of Mr. Dou	–	2,000
<b>Energy management contracting services provided to:</b>			
Xiaoyi Xing'an Chemical Engineering Co., Ltd.	Associate of Mr. Dou	–	77,075
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	Associate of Mr. Dou	–	6,369
<b>Interest paid to:</b>			
Zhejiang Zheneng Finance Leasing Co., Ltd.	Associate of Zheneng Group	17,209	–
Shanghai Puneng Finance Leasing Co., Ltd.	Associate of Zheneng Group	9,600	–
Total		26,809	94,874

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

# CORPORATE GOVERNANCE REPORT

## Material Contracts

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

## Whistle-Blowing Policy

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

## Dealings in Securities

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

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

## Internal Audit and Internal Controls

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

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

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

# CORPORATE GOVERNANCE REPORT

## Shareholders Rights and Engagement

### Principle 11: Shareholder Rights and Conduct of General Meetings

The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects. The Company facilitates the exercise of shareholders' rights by ensuring that all material and financial information relating to the Group is disclosed in an accurate and timely manner via SGXNET.

The Board 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.

General meetings of the Company are one of the principal forums for dialogue with shareholders. At general meetings, shareholders are given the opportunity to communicate their views and to ask the Directors questions on the various matters affecting the Company. All Directors are present and available at general meetings to address any queries. The external auditors are present at general meetings to assist the Directors in answering questions from shareholders as well as attending to queries on the conduct of audit and the preparation and content of the auditors' report. All Directors were present at all such general meetings of the Company held during FY2019.

The Company provides for separate resolutions at general meetings on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company will explain the reasons and material implications in the notice of the general meeting. Detailed information on each item in the agenda for the general meeting is provided in the explanatory notes to the Notice of meeting. While the Company currently does not publish its minutes of general meetings on its corporate website, the Company believes that its procedures are consistent with the intent of Principle 11 of the CG Code, as the Joint Company Secretaries prepare minutes of general meetings which would be provided to shareholders upon their request. The minutes of general meetings would include substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and management. Presentation slides are made available on the SGXNET for the benefit of shareholders.

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

All shareholders are given the opportunity to participate effectively in and to vote at general meetings in person or by proxy. The rules including the voting procedures are set out in the notice of the general meetings. Shareholders may appoint one or two proxies each to attend and vote at general meetings in their absence. "Relevant intermediaries" such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund Board (CPF), are allowed to appoint more than two proxies to attend and vote at general meetings. The proxy forms must be deposited with the Company's share registrar not less than seventy-two hours before the time set for the general meetings. However, the Company's Memorandum and Articles of Association do not permit voting in absentia by mail, facsimile or e-mail as such voting methods would need to be cautiously evaluated to ensure that the authenticity of the vote and shareholders' identities are not compromised.

Pursuant to Rule 730A(2) of the SGX-ST Listing Manual, all resolutions proposed at general meetings 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 general meeting 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 meeting.

# CORPORATE GOVERNANCE REPORT

The Company currently does not have a fixed dividend policy. When making recommendations on the timing, amount and form of future dividends, if any, the Board will consider, among other things, the Group's results of operations and cash flow, expected financial performance and working capital needs, future prospects, capital expenditures and other investment plans, other investment and growth plans and the general economic and business conditions and other factors deemed relevant by the Board and statutory or contractual restrictions on the payment of dividends. For the financial year ended 31 December 2019, no dividend has been recommended as the Group is expanding its business operations, with a view of achieving sustainable and long-term growth of its business. These projects require considerable financial resources and the Group's priority is to manage its cash flow prudently and responsibly so as to ensure that its financial commitments are met.

## **Principle 12: Engagement with Shareholders**

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

The Company is open to meetings with shareholders, investors, media and analysts, and in conducting such meetings, the Company is mindful of the need to ensure fair disclosure to all shareholders. The Company seeks to solicit and understand the views of shareholders through analyst briefings that coincide with the release of financial results, meeting local and foreign fund managers in investor roadshows and conferences and dialogues with shareholders in general meetings. The Company has in place an investor relation programme which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders. The investor relation programme sets out the mechanisms through which shareholders may contact the Company with questions and through which the Company may respond to such questions.

## **Managing Stakeholders Relationships**

### **Principle 13: Engagement with Stakeholders**

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

The Company has undertaken a materiality assessment to determine six material environmental, social and governance (ESG) factors which are important to these stakeholders and are the Company's sustainability priorities. These issues form the materiality matrix upon which targets, performance and progress are reviewed and endorsed by the Board annually. Underpinned by the six material ESG factors, the Company focuses on four priority areas in sustainability, namely, economic performance, environmental services and impacts, workforce and corporate governance, to bring about positive value for its key stakeholders. Having identified its stakeholders and the material ESG factors, the Company has mapped out the key areas of focus in relation to the management of the respective stakeholder relationships. Please refer to the Sustainability Report on pages 38 to 63 of this Annual Report for further details.

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

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

# 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 2019.

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 107 to 191 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 2019, 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:

Wei Dongliang (Appointed on 26 September 2019)  
 Zhang Chao  
 Wang Ruihong  
 Ang Swee Tian  
 Hee Theng Fong  
 Tan Huay Lim  
 Ni Mingjiang

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

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

## 3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

Name of directors and company in which interests are held	Shareholdings registered in name of directors		Shareholdings in which are deemed to have an interest	
	At beginning of the year	At end of year	At beginning of the year	At end of year
The Company (Ordinary shares)				
Zhang Chao	600,000	1,050,000	–	600,000
Wang Ruihong	1,100,000	2,100,000	–	–
Ang Swee Tian	80,000	80,000	–	–

The directors' interest in the shares and debentures of the Company at 21 January 2020 were the same at 31 December 2019.

# DIRECTORS' STATEMENT

## 4 SHARE OPTIONS AND PERFORMANCE SHARES

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

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

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

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

During the current financial year, 10,906,500 shares have been granted under the Plan, in respect of performance of the Group for the financial year ended 31 December 2018. As at 31 December 2019, the Company has granted 23,394,700 shares under the Plan. All entitled employees are required to pay 30% of the closing market price of the shares awarded to them on the date of grant in cash as a condition for the vesting of the share awards. These shares were granted without a vesting period but will be subject to a moratorium on trading of 12 months from the date of issuance and allotment.

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

<b>Name of directors</b>	<b>Shares granted during the financial year</b>	<b>Aggregate shares granted since commencement of the Plan to the end of financial year</b>	<b>Aggregate shares lapsed since commencement of the Plan to the end of financial year</b>	<b>Aggregate shares outstanding as at the end of financial year</b>
Zhang Chao	1,050,000	1,650,000	–	1,650,000
Wang Ruihong	1,000,000	2,100,000	–	2,100,000

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

# DIRECTORS' STATEMENT

## 4 SHARE OPTIONS AND PERFORMANCE SHARES (cont'd)

(a) *Options to take up unissued shares*

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

(b) *Options exercised*

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

(c) *Unissued shares under options*

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

## 5 AUDIT AND RISK MANAGEMENT COMMITTEE

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

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

# DIRECTORS' STATEMENT

## 5 AUDIT AND RISK MANAGEMENT COMMITTEE (cont'd)

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

The Audit and Risk Management Committee is satisfied with the independence and objectivity of the external auditors. However, in the interest of good corporate governance, the Audit and Risk Management Committee has recommended to the Board of Directors that the External Auditors of the Company be rotated from time to time. In view of this, the Audit and Risk Management Committee has recommended that PricewaterhouseCoopers LLP, be nominated for appointment as external auditors at the forthcoming Annual General Meeting of the Company.

In appointing our external auditors for the Company and its subsidiaries, we have complied with Rules 712 and 715 read together with Rule 716 of the SGX Listing Manual.

ON BEHALF OF THE DIRECTORS

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Wei Dongliang

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Zhang Chao

Date: 9 June 2020

# INDEPENDENT AUDITOR'S REPORT

To the members of Zheneng Jinjiang Environment Holding Company Limited

## Opinion

We have audited the financial statements of Zheneng 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 2019, 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 107 to 191.

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 2019, 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.

## Material Uncertainty related to Going Concern

We draw attention to Note 1 to the accompanying financial statements which indicates that:

- (a) as of 31 December 2019, the Group's and the Company's current liabilities exceeded their current assets by approximately RMB3,414.7 million and RMB2,679.0 million respectively;
- (b) the Group and the Company have not met a financial covenant relating to the guaranteed borrowings amounting to RMB1,265.5 million and RMB1,180.3 million respectively. As of the date of the report, the lenders have not called for the repayment of the borrowings; and
- (c) the Group and the Company have a US\$200 million (equivalent to RMB1.4 billion) 6.0% senior unsecured notes that are due and payable on 27 July 2020. The Group and the Company are currently in discussion with the lenders to finalise additional syndicated loan facilities to repay the 6.0% senior unsecured notes that are maturing.

Notwithstanding this, the financial statements have been prepared on a going concern basis, the validity of which is premised on:

- (i) the Group's and the Company's ability to secure additional overseas syndicated loan facilities prior to the maturity of the 6.0% senior unsecured notes;
- (ii) the Group's and the Company's ability in issuing asset-backed securities to qualified investors in the People's Republic of China to provide further liquidity to the Group's operations;
- (iii) the guaranteed borrowings of the Group and the Company amounting to RMB1,265.5 million and RMB1,180.3 million respectively not being recalled by its lenders ahead of the stipulated repayment dates within the loan agreement; and
- (iv) the Group's ability to generate positive cash flows from its operations.

# INDEPENDENT AUDITOR'S REPORT

To the members of Zheneng Jinjiang Environment Holding Company Limited

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as going concerns. If the additional syndicated loan facilities is not timely executed, or the existing lenders recalled the loan mentioned in (iii) above, these could have an impact on the Group's and the Company's ability to remain going concerns and to meet its debt obligations as and when they fall due. Hence, the classification of assets and liabilities, and the Group's and the Company's ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the financial statements could be affected. Our opinion is not modified in respect of this matter.

## 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. In addition to the matter described in the "Material Uncertainty related to Going Concern" section, we have determined the matters discussed below to be the key audit matters to be communicated in our report.

### 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 or IAS 16 Property, Plant and Equipment for new service concession contracts; and
- b. Recognition of revenue for arrangements under the scope of IFRIC 12.

We performed the substantive procedures as follows:

- a. In determining whether the BOO and BOT arrangements fall under the scope of IFRIC 12 or IAS 16 for new service concession contracts,
  - we challenged management's assessment of the service concession arrangements for appropriateness of accounting under IFRIC 12 or IAS 16; and
  - we read the respective service concession agreements for each power plant and sought confirmation from management that there are no side agreements which alter, supersede, omit or add to the written agreements as any such side agreements may significantly alter the accounting treatment of the arrangements with consequential impact on the statements of financial position and the statement of profit or loss and other comprehensive income. Management confirmed that there are no side agreements, written or otherwise.

# INDEPENDENT AUDITOR'S REPORT

To the members of Zheneng Jinjiang Environment Holding Company Limited

## Key Audit Matters

In addition, the Group allocates the consideration for the services provided under all the concession arrangements within the scope of IFRIC 12 by reference to their relative fair values. The determination of the fair values of the receivables under such agreements includes complex calculations and significant estimations such as discounts rates, future cash flows and estimated gross margins for recognition of fair value of the construction services delivered on a cost-plus basis and other factors used in the determination of the amortised cost of financial asset and corresponding financial income.

The amounts relating to the concession arrangements under the scope of IFRIC 12 are material and significant judgement are required, particularly in relation to the identification and application of the appropriate accounting treatment.

The accounting policies for revenue recognition are set out in Note 3 to the financial statements and the disclosure in relation to BOT arrangements for the Group within the scope of IFRIC 12 have been disclosed in Notes 4, 20 and 26 to the financial statements

## Our Audit Procedures Performed and Responses Thereon

- b. For the recognition of revenue for arrangements under the scope of IFRIC 12,
- we tested management's computation of amortised cost of service concession receivables and intangible assets and allocation of consideration between service concession receivables and intangible assets and the related revenue recognition. We have also challenged key management estimates including discount rates and gross profit margin used by comparing against relevant market interest rates and the margin used by comparable companies in the industry respectively in the determination of the fair value of the construction services delivered;
  - we tested the costs of construction incurred on sampling basis and assessed the accuracy of the construction revenue recorded based on the gross profit margin in relation to such service concession arrangements; and
  - we have also considered the adequacy of disclosure on the key assumptions relating to accounting for revenue and cost for the service concession contracts in the financial statements.

## Impairment review of property, plant and equipment

As at 31 December 2019, the Group's property, plant and equipment of RMB8,234 million represents 49.6% of total assets on the consolidated statement of financial position of the Group.

The Group is required to review the carrying amount of property, plant and equipment to determine whether there is any indicator of impairment. Where there are indicators of impairment, management will assess the recoverable amount based on the higher of value in use and fair value less costs to sell. This assessment requires the exercise of significant judgement about future market conditions, including future cash flows to be generated from the continuing use of the WTE plants over the service concession period and the corresponding discount rates.

Further, the Group announced in 2017 that three of its WTE plants will be progressively closed or relocated. As at 31 December 2019, two out of three of the plants had been closed. As at the end of the financial year, the Group had reached an agreement with the local government for the compensation amounts for the closure of these WTE plants. As the compensation amount is higher than the carrying amount of the WTE plant, there is no impairment loss recorded.

We evaluated and challenged the key assumptions used by management in assessing the recoverable amount. These procedures included:

- comparing the historical performance of the WTE plants with original forecasts and assessed whether the Group has achieved them;
- assessing the cash flow forecasts used in respect of the WTE plants, with comparison to recent performance, trend analysis and market expectations;
- challenging the appropriateness of the discount rate by assessing the cost of capital for the Group and comparable organisations in the industry; and
- evaluating management's assessment of the sensitivity of the Group's impairment analysis to reasonably possible changes in the key assumptions.

For the WTE plant that is closed for which compensation has been agreed on between the Group and the local government, we have verified the compensation amount to the compensation agreement.

# INDEPENDENT AUDITOR'S REPORT

To the members of Zheneng Jinjiang Environment Holding Company Limited

## Key Audit Matters

The remaining WTE plant was originally scheduled to be relocated and closed within the coming financial year. However, the local government has instructed the Group to continue the operation of this WTE plant due to the overall deployment plan of the local government on waste treatment in the province. Accordingly, management is of the view this WTE plant will remain operational in the foreseeable future. Accordingly, management has assessed and determined there is no indicator of impairment over the carrying amount of this WTE plant amounting to approximately RMB211 million.

In addition to the above, management informed us that another WTE plant was closed late in 2019. Management recorded an impairment loss of approximately RMB36.7 mil based on the impairment assessment.

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

## Our Audit Procedures Performed and Responses Thereon

For the remaining WTE plant, we have verified to the official notice from the local government to continue the operation of the WTE plant and have also challenged the reasonableness of the management's impairment assessment.

For the WTE plant which was closed in late 2019, we have challenged management's basis on the net realisable value of the property and equipment of the WTE plant in arriving at the impairment loss.

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

## 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 and fair presentation of the financial statements in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 are responsible for 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.

# INDEPENDENT AUDITOR'S REPORT

To the members of Zheneng 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

Date: 9 June 2020

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	Note	2019 RMB'000	2018 RMB'000
Revenue	7	3,877,541	3,030,779
Cost of sales		(2,927,715)	(1,987,569)
Gross profit		949,826	1,043,210
Other income and other losses	8	(53,065)	218,475
Administrative expenses		(276,644)	(256,108)
Finance costs	9	(306,587)	(259,412)
Share of profit of an associate		836	–
Share of (loss) profit of joint ventures		(8,169)	2,147
Profit before tax		306,197	748,312
Income tax expense	10	(142,229)	(173,638)
<b>Profit for the year</b>	11	<b>163,968</b>	<b>574,674</b>
<b>Other comprehensive loss</b>			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	42	338	(4,743)
<b>Other comprehensive gain (loss) for the year, net of tax</b>		<b>338</b>	<b>(4,743)</b>
<b>Total comprehensive income for the year</b>		<b>164,306</b>	<b>569,931</b>
<b>Profit for the year:</b>			
Attributable to:			
- Owners of the Company		153,324	564,989
- Non-controlling interests	15	10,644	9,685
		<b>163,968</b>	<b>574,674</b>
<b>Total comprehensive income for the year:</b>			
Attributable to:			
- Owners of the Company		153,662	560,246
- Non-controlling interests		10,644	9,685
		<b>164,306</b>	<b>569,931</b>
Earnings per share:			
- Basic and Diluted (RMB cents)	12	10.61	41.81

See accompanying notes to financial statements.

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

	Note	GROUP		COMPANY	
		2019	2018	2019	2018
		RMB'000	RMB'000	RMB'000	RMB'000
<b>Assets</b>					
<b>Current assets</b>					
Bank balances and cash	13	442,123	857,487	85,803	241,992
Pledged bank deposits	13	571,445	513,737	59,874	318,145
Trade and other receivables	14	1,652,605	1,150,139	–	4,002
Amounts due from non-controlling interests	15	55,591	74,807	–	–
Amounts due from related parties	16	548,750	760,153	–	–
Amounts due from subsidiaries	17	–	–	–	2,757,408
Contract assets	18	76,187	–	–	–
Contract costs	19	–	10,847	–	–
Service concession receivables	20	57,983	49,271	–	–
Prepaid leases	21	–	12,762	–	–
Other tax recoverable	22	264,138	142,492	–	–
Inventories	23	37,137	53,351	–	–
<b>Total current assets</b>		<b>3,705,959</b>	<b>3,625,046</b>	<b>145,677</b>	<b>3,321,547</b>
<b>Non-current assets</b>					
Other receivables	14	202,230	435,110	2,229	2,972
Amounts due from subsidiaries	17	–	–	3,011,330	–
Service concession receivables	20	628,378	474,377	–	–
Prepaid leases	21	–	328,301	–	–
Property, plant and equipment	24	8,233,955	7,054,149	–	–
Investment property	25	27,205	27,258	–	–
Intangible assets	26	3,585,943	2,445,878	–	–
Investment in subsidiaries	27	–	–	1,790,879	1,790,879
Investment in associates	28	14,536	12,200	–	–
Investment in joint ventures	29	210,437	191,855	5,039	5,039
<b>Total non-current assets</b>		<b>12,902,684</b>	<b>10,969,128</b>	<b>4,809,477</b>	<b>1,798,890</b>
<b>Total assets</b>		<b>16,608,643</b>	<b>14,594,174</b>	<b>4,955,154</b>	<b>5,120,437</b>

See accompanying notes to financial statements.

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

		GROUP		COMPANY	
	Note	2019	2018	2019	2018
		RMB'000	RMB'000	RMB'000	RMB'000
<b>Current liabilities</b>					
Borrowings	30	3,472,771	1,219,962	1,306,595	71,159
Notes payable	31	1,423,212	40,209	1,423,212	40,209
Trade and other payables	32	1,745,256	1,298,966	9,006	6,006
Amounts due to related parties	16	154,180	125,181	–	–
Amounts due to subsidiaries	17	–	–	85,892	65,389
Dividends payable	33	1,397	1,397	–	–
Lease liabilities / Obligations under finance leases	34	151,622	393,987	–	–
Deferred grant	35	8,968	8,420	–	–
Other tax liabilities	36	53,827	60,870	–	–
Income tax liabilities		109,384	135,677	–	–
<b>Total current liabilities</b>		7,120,617	3,284,669	2,824,705	182,763
<b>Net current (liabilities) assets</b>		(3,414,658)	340,377	(2,679,028)	3,138,784
<b>Total assets less current liabilities</b>		9,488,026	11,309,505	2,130,449	4,937,674
<b>Non-current liabilities</b>					
Borrowings	30	2,566,525	3,298,568	–	1,275,778
Notes payable	31	–	1,347,657	–	1,347,657
Lease liabilities / Obligations under finance leases	34	223,578	455,532	–	–
Provision for major overhauls	20	19,032	17,975	–	–
Deferred grant	35	381,476	161,249	–	–
Deferred tax liabilities	37	482,746	425,314	–	–
<b>Total non-current liabilities</b>		3,673,357	5,706,295	–	2,623,435
<b>Net assets</b>		5,814,669	5,603,210	2,130,449	2,314,239
<b>Capital and reserves</b>					
Share capital	38	96	95	96	95
Reserves		5,686,615	5,485,716	2,130,353	2,314,144
Equity attributable to owners of the Company		5,686,711	5,485,811	2,130,449	2,314,239
Non-controlling interests	15	127,958	117,399	–	–
<b>Total equity</b>		5,814,669	5,603,210	2,130,449	2,314,239

See accompanying notes to financial statements.

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

	Reserves						
	Share capital	Share premium	Other reserves	Retained earnings	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 38)		(Note 42)				
<b>GROUP</b>							
At 1 January 2018	81	1,391,627	453,996	2,889,591	4,735,295	155,898	4,891,193
Profit for the year	–	–	–	564,989	564,989	9,685	574,674
Other comprehensive income for the year	–	–	(4,743)	–	(4,743)	–	(4,743)
Total comprehensive income for the year	–	–	(4,743)	564,989	560,246	9,685	569,931
Capital contribution from non-controlling interests	–	–	–	–	–	410	410
<i>Transactions with owners, recognised directly in equity</i>							
Issue of shares (Note 38)	14	527,275	(11,814)	–	515,475	–	515,475
Share award expense (Note 43)	–	–	11,814	–	11,814	–	11,814
Dividends paid (Note 44)	–	(350,705)	–	–	(350,705)	–	(350,705)
Appropriation to other reserves	–	–	14,309	(14,309)	–	–	–
Acquisition of non-controlling interests	–	–	13,686	–	13,686	(39,726)	(26,040)
Dividends paid to non-controlling interests	–	–	–	–	–	(8,868)	(8,868)
At 31 December 2018	95	1,568,197	477,248	3,440,271	5,485,811	117,399	5,603,210
Profit for the year	–	–	–	153,324	153,324	10,644	163,968
Other comprehensive income for the year	–	–	338	–	338	–	338
Total comprehensive income for the year	–	–	338	153,324	153,662	10,644	164,306
Capital contribution from non-controlling interests	–	–	–	–	–	17,790	17,790
Capital contribution in a partially-owned subsidiary	–	–	14,334	–	14,334	(14,334)	–
<i>Transactions with owners, recognised directly in equity</i>							
Issue of shares (Note 38)	1	32,903	(23,301)	–	9,603	–	9,603
Share award expense (Note 43)	–	–	23,301	–	23,301	–	23,301
Dividends paid to non-controlling interests	–	–	–	–	–	(3,541)	(3,541)
At 31 December 2019	96	1,601,100	491,920	3,593,595	5,686,711	127,958	5,814,669

See accompanying notes to financial statements.

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

		Reserves			
	Share capital	Share premium	Other reserves	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 38)		(Note 42)		
<b>COMPANY</b>					
At 1 January 2018	81	1,391,627	1,057,112	(139,882)	2,308,938
Loss for the year, representing total comprehensive loss for the year	–	–	–	(171,283)	(171,283)
<i>Transactions with owners, recognised directly in equity</i>					
Issue of shares	14	527,275	(11,814)	–	515,475
Share award expense (Note 43)	–	–	11,814	–	11,814
Dividends paid (Note 44)	–	(350,705)	–	–	(350,705)
At 31 December 2018	95	1,568,197	1,057,112	(311,165)	2,314,239
Loss for the year, representing total comprehensive loss for the year	–	–	–	(216,694)	(216,694)
<i>Transactions with owners, recognised directly in equity</i>					
Issue of shares	1	32,903	(23,301)	–	9,603
Share award expense (Note 43)	–	–	23,301	–	23,301
At 31 December 2019	96	1,601,100	1,057,112	(527,859)	2,130,449

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

	2019 RMB'000	2018 RMB'000
<b>Operating activities</b>		
Profit before tax	306,197	748,312
Adjustments for:		
Finance costs	306,587	259,412
Interest income	(80,940)	(58,142)
Depreciation of property, plant and equipment	303,326	321,570
Depreciation of right-of-use assets	89,676	–
Depreciation of investment property	966	779
Amortisation of prepaid leases	–	12,762
Amortisation of intangible assets	91,201	69,063
Property, plant and equipment written off	78,966	–
Loss on disposal of property, plant and equipment	–	16
Compensation income on closure of a WTE plant	(225,011)	(289,800)
Write-off of property, plant and equipment upon closure of a WTE plant	161,196	107,292
Write-off of prepaid lease	–	381
Loss allowance recognised on:		
- Trade receivables	11,993	184
- Other receivables	15,749	2,392
Impairment loss on property, plant and equipment	53,124	1,161
Deferred grant recognised	(19,590)	(8,420)
Share award expense	23,301	11,814
Foreign exchange losses	42,635	70,260
Share of profit of an associate	(836)	–
Share of loss (profit) of joint ventures	8,169	(2,147)
Gain on disposal of an associate	–	(7,823)
Gain on disposal of subsidiaries	–	(31,344)
Operating cash flows before movements in working capital	1,166,709	1,207,722
Trade and other receivables	(102,668)	(311,924)
Service concession receivables	(120,719)	(172,411)
Contract assets	(76,187)	–
Contract costs	10,847	(10,847)
Other tax recoverable	(121,646)	(19,270)
Inventories	16,214	14,853
Intangible assets	(1,226,516)	(489,505)
Trade and other payables	172,752	249,768
Other tax liabilities	(7,043)	10,579
Amounts due from related parties	112,886	(150,988)
Amounts due from non-controlling interests	(5,238)	(25,477)
Amounts due to related parties	26,660	1,284
Deferred grants	238,939	15,421
<b>Cash generated from operations</b>	84,990	319,205
Income tax paid	(111,093)	(113,662)
<b>Net cash (used in) from operating activities</b>	(26,103)	205,543

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

	2019 RMB'000	2018 RMB'000
<b>Investing activities</b>		
Interest received	32,102	20,385
Payments for property, plant and equipment	(996,320)	(2,436,736)
Proceeds from disposal of property, plant and equipment	–	253,478
Payments for intangible assets - software	(4,001)	(3,188)
Payment for investment properties	–	(28,037)
Payment for prepaid leases	–	(47,992)
Proceeds from disposal of subsidiaries classified as assets held for sale (Note 45)	–	6,781
Proceeds from acquisition of subsidiaries (Note 27)	–	37,836
Proceeds from disposal of a subsidiary (Note 27)	–	67,200
Investment in associates	(1,500)	(2,200)
Proceeds from disposal of an associate (Note 28)	–	51,627
Investment in joint ventures	(26,751)	(10,050)
Pledged bank deposits	(144,351)	7,764
<b>Net cash used in investing activities</b>	<b>(1,140,821)</b>	<b>(2,083,132)</b>
<b>Financing activities</b>		
Proceeds from issue of shares	9,603	515,475
Proceeds from borrowings	3,012,564	3,438,434
Proceeds from obligations under finance leases	–	304,000
Repayment of borrowings	(1,535,430)	(1,525,347)
Repayment of obligations under finance leases	–	(435,135)
Payment of finance costs	(433,982)	(390,987)
Pledged bank deposits for borrowings	93,044	(165,685)
Repayment of lease liabilities	(545,189)	–
Dividends paid to owners of the Company	–	(350,705)
Dividends paid to non-controlling interests	(3,541)	(8,868)
Capital contributions from non-controlling interests	17,790	410
Acquisition of non-controlling interests in subsidiaries	–	(26,040)
Repayments from (Advances to) non-controlling interests	24,454	(21,354)
Advances from related parties	8,739	131,367
Repayment from (to) related parties	98,517	(42,054)
<b>Net cash from financing activities</b>	<b>746,569</b>	<b>1,423,511</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(420,355)</b>	<b>(454,078)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>857,487</b>	<b>1,276,454</b>
<b>Effect of exchange rate fluctuations on cash held</b>	<b>4,991</b>	<b>35,111</b>
<b>Cash and cash equivalents at end of the year</b>	<b>442,123</b>	<b>857,487</b>

See accompanying notes to financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 1. GENERAL INFORMATION

Zheneng Jinjiang Environment Holding Company Limited was incorporated on 8 September 2010 as an exempt company with limited liability in Cayman Islands with its registered office presently at Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands and principal place of business at 1 Yinxiu Road, Level 19, Tower A, Hangyue Commercial Center, Gongshu District, Hangzhou City, Zhejiang Province, the People's Republic of China (the "PRC"). The single largest shareholder is Zhejiang Provincial Energy Group Co., Ltd., which is 100% controlled by State-owned Assets Supervision and Administration Commission of the People's Government of Zhejiang Province.

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

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

During the current financial year, the Company changed its name from China Jinjiang Environment Holding Company Limited to Zheneng Jinjiang Environment Holding Company Limited.

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

As at the end of the reporting period, the Group's and the Company's current liabilities exceeded its current assets by RMB3,414.7 million and RMB2,679.0 million respectively mainly due to the following:

- A principal amount of US\$200 million (equivalent to RMB1.4 billion) 6.0% senior unsecured notes which are due and payable on 27 July 2020. The Group and the Company are in the advance stage of discussion with the lenders to finalise additional syndicated loan facilities to repay the senior notes that are maturing.
- Reclassification of guaranteed borrowings of the Group and the Company amounting to approximately RMB1,265.5 million and RMB1,180.3 million from non-current liabilities to current liabilities as the Group and the Company have not met a financial covenant as disclosed in Note 30 to the consolidated financial statements. As of the date of authorisation of these financial statements, the lenders have not called on the repayment of the borrowings.

This exposed the Group and the Company to liquidity risk if the Group and the Company could not fulfil their financial obligations.

Notwithstanding the above, the financial statements have been prepared on a going concern basis, the validity of which is premised on:

- a. the Group's and the Company's ability to secure additional overseas syndicated loan facilities prior to the maturity of the 6.0% senior unsecured notes;
- b. the Group's and the Company's ability in issuing asset-backed securities to qualified investors in the People's Republic of China to provide further liquidity to the Group;
- c. the guaranteed borrowing of the Group and the Company amounting to RMB1,265.5 million and RMB1,180.3 million respectively not being recalled by its lenders ahead of the stipulated repayment dates within the loan agreement; and
- d. the Group's ability to generate positive cash flows from its operations.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's and Company's ability to continue as going concerns. If the additional syndicated loan facilities is not timely executed, or the existing lenders recalled the loan mentioned in (c) above, these could have an impact on the Group's and Company's ability to remain going concerns and to meet its debt obligations as and when they fall due. Hence, the classification of assets and liabilities, and the Group's and Company's ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the financial statements could be affected.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 1. GENERAL INFORMATION (cont'd)

Notwithstanding the above, the directors and management have assessed the going concern basis for the preparation of the accompanying financial statements is appropriate, after considering the following:

- (A) the cashflow forecast prepared by management for the next 12 months to 31 December 2020 indicates that the Group has sufficient cash and cash equivalents and adequate bank facilities to support its operations and meet its payment obligations as and when they fall due, and is based on the following key assumptions:
  - (I) completion of the refinancing of certain borrowings and lease liabilities that are due for repayment within the next 12 months up to 31 December 2020 amounting to approximately RMB900 million and securing of new borrowings and lease liabilities amounting to approximately RMB700 million; and
  - (II) the successful completion of the refinancing proposals set out in (B) below;
- (B) management is actively pursuing various proposals to refinance the notes mainly through, among others, (i) securing additional overseas syndicated loan facilities amounting to approximately US\$270 million by early July 2020 with a view to effecting drawdowns by the middle of July 2020 for repayment by 27 July 2020, in tandem with which Zhejiang Provincial Energy Group Co., Ltd as an applicant, with the Company as a borrower, has sought the relevant approvals from the National Development and Reform Commission and (ii) issuing asset-backed securities amounting to approximately RMB1 billion, to qualified investors in the PRC; and
- (C) the Group will continue to actively seek the support of the Group's largest shareholder Zhejiang Provincial Energy Group Co., Ltd., which is a state-owned provincial energy enterprise with great financial strength and good credit standing that can enhance the stability of the Group's capital structure. This will help to improve the Group's financing channels and reduce financing costs in relation to the Group's current and future fund-raising plans, so as to strengthen the working capital of the Group.

Accordingly, the accompanying financial statements did not include any adjustments relating to the realisation and classification of asset and liability amounts that may be necessary if the Group and Company were unable to continue as a going concern. Should the going concern assumption be inappropriate, adjustments may have to be made to (i) reflect the situation that assets may need to be realised other than their carrying amounts; (ii) provide for further liabilities that might arise; and (iii) reclassify non-current assets and non-current liabilities as current. No adjustments have been made in the accompanying financial statements in respect of these.

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 2019 were authorised for issue by the Board of Directors on 9 June 2020.

## 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 2019.

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

### IFRS 16 Leases

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Group's and Company's financial statements is described below.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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

### IFRS 16 Leases (cont'd)

The date of initial application of IFRS 16 for the Group and Company is 1 January 2019.

#### (a) Impact of the new definition of a lease

The Group and Company have made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Group and Company apply the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in IFRS 16 does not significantly change the scope of contracts that meet the definition of a lease for the Group and Company.

#### (b) Impact on lessee accounting

##### *Former operating leases*

IFRS 16 changes how the Group and Company account for leases previously classified as operating leases under IAS 17, which were off-balance-sheet.

Applying IFRS 16, for all leases, the Group and Company:

- (a) Recognise right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the remaining lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16.C8(b)(ii); and
- (b) Recognise depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group and Company have opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within administrative expenses in the profit or loss.

The Group and Company have used the following practical expedients when applying the modified retrospective approach to leases previously classified as operating leases applying IAS 17.

- The Group and Company have applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group and Company have elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Group and Company have used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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

### IFRS 16 Leases (cont'd)

#### (b) Impact on lessee accounting (cont'd)

##### *Former finance leases*

For leases that were classified as finance leases applying IAS 17, the carrying amount of the leased assets and obligations under finance leases measured applying IAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments.

The right-of-use asset and the lease liability are accounted for applying IFRS 16 from 1 January 2019.

#### (c) Financial impact of initial application of IFRS 16

The following table shows the operating lease commitments disclosed applying IAS 17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

	<b>2019</b>
	<b>RMB'000</b>
Operating lease commitments at 31 December 2018	13,248
Less: Short-term leases	(834)
Less: Early termination of leases	(12,414)
Add: Finance lease liabilities recognised under IAS 17 at 31 December 2018 (Note 34)	849,519
Lease liabilities recognised as at 1 January 2019	<u>849,519</u>

The Group and Company have assessed that there is no tax impact arising from the application of IFRS 16.

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position immediately before the date of initial application. Consequently, right-of-use assets of RMB341,063,000 were recognised on 1 January 2019 and prepayments decreased by RMB341,063,000.

During the year, plant and equipment previously held under finance lease applying IAS 17, which amounted to RMB1,264,055,000, have been reclassified to 'right-of-use assets' under IFRS 16 at date of initial application as disclosed in Note 24.

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:

- Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material*<sup>1</sup>
- Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*<sup>2</sup>
- Amendments to IFRS 3 *Business Combinations: Definition of a Business*<sup>1</sup>
- Amendments to References to the Conceptual Framework in IFRS Standards<sup>1</sup>
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between Investor and its Associate or Joint Venture*<sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>3</sup> Effective date is deferred indefinitely

Management anticipates that the adoption of the above amendments to IFRSs 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 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 IFRS 16 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.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### 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.

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Basis of consolidation (cont'd)

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 gains control until the date when the Company ceases to control the subsidiary.

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

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

### Changes in the Group's ownership interests in existing subsidiaries

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

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

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

### Business combinations

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Business combinations (cont'd)

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

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

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

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

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

### 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Investment in associates and joint ventures (cont'd)

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

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

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

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Revenue recognition

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

#### Sale of goods

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

#### Rendering of services

##### *i. Project technical and management service and EMC business*

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

#### Rendering of services

##### *ii. Equipment selection and sale*

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

##### *iii. Revenue from waste treatment*

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

#### Interest income

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

#### Construction services

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

### Leases (before 1 January 2019)

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Leases (before 1 January 2019) (cont'd)

#### *The Group as lessee*

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

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

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

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

### Sale and leaseback transactions

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

### Leases (after 1 January 2019)

#### *The Group as lessee*

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- the amount expected to be payable by the lessee under residual value guarantees; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Leases (after 1 January 2019) (cont'd)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

#### *The Group as lessee (cont'd)*

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the statement of profit or loss.

### Foreign currencies

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Foreign currencies (cont'd)

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

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

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

### Borrowing costs

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

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

### Government grants

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

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

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

### Retirement benefit costs

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

### Employee leave entitlement

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Taxation

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

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

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

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

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

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

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

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

### Property, plant and equipment

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

Depreciation is charged so as to write off the cost of items of property, plant, and equipment (other than construction-in-progress) less their residual values over their estimated useful lives, using the straight-line method, on the following bases:

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Property, plant and equipment (cont'd)

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

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

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

### Investment properties

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

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

Office units	-	3.30%
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The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

### Intangible assets

#### Intangible assets acquired separately excluding operating concessions

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

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

Computer software	-	20%
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#### Service concession arrangements

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

#### Derecognition of intangible assets

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Land use rights

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

### Impairment of tangible and intangible assets other than goodwill

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

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

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

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

### Inventories

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

### Service concession arrangements

#### Consideration given by the grantor

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Service concession arrangements (cont'd)

#### Construction of service concession related infrastructure

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

#### Operating services

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

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

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

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

### Construction contracts

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

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

### Contract costs

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

### Contract assets and contract liabilities

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 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.

### Share-based payments

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

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

### Financial instruments

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

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

### Financial assets

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

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

#### **Classification of financial assets**

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Financial assets (cont'd)

#### *Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

#### *Foreign exchange gains and losses*

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "Other income and other losses" line item.

#### *Impairment of financial assets*

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Financial assets (cont'd)

#### *Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due for corporate/individual debtors, more than 180 days past due for amounts due from related parties and more than 3 years for government debtors, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

#### *Definition of default*

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet the following criteria are generally not recoverable.

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or
- a breach of contract by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 1 year past due for corporate/individual debtors, more than 2 years past due for amounts due from related parties and more than 5 years for government debtors unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

In considering the 90 days past due deemed defaulted presumption, it is not expected to be significantly consequential on the amount of expected credit losses measured because of the counterbalancing interaction between the way the Group defines default and the credit losses that arise as a result of that definition of default. Differences in default definition for the Group is not as pertinent because the Group does not have to determine the significant increase in credit risk indicators given that the Group has simplified approach to impairment model.

#### *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the debtor; or
- b) a breach of contract, such as a default or past due event; or
- c) it is becoming probable that the debtor will enter bankruptcy.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Financial assets (cont'd)

#### *Write-off policy*

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

#### *Measurement and recognition of expected credit losses*

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

#### Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Financial liabilities and equity instruments

#### *Classification as debt or equity*

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

#### *Equity instruments*

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

#### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective method.

Trade and other payables, dividends payable and amounts due to related parties and subsidiaries are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method, except for short-term balances when the effect of discounting is immaterial.

Interest-bearing borrowings are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowing in accordance with the company's accounting policy for borrowing costs (see above).

#### *Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other income and other losses" line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

#### *Derecognition of financial liabilities*

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

#### *Offsetting arrangements*

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

### Cash and cash equivalents in the statement of cash flows

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 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 the going concern assumptions as set out in Note 1 to the consolidated financial statements and those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

#### Service concession arrangements

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

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

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

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

#### Investment in joint ventures

In 2018, the Group completed the disposal of its 70% equity interest in Zibo Green New Energy Co., Ltd and Hohhot Jiasheng New Energy Co., Ltd. Following the disposal, the board of directors of the investees comprises 1 representative from the Group and 2 representatives from the other shareholder. However, management considers the contractual arrangement on the investees and determined that decisions on the relevant activities of the investees will require unanimous consent of both the Group and the other shareholder. Accordingly, management classified the remaining 30% equity interest as investment in joint ventures (Note 29).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

### *Key sources of estimation uncertainty*

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

#### Service concession arrangements

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

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

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

The assumptions used and estimates made can materially affect the fair value estimates. The carrying amount of the Group's financial receivables and intangible assets arising from service concession arrangements at the end of the reporting period is disclosed in Notes 20 and 26 to the consolidated financial statements respectively.

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

Revenue from construction services provided under service concession arrangements is disclosed in Note 7 to the consolidated financial statements. The gross profit margin recognised for third party constructed infrastructure in relation to service concession arrangement is 13.6% (2018 : 13.6%) for PRC entities and 18% (2018 : 18%) for India entities which is estimated by management based on prevailing market rate applicable to construction services rendered by comparable companies.

#### Penalties from the local governments

In 2018, certain subsidiaries of the Group received various show cause notices from the local governments for alleged non-compliance with regards to the collection of municipal solid waste under the service concession agreements. The local governments had not made any claims or commenced any legal proceedings against these group entities. Based on the written legal opinion from the legal counsel of the Group, management had estimated a potential liability amounting to RMB6.7 million as at 31 December 2018 which was accrued for and adjusted against the trade receivables from the local government. As there is no new development during the current financial year, management is of the view the accrual remained appropriate as at end of the reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

### *Key sources of estimation uncertainty (cont'd)*

#### Useful lives and residual values of property, plant and equipment

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

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

The carrying amount of property, plant and equipment is disclosed in Note 24 to the consolidated financial statements.

#### Impairment of property, plant and equipment

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

In 2017, the Group announced that three of its WTE plants will be progressively closed or relocated. As at 31 December 2019, two out of three of the plants had been closed. As at the end of the financial year, the Group had reached an agreement with the local government for the compensation amounts for the closure of these WTE plants. As the compensation amount is higher than the carrying amount of the WTE plant, there is no impairment loss recorded.

The remaining WTE plant was originally scheduled to be relocated and closed within the coming financial year. However, the local government has instructed the Group to continue operating this WTE plant due to the overall deployment plan of the local government on waste treatment in the province. Accordingly, management is of the view this WTE plant will remain operational in the foreseeable future. Accordingly, management has assessed and determined there is no indicator of impairment over the carrying amount of this WTE plant amounting to approximately RMB210,829,000.

In addition, another WTE plant was closed in late 2019. Management recorded an impairment loss of approximately RMB36.7 mil based on the carrying amount of the non-movable building, plant and equipment. Management has assessed and determined there is no indicator of impairment over the movable plant and equipment as they continue to be utilised in other WTE plants of the Group.

The carrying amount of property, plant and equipment is disclosed in Note 24 to the consolidated financial statements.

#### Loss allowance for trade and other receivables

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 5. CAPITAL 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 2018.

The capital structure of the Group consists of net debts, which includes the borrowings disclosed in Notes 30, 31 and 34 less cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

## 6. FINANCIAL INSTRUMENTS

### a. Categories of financial instruments

	GROUP		COMPANY	
	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at amortised cost	3,814,172	3,764,018	3,157,007	3,321,547
Financial liabilities at amortised cost	9,288,686	8,004,994	2,824,705	2,806,198
Lease liabilities	375,200	–	–	–

### b. Financial risk management objectives and policies

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

#### (1) Foreign currency risk

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

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

	GROUP		COMPANY	
	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Financial assets</i>				
USD	508,864	678,666	53,047	308,550
EUR	485	177,237	–	–
<i>Financial liabilities</i>				
USD	1,452,449	2,860,397	1,325,478	2,734,803
EUR	–	3,233	–	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 6. FINANCIAL INSTRUMENTS (cont'd)

### b. Financial risk management objectives and policies (cont'd)

#### (1) Foreign currency risk (cont'd)

##### 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.

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	
	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000
USD	94,359	218,173	127,243	242,625
EUR	(49)	(17,400)	–	–

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

#### (2) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to fair value interest rate risk related primarily to its fixed-rate borrowings (Note 30), notes payable (Note 31) and lease liabilities / obligations under finance leases (Note 34). The Group's exposure to cash flow interest rate risk relates primarily to its variable-rate borrowings (Note 30).

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

##### Sensitivity analysis

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 6. FINANCIAL INSTRUMENTS (cont'd)

### b. Financial risk management objectives and policies (cont'd)

#### (2) Interest rate risk (cont'd)

##### *Sensitivity analysis (cont'd)*

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

	GROUP		COMPANY	
	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Profit before tax	20,634	18,069	6,533	6,735

#### (3) Credit risk

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

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

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

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except that the Company has significant non-trade receivables from 6 subsidiaries (2018 : 4 subsidiaries) amounting to RMB3,009,632,000 (2018 : RMB2,743,143,000) as at 31 December 2019. 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 2019 and 2018.

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 6. FINANCIAL INSTRUMENTS (cont'd)

### b. Financial risk management objectives and policies (cont'd)

#### (3) Credit risk (cont'd)

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

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

The assessment of the credit quality and exposure to credit risk of the Group's and Company's trade and other receivables, amounts due from non-controlling interests, related parties and subsidiaries, contract assets and service concession receivables have been disclosed in Notes 14, 15, 16, 17, 18 and 20 to the financial statements respectively. The tables below detail the credit quality of the Group's financial assets and contract assets, as well as maximum exposure to credit risk by credit risk rating grades:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 6. FINANCIAL INSTRUMENTS (cont'd)

### b. Financial risk management objectives and policies (cont'd)

#### (3) Credit risk (cont'd)

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
<b>Group</b>						
<u>2019</u>						
Trade receivables	14	(i)	Lifetime ECL (simplified approach)	1,130,997	(13,900)	1,117,097
Other receivables	14	Performing	12-month ECL	410,946	(18,141)	392,805
Trade amounts due from non-controlling interests	15	(i)	Lifetime ECL (simplified approach)	44,661	–	44,661
Non-trade amounts due from non-controlling interest	15	Performing	12-month ECL	10,930	–	10,930
Trade amounts due from related parties	16	(i)	Lifetime ECL (simplified approach)	148,466	–	148,466
Non-trade amounts due from related parties	16	Performing	12-month ECL	400,284	–	400,284
Contract assets	18,26	(i)	Lifetime ECL (simplified approach)	641,319	–	641,319
Service concession receivables	20	Performing	12-month ECL	686,361	–	686,361
					<u>(32,041)</u>	
<u>Company</u>						
<u>2019</u>						
Amount due from subsidiaries	17	Performing	12-month ECL	3,011,330	–	3,011,330
					<u>–</u>	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 6. FINANCIAL INSTRUMENTS (cont'd)

### b. Financial risk management objectives and policies (cont'd)

#### (3) Credit risk (cont'd)

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
<b>Group</b>						
2018						
Trade receivables	14	(i)	Lifetime ECL (simplified approach)	776,974	(1,907)	775,067
Other receivables	14	Performing	12-month ECL	261,511	(2,392)	259,119
Trade amounts due from non-controlling interests	15	(i)	Lifetime ECL (simplified approach)	39,423	–	39,423
Non-trade amounts due from non-controlling interest	15	Performing	12-month ECL	35,384	–	35,384
Trade amounts due from related parties	16	(i)	Lifetime ECL (simplified approach)	261,352	–	261,352
Non-trade amounts due from related parties	16	Performing	12-month ECL	498,801	–	498,801
Service concession receivables	20	Performing	12-month ECL	523,648	–	523,648
Contract assets	26	(i)	Lifetime ECL (simplified approach)	660,050	–	660,050
					<u>(4,299)</u>	
<b>Company</b>						
2018						
Other receivables	14	Performing	12-month ECL	4,002	–	4,002
Amount due from subsidiaries	17	Performing	12-month ECL	2,757,408	–	2,757,408
					<u>–</u>	

- (i) For trade related balances and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Notes 14, 15, 16 and 18 includes further details on the loss allowance for these receivables and contract assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 6. FINANCIAL INSTRUMENTS (cont'd)

### b. Financial risk management objectives and policies (cont'd)

#### (4) Liquidity risk

To manage the liquidity risk, the Group and the Company maintain a level of cash and cash equivalents considered adequate by management to finance the Group's and the Company's operations. Management monitors the level of bank borrowings and ensures compliance with loan undertakings. The Group and the Company also rely on borrowings and amounts due to related parties for liquidity requirements. The Group and the Company have adopted the liquidity risk management approach as set out in Note 1 to the consolidated financial statements. The directors believe the Group and the Company have sufficient resources to continue its operational existence for the foreseeable future.

#### Liquidity and interest risk tables

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

Group	Weighted average effective interest rate	On demand, or less than 1 year	1 – 5 years	>5 years	Undiscounted cash flows	Carrying amount closing balance
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<u>2019</u>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	–	1,670,601	–	–	1,670,601	1,670,601
Amounts due to related parties	–	154,180	–	–	154,180	154,180
Dividends payable	–	1,397	–	–	1,397	1,397
Borrowings	5.68	3,759,303	2,181,092	796,392	6,736,787	6,039,296
Notes payable	6.98	1,478,954	–	–	1,478,954	1,423,212
Lease liabilities	8.12	175,549	247,830	–	423,379	375,200
		<u>7,239,984</u>	<u>2,428,922</u>	<u>796,392</u>	<u>10,465,298</u>	<u>9,663,886</u>

#### 2018

#### **Non-derivative financial liabilities**

Trade and other payables	–	1,122,501	–	–	1,122,501	1,122,501
Amounts due to related parties	–	125,181	–	–	125,181	125,181
Dividends payable	–	1,397	–	–	1,397	1,397
Borrowings	5.95	1,433,240	3,224,666	451,311	5,109,217	4,518,530
Notes payable	6.98	82,358	1,454,998	–	1,537,356	1,387,866
Obligations under finance leases	7.19	444,950	505,842	–	950,792	849,519
		<u>3,209,627</u>	<u>5,185,506</u>	<u>451,311</u>	<u>8,846,444</u>	<u>8,004,994</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 6. FINANCIAL INSTRUMENTS (cont'd)

### b. Financial risk management objectives and policies (cont'd)

*Liquidity and interest risk tables (cont'd)*

Company	Weighted average effective interest rate	On demand, or less than 1 year	1 – 5 years	>5 years	Undiscounted cash flows	Carrying amount closing balance
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<u>2019</u>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	–	9,006	–	–	9,006	9,006
Amounts due to subsidiaries	–	85,892	–	–	85,892	85,892
Borrowings	4.01	1,360,165	–	–	1,360,165	1,306,595
Notes payable	6.98	1,478,954	–	–	1,478,954	1,423,212
		<u>2,934,017</u>	<u>–</u>	<u>–</u>	<u>2,934,017</u>	<u>2,824,705</u>
<u>2018</u>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	–	6,006	–	–	6,006	6,006
Amounts due to subsidiaries	–	65,389	–	–	65,389	65,389
Borrowings	4.10	136,835	1,356,007	–	1,492,842	1,346,937
Notes payable	6.98	82,358	1,454,998	–	1,537,356	1,387,866
		<u>290,588</u>	<u>2,811,005</u>	<u>–</u>	<u>3,101,593</u>	<u>2,806,198</u>

### c. Fair value

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

Other than the fair value of notes payable as disclosed in Note 31 to the consolidated financial statements, management considers the carrying amounts of the other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values at the end of the reporting period.

## 7. REVENUE AND SEGMENT INFORMATION

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

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

- (1) Waste-to-energy project construction and operation
  - Comprise sales of electricity and steam, waste treatment, construction services provided and financial income under service concession.
- (2) Project technical and management service, equipment selection and sale and EMC business
  - Comprise service income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 7. REVENUE AND SEGMENT INFORMATION (cont'd)

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 2019

	Waste-to-energy project construction and operation	Project technical and management service, equipment selection and sale and EMC business	Total
	RMB'000	RMB'000	RMB'000
<b>Segment revenue</b>			
External revenue - non-related parties	3,562,560	182,739	3,745,299
External revenue - related parties (Note 16)	–	132,242	132,242
Inter-segment revenue	–	116,321	116,321
	3,562,560	431,302	3,993,862
Elimination	–	(116,321)	(116,321)
Revenue	3,562,560	314,981	3,877,541
<b>Segment profit</b>	824,786	125,040	949,826
Government grants and value added tax refund	41,925	1,999	43,924
Compensation income on closure of a WTE plant	225,011	–	225,011
Write-off of property, plant and equipment upon closure of a WTE plant	(161,196)	–	(161,196)
Other costs relating to closure of a WTE plant	(41,862)	–	(41,862)
Property, plant and equipment written off	(78,966)	–	(78,966)
Impairment loss on property, plant and equipment	(53,124)	–	(53,124)
Other income and other losses			13,148
Administrative expenses			(276,644)
Finance costs			(306,587)
Share of profit of an associate			836
Share of loss of joint ventures			(8,169)
Profit before tax			306,197

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 7. REVENUE AND SEGMENT INFORMATION - cont'd

For the year ended 31 December 2018

	Waste-to-energy project construction and operation	Project technical and management service, equipment selection and sale and EMC business	Total
	RMB'000	RMB'000	RMB'000
<b>Segment revenue</b>			
External revenue - non-related parties	2,453,160	229,614	2,682,774
External revenue - related parties (Note 16)	–	348,005	348,005
Inter-segment revenue	–	31,225	31,225
	2,453,160	608,844	3,062,004
Elimination	–	(31,225)	(31,225)
Revenue	2,453,160	577,619	3,030,779
<b>Segment profit</b>	688,420	354,790	1,043,210
Government grants and value added tax refund	55,112	718	55,830
Gain on disposal of assets held for sale	31,344	–	31,344
Compensation income on closure of a WTE plant	289,800	–	289,800
Write-off of property, plant and equipment upon closure of a WTE plant	(107,292)	–	(107,292)
Write-off of prepaid lease	(381)	–	(381)
Other costs relating to closure of a WTE plant	(36,322)	–	(36,322)
Impairment loss on property, plant and equipment	(1,161)	–	(1,161)
Other income and other losses			(13,343)
Administrative expenses			(256,108)
Finance costs			(259,412)
Share of profit of joint ventures			2,147
Profit before tax			748,312

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 7. REVENUE AND SEGMENT INFORMATION (cont'd)

### Segment assets and liabilities

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

	Waste-to-energy project construction and operation	Project technical and management service, equipment selection and sale and EMC business	Total
	RMB'000	RMB'000	RMB'000
<u>2019</u>			
Segment assets	14,069,424	625,326	14,694,750
Unallocated			1,913,893
Consolidated total assets			16,608,643
Segment liabilities	9,606,180	531,702	10,137,881
Unallocated			656,093
Consolidated total liabilities			10,793,974
<u>2018</u>			
Segment assets	11,610,024	732,194	12,342,218
Unallocated			2,251,956
Consolidated total assets			14,594,174
Segment liabilities	8,060,444	307,262	8,367,706
Unallocated			623,258
Consolidated total liabilities			8,990,964

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

All assets are allocated to reportable segments other than investments in joint ventures and associates, 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 7. REVENUE AND SEGMENT INFORMATION (cont'd)

### Other segment information

	Waste-to-energy project construction and operation RMB'000	Project technical And management service and EMC business RMB'000	Total RMB'000
For the year ended 31 December 2019			
Depreciation and amortisation	445,501	39,668	485,169
Additions to non-current assets (Note)	2,752,653	3,664	2,756,317
For the year ended 31 December 2018			
Depreciation and amortisation	376,969	27,205	404,174
Additions to non-current assets (Note)	2,379,149	18,842	2,397,991

Note: Non-current assets excluded those relating to financial instruments and investments in associates and joint ventures.

### Revenue from major products and services

	2019 RMB'000	2018 RMB'000
<b><u>Waste-to-energy project construction and operation</u></b>		
Sales of electricity <sup>(1)</sup>	1,085,311	840,622
Sales of steam <sup>(1)</sup>	391,874	405,207
Revenue from waste treatment <sup>(1)</sup>	732,005	562,533
Revenue from construction services provided under service concession arrangements (Notes 20 and 26)	1,311,377	607,041
Financial income under service concession arrangements <sup>(2)</sup> (Note 20)	41,993	37,757
	3,562,560	2,453,160
<b><u>Project technical and management service, equipment selection and sale and EMC business</u></b>		
Service income - non-related parties	182,739	229,614
Service income - related parties (Note 16(a))	132,242	348,005
	314,981	577,619
Total revenue	3,877,541	3,030,779

(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 RMB436,599,000 (2018 : RMB335,279,000).

(2) Effective interest applied ranges from 5.9% to 7.55% (2018 : 7.7% to 11.0%) per annum.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 7. REVENUE AND SEGMENT INFORMATION (cont'd)

### Timing of revenue recognition

	2019 RMB'000	2018 RMB'000
<u>At a point in time</u>		
Sales of electricity	1,085,311	840,622
Sales of steam	391,874	405,207
Equipment selection and sale	142,043	141,735
	<u>1,619,228</u>	<u>1,387,564</u>
<u>Over time</u>		
Revenue from waste treatment	732,005	562,533
Revenue from construction services provided under service concession arrangements (Notes 20 and 26)	1,311,377	607,041
Project technical and management service and EMC business	172,938	435,884
	<u>2,216,320</u>	<u>1,605,458</u>
Financial income under service concession arrangements (2) (Note 20)	41,993	37,757
	<u>3,877,541</u>	<u>3,030,779</u>

As at 31 December 2019, there are unsatisfied performance obligations related to service concession arrangements and service contracts amounting to RMB565,132,000 and RMB465,641,000 (2018: RMB1,699,186,000 and RMB368,944,000) respectively.

Management expects that unsatisfied performance obligations relating service concession arrangements and service contracts as of 31 December 2019 amounting to RMB565,132,000 and RMB465,641,000 (2018: RMB899,186,000 and RMB368,944,000) respectively will be recognised as construction revenue and service revenue during the next reporting period. In 2018, the remaining unsatisfied performance obligations relating to service concession arrangements amounted to RMB800,000,000 was expected to be recognised as construction revenue after one year from the end of the reporting period.

As at 31 December 2018, the Group has applied the practical expedient to not disclose the related unsatisfied performance obligation in relation to the remaining revenue streams for the remaining service concession arrangement contract periods and certain service agreements agreed with customers.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 7. REVENUE AND SEGMENT INFORMATION (cont'd)

### Geographical information

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

	Revenue from external customers (including related parties) 2019 RMB'000	Non-current assets 2019 RMB'000
<u>Based on location of customer</u>		
PRC	3,720,913	11,844,075
India	150,813	268,207
Others	5,815	162,024
	<u>3,877,541</u>	<u>12,274,306</u>
	Revenue from external customers (including related parties) 2018 RMB'000	Non-current assets 2018 RMB'000
<u>Based on location of customer</u>		
PRC	2,794,487	10,144,362
India	236,292	194,771
Others	–	155,618
	<u>3,030,779</u>	<u>10,494,751</u>

### 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 2019 and 2018, no single customer accounted for 10% or more of the Group's revenue.

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

In 2019, no single customer accounted for 10% or more of the Group's revenue. In 2018, related parties in which the second largest shareholder has control over as disclosed in Note 16(a) had transactions with the Group that accounted for 10% or more of the Group's revenue.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 8. OTHER INCOME AND OTHER LOSSES

	GROUP	
	2019	2018
	RMB'000	RMB'000
<b>Other income:</b>		
Government grant (Note i)	28,941	31,305
Value added tax refund	14,983	24,525
Bank interest income	38,947	20,385
Compensation income on closure of a WTE plant	225,011	289,800
Gain on disposal of subsidiaries (Note 45)	–	31,344
Gain on disposal of an associate	–	7,823
Sludge disposal fees	4,327	6,800
Others	30,112	21,329
	<u>342,321</u>	<u>433,311</u>
<b>Other losses:</b>		
Write-off of property, plant and equipment upon closure of a WTE plant	(161,196)	(107,292)
Write-off of prepaid lease	–	(381)
Other costs relating to closure of a WTE plant	(41,862)	(36,322)
Property, plant and equipment written off	(78,966)	–
Loss on disposal of property, plant and equipment	–	(16)
Foreign exchange losses	(32,496)	(67,088)
Loss allowance recognised on:		
- Trade receivables (Note 14)	(11,993)	(184)
- Other receivables (Note 14)	(15,749)	(2,392)
Impairment loss on property, plant and equipment (Note 24)	(53,124)	(1,161)
	<u>(395,386)</u>	<u>(214,836)</u>
Total	<u>(53,065)</u>	<u>218,475</u>

Note i: The government grants represented the government incentive funds and government subsidies received from the local government by the PRC operating entities of the Group. During the year ended 31 December 2019, government grants included: (a) the incentive for waste-to-energy business development to enterprises established in the PRC which amounted to RMB9,351,000 (2018 : RMB22,885,000); and (b) the subsidies received on acquisition of properties, plant and equipment amortised to profit or loss which amounted to RMB19,590,000 (2018 : RMB8,420,000).

## 9. FINANCE COSTS

	GROUP	
	2019	2018
	RMB'000	RMB'000
Interest on borrowings and notes payable	397,964	324,965
Interest on lease liabilities	44,766	–
Interest on obligations under finance leases	–	80,555
Total interest expenses	<u>442,730</u>	<u>405,520</u>
Less: capitalised interest	<u>(136,143)</u>	<u>(146,108)</u>
	<u>306,587</u>	<u>259,412</u>

For the year ended 31 December 2019, borrowing costs capitalised are calculated by applying a capitalisation rate of 5.86% (2018 : 6.23%) per annum to expenditure on property, plant and equipment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 10. INCOME TAX EXPENSE

	GROUP	
	2019	2018
	RMB'000	RMB'000
Current tax:		
- PRC enterprise income tax	92,362	164,300
- Overprovision in the prior years	(8,664)	(18,848)
- Taxes in other jurisdictions	1,061	120
	84,759	145,572
Deferred tax (Note 37):		
Current year charges	57,432	27,284
Withholding tax	38	782
	142,229	173,638

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

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	GROUP	
	2019	2018
	RMB'000	RMB'000
Profit before tax	306,197	748,312
Tax at PRC's statutory income tax rate of 25%	76,549	187,078
Effect of different tax rates in other jurisdictions	503	217
Tax effect of expenses not deductible for tax purposes	11,012	3,448
Overprovision in respect of prior years	(8,664)	(18,848)
Tax effect of tax losses/deductible temporary differences not recognised	89,280	59,628
Utilisation of tax losses/deductible temporary differences previously not recognised	(13,920)	(13,152)
Withholding tax arising from the dividends distributed by PRC subsidiaries	38	782
Effect of tax exemptions granted to PRC subsidiaries	(12,569)	(45,515)
Income tax expense	142,229	173,638

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 11. PROFIT FOR THE YEAR

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

	<b>GROUP</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Personnel costs (including directors' emoluments):		
- Salaries and other benefits	307,461	227,348
- Retirement benefits scheme contributions	19,945	19,037
- Share award expense	23,301	11,814
Total personnel costs	350,707	258,199
Depreciation of property, plant and equipment	303,326	321,570
Depreciation of right-of-use assets	89,676	-
Depreciation of investment property	966	779
Amortisation of prepaid leases	-	12,762
Amortisation of intangible assets	91,201	69,063
Total depreciation and amortisation	485,169	404,174
Loss allowance recognised on:		
- Trade receivables	11,993	184
- Other receivables	15,749	2,392
Impairment loss on:		
- Property, plant and equipment	53,124	1,161
Write-off of property, plant and equipment upon closure of a WTE plant	161,196	107,292
Cost of inventories recognised as expense	563,675	497,775
Property, plant and equipment written-off	78,966	-
Loss on disposal of property, plant and equipment	-	16
Foreign exchange loss	32,496	67,088
Audit fees:		
- paid to auditors of the Company	3,525	3,152
- paid to member firms of the auditors of the Company	3,150	3,150
- paid to other auditors	205	678
Total audit fees	6,880	6,980
Non-audit fees:		
- paid to auditors of the Company	25	25
- paid to other auditors	332	984
Total non-audit fees	357	1,009
Amount recognised in profit or loss relating to leases:		
- interest expense on lease liabilities	44,766	-
- expense relating to short-term leases	16,740	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 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:

	2019	2018
<b>Earnings (RMB'000)</b>		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	153,324	564,989
<b>Number of shares ('000)</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,445,107	1,351,285
	<b>2019</b>	<b>2018</b>
Basic and diluted earnings per share (RMB cents)	10.61	41.81

The fully diluted earnings per share and basic earnings per share are the same as there are no dilutive potential shares outstanding at the end of the financial years ended 31 December 2019 and 2018.

## 13. BANK BALANCES AND CASH AND PLEDGED BANK DEPOSITS

The Group's and Company's bank balances and pledged bank deposits bear interest at approximately 0.35% (2018 : 0.35%) per annum.

The Group's and Company's deposits pledged for borrowings and projects tendering amounted to RMB571,445,000 (2018 : RMB513,737,000) and RMB59,874,000 (2018 : RMB318,145,000) respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	1,096,249	751,666	–	–
Less: Loss allowance	(13,900)	(1,907)	–	–
Bills receivables	34,748	25,308	–	–
Total trade and bills receivables	1,117,097	775,067	–	–
Advances to suppliers (Note i)	300,933	513,465	–	–
Other receivables:				
- Staff advances	9,910	8,368	–	–
- Refundable deposits	58,215	74,508	–	–
- Deposits paid under long-term finance leases	–	41,477	–	–
- Compensation receivable on closure of a WTE plant	225,011	–	–	–
- Amount receivable for disposal of subsidiaries (Note 45)	114,254	114,254	–	–
- Others	3,556	22,904	–	4,002
Less: Loss allowance	(18,141)	(2,392)	–	–
Sub-total of other receivables	392,805	259,119	–	4,002
Prepaid expenses	44,000	37,598	2,229	2,972
Total trade and other receivables	1,854,835	1,585,249	2,229	6,974
Analysed for reporting purposes as:				
- Current assets	1,652,605	1,150,139	–	4,002
- Non-current assets	202,230	435,110	2,229	2,972
	1,854,835	1,585,249	2,229	6,974

Notes:

- (i) Advances to suppliers represents payments made in advance to suppliers for the purchase of inventories and plant and equipment and are unsecured and interest free.

### Trade receivables

As at 31 December 2019, the balances due from 4 customers (2018 : 4) who individually accounted for 5% or more of the total balance of trade receivables amounted to RMB270,230,000 (2018 : RMB179,329,000).

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 (2018 : 60 to 120 days).

Loss allowance for trade receivables has been measured at an amount equal to lifetime ECL. Trade and bill receivables are mainly amounts due from local electrical power bureaus and local government sectors for the sale of electricity and waste treatment. The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 14. TRADE AND OTHER RECEIVABLES (cont'd)

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

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

	Group	
	2019	2018
	RMB'000	RMB'000
Current	582,576	587,557
Within 60 days	191,139	63,301
60 days to 90 days	59,844	19,211
90 days to 120 days	49,583	40,529
Over 120 days	233,955	64,469
	<u>1,117,097</u>	<u>775,067</u>

The table below shows the movement in loss allowance for trade receivables:

	Group	
	2019	2018
	RMB'000	RMB'000
Balance at beginning of the year	1,907	1,723
Loss allowance recognised (Note 11)	11,993	184
Balance at end of year	<u>13,900</u>	<u>1,907</u>

For the financial year ended 31 December 2019 and 2018, the trade receivables have been assessed based on lifetime ECL individually and are not credit impaired.

### Other receivables

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

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each these financial assets and the loss upon default.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 14. TRADE AND OTHER RECEIVABLES (cont'd)

### Other receivables (cont'd)

The table below shows the movement in the loss allowance for other receivables:

	Group	
	2019	2018
	RMB'000	RMB'000
At beginning of the year	2,392	–
Loss allowance recognised (Note 8)	15,749	2,392
At end of the year	18,141	2,392

For the financial year ended 31 December 2019 and 2018, other receivables have been assessed based on 12-month ECL individually and are not credit impaired.

## 15. NON-CONTROLLING INTERESTS

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

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		At 31 December		Year Ended 31 December		At 31 December	
		2019	2018	2019	2018	2019	2018
		%	%	RMB'000	RMB'000	RMB'000	RMB'000
Kunming Jinjiang <sup>(1)</sup>	Kunming, the PRC	1.67	8.00	4,301	7,330	13,025	23,058
Jilin Xinxiang <sup>(2)</sup>	Changchun, the PRC	20.00	20.00	(40)	(2,676)	28,861	28,901
Yunnan Energy <sup>(3)</sup>	Yunnan, the PRC	11.00	11.00	6,114	4,348	22,718	20,145
Individually immaterial subsidiaries with non-controlling interests				269	683	63,354	45,295
				10,644	9,685	127,958	117,399

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 15. NON-CONTROLLING INTERESTS (cont'd)

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

### Kunming Jinjiang

	2019	2018
	RMB'000	RMB'000
Current assets	233,338	240,840
Non-current assets	1,280,714	453,248
Current liabilities	(512,425)	(357,563)
Non-current liabilities	(221,683)	(48,299)
Equity attributable to owners of the Company	766,919	265,168
Non-controlling interests	13,025	23,058
Revenue	937,944	319,763
Expenses	(824,247)	(258,683)
Profit for the year	113,697	61,080
Profit attributable to owner of the Company	109,396	53,750
Profit attributable to non-controlling interests	4,301	7,330
Net cash inflow from operating activities	404,580	214,663
Net cash outflow from investing activities	(680,494)	(155,971)
Net cash inflow (outflow) from financing activities	314,600	(52,909)
Net cash inflow	38,686	5,783

### Jilin Xinxiang

	2019	2018
	RMB'000	RMB'000
Current assets	32,412	22,580
Non-current assets	621,786	574,854
Current liabilities	(431,914)	(382,824)
Non-current liabilities	(52,100)	(44,226)
Equity attributable to owners of the Company	141,323	141,483
Non-controlling interests	28,861	28,901
Revenue	109,019	63,076
Expenses	(109,219)	(76,458)
Loss for the year	(200)	(13,382)
Loss attributable to owner of the Company	(160)	(10,706)
Loss attributable to non-controlling interests	(40)	(2,676)
Net cash inflow from operating activities	174,414	141,408
Net cash outflow from investing activities	(133,675)	(86,678)
Net cash outflow from financing activities	(41,704)	(52,262)
Net cash (outflow) inflow	(965)	2,468

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 15. NON-CONTROLLING INTERESTS (cont'd)

### Yunnan Energy

	2019 RMB'000	2018 RMB'000
Current assets	62,985	77,433
Non-current assets	293,480	263,069
Current liabilities	(114,848)	(32,041)
Non-current liabilities	(35,097)	(53,575)
Equity attributable to owners of the Company	183,802	234,741
Non-controlling interests	22,718	20,145
Revenue	114,222	97,834
Expenses	(58,642)	(58,309)
Profit for the year	55,580	39,525
Profit attributable to owner of the Company	49,466	35,177
Profit attributable to non-controlling interests	6,114	4,348
Dividends paid to owner of the Company	100,405	–
Dividends paid to non-controlling interests	3,541	8,868
Net cash inflow from operating activities	58,779	51,878
Net cash outflow from investing activities	(20,759)	(8,975)
Net cash outflow from financing activities	(38,905)	(41,480)
Net cash (outflow) inflow	(885)	1,423

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

	Group	
	2019 RMB'000	2018 RMB'000
Trade related	44,661	39,423
Non-trade related	10,930	35,384
	55,591	74,807

Loss allowance for trade receivables has been measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

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

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

The trade related balance are unsecured, interest free and with a credit period of 120 days (2018 : 120 days) from the invoice date and are not past due as at the end of the reporting period.

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 15. NON-CONTROLLING INTERESTS (cont'd)

Management estimates the loss allowance on non-trade amounts due from non-controlling interests at an amount equal to 12-month ECL, taking into account the historical default experience and financial position of the non-controlling interests, adjusted for factors that are specific to the non-controlling interests and general economic conditions of the industry in which the non-controlling interests operate to determine the probability of default on the outstanding balances as well as the loss upon default.

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

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

## 16. RELATED PARTY BALANCES AND TRANSACTIONS

During the year, there was a disposal of controlling stake in the Company by China Green Energy Limited to Zhejiang Energy International Limited and Zheneng Capital Holdings Co., Ltd. (owned by Zhejiang Provincial Energy Group Co., Ltd., which is a state-owned provincial energy enterprise). Following the disposal, Zhejiang Provincial Energy Group Co., Ltd. ("Zheneng Group") became the largest shareholder of the Group whilst China Green Energy became the next largest shareholder of the Group (collectively known as the "major shareholders").

- (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:

	2019 RMB'000	2018 RMB'000
Companies in which Zheneng Group has control over:		
- Purchases of materials	3,602	-
- Interests expense	13,900	-
Companies in which the second largest shareholder has control over:		
- Purchases of materials	223,113	272,310
- Revenue from EMC business	(82,823)	(195,885)
- Rendering of technical and management services	(49,419)	(81,901)
- Interest income	(17,487)	-
- Revenue from equipment selection and project management	-	(70,219)

- (b) As at 31 December 2019, the Group had the following balances with related parties:

	2019 RMB'000	2018 RMB'000
Trade:		
Amounts due from companies in which the major shareholders has control over	138,907	248,030
Amounts due from joint ventures	9,559	13,322
	148,466	261,352
Non-trade:		
Amounts due from companies in which the second largest shareholder has control over	-	58,428
Amounts due from joint ventures	400,284	440,373
	400,284	498,801
	548,750	760,153

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 16. RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

(b) (cont'd)

	2019 RMB'000	2018 RMB'000
Trade:		
Amounts due to companies in which the second largest shareholder has control over	145,441	125,181
Non-trade:		
Amounts due to companies in which the second largest shareholder has control over	8,739	–
	<u>154,180</u>	<u>125,181</u>

### Trade balances

The trade amounts are unsecured, interest-free and with an average credit period of 6 months (2018: 6 months).

As at 31 December 2019, the trade receivables due from 3 related parties (2018 : 5) who individually accounted for 5% or more of the total balance of trade receivables amounted to RMB112,810,000 (2018 : RMB179,462,000).

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

	2019 RMB'000	2018 RMB'000
Current	36,314	206,156
0 to 90 days	21,944	10,520
91 to 120 days	8,576	14,319
Over 120 days	81,632	30,357
	<u>148,466</u>	<u>261,352</u>

Loss allowance for trade receivables has been measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

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

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

Management determines the trade receivables due from related parties are subject to immaterial credit loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 16. RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

(b) (cont'd)

### Non-trade balances

The non-trade related balances due from related parties are unsecured, interest-free and repayable on demand except for the amounts due from joint ventures which bear interest at 7% (2018 : 7%) per annum and are due within one year from the end of the reporting period.

Management estimates the loss allowance on amounts due from related parties at an amount equal to 12-month ECL, taking into account the historical default experience and financial position of the related parties, adjusted for factors that are specific to the related parties and general economic conditions of the industry in which the related parties operate to determine the probability of default on the outstanding balances as well as the loss upon default.

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

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

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

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

	Group	
	2019	2018
	RMB'000	RMB'000
Short-term employee benefits	7,402	7,502
Post-employment benefits	420	318
Share award expense	13,887	5,548
	21,709	13,368

## 17. AMOUNTS DUE FROM/TO SUBSIDIARIES

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

As at 31 December 2019, amounts due from subsidiaries have been classified as non-current assets as the Company does not expect repayment within 12 months from the end of the reporting date. Management is of the view the amounts due from subsidiaries approximate their fair values as the effect of discounting is not expected to be significant.

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 18. CONTRACT ASSETS

	Group	
	2019	2018
	RMB'000	RMB'000
Equipment sale and selection	76,187	–

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

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

## 19. CONTRACT COSTS

	Group	
	2019	2018
	RMB'000	RMB'000
Costs to fulfil service contracts	–	10,847

In 2018, these represented capitalisation of costs to fulfil the service contracts on equipment selection and sale which was recognised as part of the cost of sales upon the rendering of services at a point in time during the current financial year. There was no impairment in relation to the costs capitalised.

## 20. SERVICE CONCESSION RECEIVABLES

	Group	
	2019	2018
	RMB'000	RMB'000
Service concession receivables	686,361	523,648
Less: Amounts due within one year shown under current assets	(57,983)	(49,271)
Service concession receivables due after one year	628,378	474,377
Expected collection schedule is analysed as follows:		
Within 1 year	57,983	49,271
Within 2 to 5 years	188,474	152,652
Over 5 years	439,904	321,725
	686,361	523,648

As at 31 December 2019, certain of the Group's borrowings were secured by the Group's service concession receivables with aggregate carrying amount RMB461,488,000 (2018 : RMB435,448,000) (Note 30).

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 20. SERVICE CONCESSION RECEIVABLES

### 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:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
At beginning of the year	17,975	22,197
Provision (Reversal) made during the year	1,057	(4,222)
At end of the year	19,032	17,975

## 21. PREPAID LEASES

	<b>Total</b>
	<b>RMB'000</b>
<b>Group</b>	
<b>Cost</b>	
At 1 January 2018	333,807
Additions	88,219
Written off	(545)
At 31 December 2018	421,481
Adoption of IFRS 16 (Note 24)	(421,481)
At 1 January 2019	-
<b>Amortisation</b>	
At 1 January 2018	(67,820)
Additions	(12,762)
Written off	164
At 31 December 2018	(80,418)
Adoption of IFRS 16 (Note 24)	80,418
At 1 January 2019	-
At 31 December 2018	341,063

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 21. PREPAID LEASES (cont'd)

Analysed for reporting purposes as:

	<b>2018</b>
	<b>RMB'000</b>
Current asset	12,762
Non-current asset	328,301
	<u>341,063</u>

Prepaid lease payments represented land use rights located in the PRC and comprised leasehold land under medium-term lease. The land use rights in the PRC were amortised over the lease term of 30 to 50 years.

As at 31 December 2018, certain of the Group's borrowings were secured by the Group's prepaid lease with aggregate carrying amount of RMB156,669,000 (Note 30).

As at 1 January 2019, prepaid leases amounting to RMB341,063,000 have been reclassified to right-of-use assets upon adoption of IFRS 16 (Note 24).

## 22. OTHER TAX RECOVERABLE

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Value added tax	264,135	124,852
Others	3	17,640
	<u>264,138</u>	<u>142,492</u>

## 23. INVENTORIES

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Coal	9,617	26,239
Spare parts and other raw materials	27,520	27,112
	<u>37,137</u>	<u>53,351</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 24. PROPERTY, PLANT AND EQUIPMENT

	Freehold land		Buildings		Plant and machinery		Furniture, fixtures and equipment		Motor vehicles		Construction in progress		Right-of-use assets Leasehold land		Right-of-use assets Buildings		Right-of-use assets Plant and machinery		Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Group</b>																				
<b>Cost</b>																				
At 1 January 2018	43,812	2,122,629	4,691,020	37,548	41,738	530,238	-	-	-	-	-	-	-	-	-	-	-	-	7,466,985	
Additions	-	744	59,827	6,648	37,153	1,725,919	-	-	-	-	-	-	-	-	-	-	-	-	1,830,291	
Transfer	(43,812)	(6,111)	286,675	(549)	(2,254)	(277,761)	-	-	-	-	-	-	-	-	-	-	-	-	(43,812)	
Disposals/Written off	-	(60,276)	(156,168)	(901)	(1,118)	-	-	-	-	-	-	-	-	-	-	-	-	-	(218,463)	
Recognised on acquisition of a subsidiary (Note 27)	-	-	-	1,134	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,134	
Exchange difference	-	(759)	(793)	(75)	(836)	(239)	-	-	-	-	-	-	-	-	-	-	-	-	(2,702)	
At 31 December 2018	-	2,056,227	4,880,561	43,805	74,683	1,978,157	-	-	-	-	-	-	-	-	-	-	-	-	9,033,433	
Adoption of IFRS 16	-	(130,521)	(1,652,829)	-	-	-	-	-	-	-	-	-	421,481	421,481	130,521	1,652,829	-	-	421,481	
At 1 January 2019	-	1,925,706	3,227,732	43,805	74,683	1,978,157	-	-	-	-	-	-	421,481	421,481	130,521	1,652,829	-	-	9,454,914	
Additions	-	5,002	99,406	4,446	14,908	1,303,447	-	-	-	-	-	-	97,842	97,842	-	-	-	-	1,525,051	
Transfer	-	312,056	1,583,813	36	(50)	(1,895,855)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Disposals/Written off	-	(98,101)	(356,469)	(379)	(6,235)	-	-	-	-	-	-	-	(16,973)	(16,973)	-	-	-	-	(478,157)	
Exchange difference	-	-	-	-	(22)	(1)	-	-	-	-	-	-	-	-	-	-	-	-	(23)	
At 31 December 2019	-	2,144,663	4,554,482	47,908	83,284	1,385,748	-	-	-	-	-	-	502,350	502,350	130,521	1,652,829	-	-	10,501,785	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 24. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold land	Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Right-of-use assets Leasehold land	Right-of-use assets Buildings	Right-of-use assets Plant and machinery	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Accumulated depreciation</b>										
At 1 January 2018	-	(455,849)	(1,278,939)	(15,753)	(11,677)	-	-	-	-	(1,762,218)
Depreciation for the year	-	(71,863)	(236,759)	(6,083)	(6,865)	-	-	-	-	(321,570)
Disposals/Written off	-	21,127	88,622	560	846	-	-	-	-	111,155
Exchange difference	-	1	12	4	18	-	-	-	-	35
At 31 December 2018	-	(506,584)	(1,427,064)	(21,272)	(17,678)	-	-	-	-	(1,972,598)
Adoption of IFRS 16	-	35,674	483,621	-	-	-	(80,418)	(35,674)	(483,621)	(80,418)
At 1 January 2019	-	(470,910)	(943,443)	(21,272)	(17,678)	-	(80,418)	(35,674)	(483,621)	(2053,016)
Depreciation for the year	-	(66,281)	(220,574)	(7,392)	(9,079)	-	(13,283)	(4,298)	(72,095)	(393,002)
Disposals/Written off	-	37,574	191,333	1,877	1,129	-	6,082	-	-	237,995
Exchange difference	-	-	-	-	3	-	-	-	-	3
At 31 December 2019	-	(499,617)	(972,684)	(26,787)	(25,625)	-	(87,619)	(39,972)	(555,716)	(2,208,020)
<b>Accumulated impairment</b>										
At 1 January 2018 and 31 December 2018	-	-	(6,686)	-	-	-	-	-	-	(6,686)
Impairment losses	-	(33,991)	(2,695)	-	(3)	(16,435)	-	-	-	(53,124)
At 31 December 2019	-	(33,991)	(9,381)	-	(3)	(16,435)	-	-	-	(59,810)
<b>Carrying values</b>										
At 31 December 2019	-	1,611,055	3,572,417	21,121	57,656	1,369,313	414,731	90,549	1,097,113	8,233,955
At 31 December 2018	-	1,549,643	3,446,811	22,533	57,005	1,978,157	-	-	-	7,054,149

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 24. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Certain of the Group's interest-bearing bank and other borrowings were secured by certain of the Group's buildings and machinery, which had an aggregate carrying amount of RM1,188,393,000 as at 31 December 2019 (2018 : RMB911,050,000) (Note 30).

As at 31 December 2019, property certificates in respect of land on which buildings with a carrying amount of RMB311,061,000 (2018 : RMB360,828,000) are located have not been obtained. As advised by the Group's PRC legal advisor, management is of the opinion that the Group legally owns the rights to use these properties.

During the financial year ended 31 December 2019, impairment on certain plant and machinery amounting to RMB36,689,000 (2018: RMB1,161,000) was recorded in profit or loss as the WTE plant is closed and management estimated the net recoverable amount of the building, plant and machinery to be lower than the carrying amount. The remaining impairment loss of RMB16,435,000 recorded in profit or loss was due to technical defects in an equipment under construction resulting in the equipment not able to operate to its normal function.

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

The Group leases certain buildings, plant and machinery under through sale and leaseback arrangements. The lease terms are three to five years. The Group has options to purchase them without any extra charges and for a nominal amount at the end of the lease terms. No arrangements have been entered into for contingent rental payments. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

As at 31 December 2018, certain building and machinery of the Group with an aggregate carrying RMB1,264,055,000 were held under finance leases (Note 34).

## 25. INVESTMENT PROPERTY

	<b>Total</b>
	<b>RMB'000</b>
<b>Group</b>	
<b>Cost</b>	
Additions during the year and balance at 31 December 2018	28,037
Exchange difference	939
At 31 December 2019	<u>28,976</u>
<b>Accumulated depreciation</b>	
Depreciation for the year and balance at 31 December 2018	(779)
Depreciation for the year	(966)
Exchange difference	(26)
At 31 December 2019	<u>(1,771)</u>
<b>Carrying amount</b>	
At 31 December 2019	<u><u>27,205</u></u>
At 31 December 2018	<u><u>27,258</u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 25. INVESTMENT PROPERTY (cont'd)

Description of the investment property is as follows:

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

The property rental income from the Group's investment property leased out under operating lease amounted to approximately RMB455,000 (2018 : RMB225,000). Direct operating expenses (including repairs and maintenance) arising from rental-generating investment property amounted to approximately RMB111,000 (2018 : RMB128,000).

As at 31 December 2019 and 2018, certain of the Group's borrowings were secured by the Group's investment property (Note 30).

The fair value of the investment property is assessed to be RMB27,900,000 (RMB 27,900,000).

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

The Group classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. As at end of 31 December 2019, the fair value measurements of the Group's investment property is classified within Level 3 (2018: Level 3) of the fair value hierarchy. There were no transfers between different levels during the year.

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

Name of property	Significant unobservable input(s)	Range	Sensitivity
Vision Exchange Commercial units	Price per square metre of strata floor area	RMB127,000 – RMB140,000  (2018: RMB127,000 – RMB140,000)	Any significant isolated increase (decrease) would result in a significantly higher (lower) fair value measurement.

On the basis of valuations performed by independent valuers having an appropriate recognised professional qualification, management estimates the fair value of the investment property to approximate their carrying value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 26. INTANGIBLE ASSETS

	Software	Service concession arrangement	Total
	RMB'000	RMB'000	RMB'000
<b>Group</b>			
<b>Cost</b>			
At 1 January 2018	16,572	2,138,408	2,154,980
Additions	3,188	490,934	494,122
At 31 December 2018	19,760	2,629,342	2,649,102
Additions	4,001	1,227,265	1,231,266
At 31 December 2019	23,761	3,856,607	3,880,368
<b>Amortisation</b>			
At 1 January 2018	(5,446)	(128,715)	(134,161)
Amortisation	(3,680)	(65,383)	(69,063)
At 31 December 2018	(9,126)	(194,098)	(203,224)
Amortisation	(4,211)	(86,990)	(91,201)
At 31 December 2019	(13,337)	(281,088)	(294,425)
<b>Carrying amounts</b>			
At 31 December 2019	10,424	3,575,519	3,585,943
At 31 December 2018	10,634	2,435,244	2,445,878

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

Service concession construction revenue (as detailed in Note 7) recorded in 2019 and 2018 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 RMB1,878,704,000 as at 31 December 2019 (2018 : RMB789,264,000) were pledged as collaterals against general loan facilities granted to the Group (Note 30).

As at 31 December 2019, the Group has RMB565,132,000 (2018 : RMB660,050,000) of contract assets pertaining to construction contracts in progress within the intangible assets balance. Significant changes during the reporting period was due to completion of construction.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 27. INVESTMENT IN SUBSIDIARIES

	Company	
	2019	2018
	RMB'000	RMB'000
Unquoted equity shares, at cost	1,790,879	1,790,879

Particulars of the Group's significant subsidiaries as at 31 December 2019 are as follows:

Company name <sup>(1)</sup>	Place of incorporation/ establishment	Proportion of ownership interest and voting power held by the Group		Principal activities
		2019 %	2018 %	
Gevin Limited <sup>(2)</sup>	Hong Kong	100	100	Investment holding.
Hangzhou Jinjiang Investment Co., Ltd. <sup>(2)</sup> ("Jinjiang Investment") 杭州锦环投资有限公司	Hangzhou, the PRC	100	100	Investment holding.
Lin'an Jiasheng Environment Co., Ltd. <sup>(2)</sup> ("Lin'an Jiasheng") 临安嘉盛环保有限公司	Lin'an, the PRC	100	100	Investment holding.
Green Energy (Hangzhou Corporate Management Co., Ltd.) <sup>(2)</sup> ("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.
Hangzhou Kesheng Energy Technology Co., Ltd. <sup>(2)</sup> ("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.
Hangzhou Zhenghui Construction Engineering Co., Ltd. <sup>(2)</sup> ("Hangzhou Zhenghui") 杭州正晖建设工程有限公司	Hangzhou, the PRC	100	100	Operation of engineering, design, construction and project management.
Jilin Xinxiang Co., Ltd. <sup>(2)</sup> ("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.
Kunming Xinxingze Environment Resources Industry Co., Ltd. <sup>(2)</sup> ("Kunming Jinjiang") 昆明鑫兴泽环境资源产业有限公司	Kunming, the PRC	98.33 <sup>(4)</sup>	92	Operation of waste-to-energy plant and sales of steam.
Lianyungang Sunrise Environmental Protection Industry Co., Ltd. <sup>(2)</sup> ("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.
Tianjin Sunrise Environmental Protection Science and Technology Development Co., Ltd. <sup>(2)</sup> ("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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 27. INVESTMENT IN SUBSIDIARIES (cont'd)

Company name <sup>(1)</sup>	Place of incorporation/ establishment	Proportion of ownership interest and voting power held by the Group		Principal activities
		2019 %	2018 %	
Wuhan Green Energy Co., Ltd. <sup>(2)</sup> ("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. <sup>(2)</sup> ("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.
Wuhu Lüzhou Environment Energy Co., Ltd. <sup>(2)</sup> ("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.
Zhengzhou Xingjin Green Environment Energy Co., Ltd. <sup>(2)</sup> ("Zhengzhou Xingjin") 郑州荣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.
Zibo Green Energy Co., Ltd. <sup>(2)</sup> ("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.
Gaomi Lilangmingde Co. Ltd <sup>(2)</sup> ("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.
Hangzhou Xiaoshan Jinjiang Green Energy Co., Ltd. <sup>(2)</sup> ("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.
Qitaihe Green New Energy Co., Ltd. <sup>(2)</sup> ("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. <sup>(2)</sup> ("Songyuan Xinxiang") 松原鑫祥新能源有限公司	Songyuan, the PRC	95	95	Operation of waste-to-energy plant.
Suihua Green New Energy Co., Ltd. <sup>(2)</sup> ("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.
Wenling Green New Energy Co., Ltd. <sup>(2)</sup> ("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. <sup>(2)</sup> ("Wenling Solid") 温岭绿能固废处理有限公司	Wenling, the PRC	51	51	Operation of solid waste treatment plant.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 27. INVESTMENT IN SUBSIDIARIES (cont'd)

Company name <sup>(1)</sup>	Place of incorporation/ establishment	Proportion of ownership interest and voting power held by the Group		Principal activities
		2019 %	2018 %	
Yinchuan Zhongke Environmental Electrical Co., Ltd. <sup>(2)</sup> ("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.
Yunnan Green Energy Co., Ltd. <sup>(2)</sup> ("Yunnan Energy"). 云南绿色能源有限公司	Kunming, the PRC	89	89	Operation of waste-to-energy plant.
Zhejiang Zhuji Bafang Thermal Power Co. Ltd. <sup>(2)</sup> ("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.
Kunshan Jinkangrui Environmental Protection Technolog Co., Ltd. <sup>(2)</sup> ("Jinkangrui Technology") 昆山锦康瑞环保技术有限公司	Kunshan, the PRC	100	100	Technology center.
Ecogreen Energy Gurgaon Faridabad Private Limited <sup>(3)</sup>	Gurgaon, India	99.99	99.99	Operation of waste-to-energy plant.
Ecogreen Energy Gwalior Private Limited <sup>(3)</sup>	Gwalior, India	99.99	99.99	Operation of waste-to-energy plant.
Ecogreen Energy Lucknow Private Limited <sup>(3)</sup>	Lucknow, India	99.99	99.99	Operation of waste-to-energy plant.

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

(2) Audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP for consolidation purposes.

(3) Audited by Deloitte & Touche LLP, Singapore for consolidation purposes.

(4) The Group made a capital injection of RMB378.02 million in cash, resulting in an increase in equity interest by 6.33% from 92% to 98.33%.

### 2018

#### (a) Acquisition of Hangzhou Zhenghui Construction Engineering Co., Ltd. ("Hangzhou Zhenghui")

In April 2018, the Group entered into a sale and purchase agreement to acquire 100% of the issued and paid-up share capital of Hangzhou Zhenghui from a non-related party for a total consideration of RMB15,976,700. Following the acquisition, Hangzhou Zhenghui becomes a wholly-owned, indirectly-held subsidiary of the Group.

Hangzhou Zhenghui is a company incorporated under the laws of the PRC on 23 March 2017 with limited liability, and is engaged in the provision of engineering, design, construction, project management, and engineering-related consultancy services in respect of projects both within and outside the People's Republic of China. Hangzhou Zhenghui will serve as an in-house platform with integrated design, engineering and construction capabilities, and serve as a platform for further technical-related collaboration with third parties both within and outside the PRC.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 27. INVESTMENT IN SUBSIDIARIES (cont'd)

2018 (cont'd)

(a) Acquisition of Hangzhou Zhenghui Construction Engineering Co., Ltd. ("Hangzhou Zhenghui") (cont'd)

Assets acquired and liabilities assumed at date of acquisition:

	<b>2018</b>
	<b>RMB'000</b>
<b>Non-current assets</b>	
Property, plant and equipment	1,134
Other deferred assets	1,527
Prepaid lease	493
Total non-current assets	<u>3,154</u>
<b>Current assets</b>	
Bank balances and cash	53,813
Trade and other receivables	60,565
Inventories	9,413
Total current assets	<u>123,791</u>
<b>Current liabilities</b>	
Trade and other payables	(110,401)
Tax liabilities	(567)
Total current liabilities	<u>(110,968)</u>
Net assets acquired and liabilities assumed	<u>15,977</u>
<b>Goodwill arising on acquisition</b>	
Cash consideration transferred	15,977
Less: Fair value of identifiable net assets acquired	<u>(15,977)</u>
Goodwill arising on acquisition	<u>-</u>
Cash consideration paid	(15,977)
Cash and cash equivalents acquired	<u>53,813</u>
	<u>37,836</u>

From the date of acquisition to 31 December 2018, Hangzhou Zhenghui contributed revenue of RMB234,680,000 and net profit of RMB61,477,000 to the Group. If the acquisition had taken place at the beginning of 2018, the Group's revenue and profit after tax would have been RMB3,271,075,000 and RMB636,632,000 respectively. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and profit of the Group that would have been achieved had the acquisition been completed on 1 January 2018, nor is it intended to be a projection of future results.

(b) Acquisition of PT. Indo Green Power ("IGP")

In June 2018, PT. Jinjiang Environment Indonesia, a wholly-owned subsidiary of the Group, acquired 95% of the issued and paid-up share capital of IGP from 2 non-related parties. IGP was dormant prior to the acquisition. Subsequent to the acquisition, the Group will operate IGP with its own experienced management staff and construct the waste treatment plant and enhance the production capability with the technique and resources within the Group for the service concession project won. Accordingly, the transaction had been accounted for as an acquisition of assets and liabilities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 28. INVESTMENT IN ASSOCIATES

	2019 RMB'000	2018 RMB'000
Cost of investment in associates	13,700	12,200
Share of post-acquisition profit	836	–
	<u>14,536</u>	<u>12,200</u>

Details of the Group's significant associates at the end of the reporting period is as follows:

Name of associate <sup>(1)</sup>	Place of incorporation/ principal place of business	Proportion of ownership interest and voting power held by the Group		Principal activities
		2019 %	2018 %	
Songyuan Yuehong Environmental Protection Engineering Co., Ltd. <sup>(2)</sup> 松原市悦宏环保工程有限公司	Songyuan, the PRC	30	30	Operation of waste-to-energy plant and treatment of sludge.
Taigu Zhanneng Environmental Protection Co., Ltd. <sup>(2)</sup> 太谷湛能环保有限公司	Taizhou, the PRC	30	30	Operation of waste-to-energy plant.
Bayannao'er Jinpengyun Environmental Protection Engineering Co., Ltd. <sup>(2)</sup> 巴彦淖尔锦鹏云环保有限公司	Inner Mongolia, the PRC	30	30	Operation of waste-to-energy plant.
Hangzhou Jinheng Information Technology Co., Ltd. <sup>(2)</sup> 杭州锦恒信息科技有限公司	Hangzhou, the PRC	40	40	Provision of information technology, administrative and project management services.

(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.

The Group's interest in the associates is accounted for using the equity method in the consolidated financial statements. As at 31 December 2019 and 2018, there is no material interest in the associates.

## 29. INVESTMENT IN JOINT VENTURES

	Group		Company	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Cost of investment in joint ventures	217,363	190,612	5,039	5,039
Share of post-acquisition (loss) profit	(6,926)	1,243	–	–
	<u>210,437</u>	<u>191,855</u>	<u>5,039</u>	<u>5,039</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 29. INVESTMENT IN JOINT VENTURES (cont'd)

Details of the Group's significant joint ventures at the end of the reporting period is as follows:

Name of joint venture <sup>(1)</sup>	Place of incorporation/ principal place of business	Proportion of ownership interest and voting power held by the Group		Principal activities
		2019 %	2018 %	
Zibo Green New Energy Co., Ltd. ("Zibo New Energy") 淄博绿能新能源有限公司	Zibo, the PRC	34.88	30	Operation of waste-to-energy plant.
Hohhot Jiasheng New Energy Co., Ltd. ("Hohhot New Energy") 呼和浩特嘉盛新能源有限公司	Hohhot, the PRC	30	30	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. Audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP for consolidation purposes.

The above joint ventures are accounted for using the equity method in these consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in the material joint ventures:

### Zibo New Energy

	2019 RMB'000	2018 RMB'000
Current assets	178,066	460,068
Non-current assets	1,552,391	1,012,633
Current liabilities	(627,883)	(384,291)
Non-current liabilities	(727,210)	(711,800)
Revenue	138,606	–
(Loss) Profit for the year	(26,975)	–
Net assets	375,364	376,610
Proportion of Group's ownership	34.88%	30%
	130,927	112,983
Fair value adjustment	14,646	15,417
Carrying amount of the Group's interest in Zibo New Energy	145,573	128,400

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 29. INVESTMENT IN JOINT VENTURES (cont'd)

Hohhot New Energy

	2019 RMB'000	2018 RMB'000
Current assets	60,134	65,839
Non-current assets	448,258	393,711
Current liabilities	(197,341)	(141,169)
Non-current liabilities	(186,055)	(186,700)
Revenue	66,441	34,237
(Loss) Profit for the year	(6,685)	7,546
Net assets	124,996	131,681
Proportion of Group's ownership	30%	30%
Carrying amount of the Group's interest in Hohhot New Energy	37,499	39,504

As at 31 December 2019 and 2018, the remaining joint ventures are not material to the Group.

## 30. BORROWINGS

	Group		Company	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Guaranteed borrowings (Note i)	2,393,217	2,505,002	1,306,595	1,346,937
Secured and guaranteed bank loans (Notes i and ii)	2,193,461	1,620,106	–	–
Secured bank loans (Note iii)	419,597	319,784	–	–
Secured and guaranteed other borrowings (Notes i and iv)	524,059	60,075	–	–
Secured other borrowings (Note v)	309,132	10,343	–	–
Entrusted loan (Note vi)	197,750	–	–	–
Unsecured other borrowings (Note vii)	2,080	3,220	–	–
	6,039,296	4,518,530	1,306,595	1,346,937
The borrowings comprise:				
- Fixed-rate borrowings	1,912,569	904,700	–	–
- Variable-rate borrowings	4,126,727	3,613,830	1,306,595	1,346,937
	6,039,296	4,518,530	1,306,595	1,346,937
Total borrowings	6,039,296	4,518,530	1,306,595	1,346,937
Less: Amount due within one year shown under current liabilities	(3,472,771)	(1,219,962)	(1,306,595)	(71,159)
Amounts shown under non-current liabilities	2,566,525	3,298,568	–	1,275,778

As at 31 December 2019, the Group and Company breached a financial covenant for guaranteed borrowings from financial institutions. Accordingly, the non-current portion of the guaranteed borrowings of the Group and Company amounting to RMB1,265,469,000 and RMB1,180,298,000 respectively were classified as current liabilities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 30. BORROWINGS (cont'd)

Notes:

- (i) Borrowings are secured by guarantees mainly from companies in which the second largest shareholder has control over.
- (ii) As at 31 December 2019, the bank loans of RMB397,000,000 (2018 : RMB434,000,000) are secured by certain property, plant and equipment (Note 24).
- As at 31 December 2019, the bank loans of RMB237,300,000 (2018 : RMB140,000,000) are secured by the pledge of electricity tariffs receivables.
- As at 31 December 2019, the bank loans of RMB879,202,000 (2018 : RMB743,606,000) are secured by the pledge of electricity tariffs receivables and certain property, plant and equipment of a subsidiary (Note 24).
- As at 31 December 2019, the other loans of RMB419,459,000 (2018 : Nil) are secured by the Group's service concession receivables (Note 20) and intangible assets (Note 26).
- As at 31 December 2019, the other loans of RMB260,500,000 (2018 : RMB 302,500,000) are secured by the Group's service concession receivables (Note 20), intangible assets (Note 26) and the pledge of electricity tariffs receivables.
- (iii) As at 31 December 2019, the bank loans of RMB300,000,000 (2018 : RMB300,000,000) are secured by certain bank deposits held by the Group (Note 13).
- As at 31 December 2019, the bank loans of RMB100,000,000 (2018 : Nil) are secured by the pledge of electricity tariffs receivables.
- As at 31 December 2019, the bank loans of RMB19,597,000 (2018 : RMB19,784,000) are secured by the Group's investment property (Note 25).
- (iv) Loans from other financial institutions of RMB479,035,000 (2018 : Nil) and RMB26,364,000 (2018 : RMB57,103,000) are secured by property, plant and equipment (Note 24) and intangible assets (Note 26) respectively. The remaining loans of RMB18,660,000 (2018 : Nil) are secured by the pledge of electricity tariffs receivables. In 2018, loans of RMB2,972,000 were secured by the Group's service concession receivables.
- Included in the loans from other financial institutions are loans amounting to RMB396,248,000 (2018 : Nil) from companies in which the largest shareholder has control over which are due within one year from the end of the reporting period and bear fixed interest rates ranging from 6.84% to 6.91% per annum.
- (v) Loans from other financial institutions of RMB309,132,000 (2018 : RMB10,343,000) are secured by property, plant and equipment (Note 24).
- (vi) As at 31 December 2019, the entrusted loan of RMB197,750,000 (2018: RMB Nil) is repayable in full in June 2020 at a fixed interest rate of 4.35% per annum.
- (vii) As at 31 December 2019, borrowings of RMB2,080,000 (2018 : RMB3,220,000) are repayable over fifteen years at a variable interest rate at approximately 2.80% per annum. These contracted interest rates are based on floating market rates pegged to the People's Bank of China ("PBOC") rate and are repriced on an annual basis.

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

	Group		Company	
	2019	2018	2019	2018
Effective interest rate:				
- Fixed-rate borrowings	3.96% to 10.75%	4.35% to 10.75%	NA	NA
- Variable-rate borrowings	1.98% to 9.88%	1.78% to 9.88%	4.24% to 4.44%	4.24% to 4.44%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 30. BORROWINGS (cont'd)

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 2019	Financing cash flows	New lease liabilities	Other changes <sup>(3)</sup>	Exchange difference	31 December 2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings	4,518,530	1,477,134	–	–	43,632	6,039,296
Lease liabilities on adoption of IFRS 16	849,519	(545,189)	94,115	(23,245)	–	375,200
Notes payable	1,387,866	–	–	13,297	22,049	1,423,212
	<u>6,755,915</u>	<u>931,945</u>	<u>94,115</u>	<u>(9,948)</u>	<u>65,681</u>	<u>7,837,708</u>

	1 January 2018	Financing cash flows	Disposal of assets held for sale	Other changes <sup>(3)</sup>	Exchange difference	31 December 2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			(Note 45)			
Borrowings	2,810,468	1,913,087 <sup>(1)</sup>	(260,000)	–	54,975	4,518,530
Obligations under finance leases	977,282	(131,135) <sup>(1)</sup>	–	3,372	–	849,519
Notes payable	1,310,410	–	–	11,339	66,117	1,387,866
	<u>5,098,160</u>	<u>1,781,952</u>	<u>(260,000)</u>	<u>14,711</u>	<u>121,092</u>	<u>6,755,915</u>

- (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 and payments.

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 31. NOTES PAYABLE

In 2017, the Company issued US\$200,000,000 (equivalent to RMB1,346,000,000) senior notes which carry fixed interest of 6.0% per annum (interest payable semi-annually in arrear) and mature in July 2020. The effective interest rate for the year was 6.98% (2018 : 6.98%) per annum.

The notes payable is unsecured and listed on SGX-ST.

	<b>Group and Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
At 1 January	1,387,866	1,310,410
Amortisation of interest	(81,520)	(78,727)
Interest accrued	94,817	90,066
Exchange difference	22,049	66,117
At 31 December	<u>1,423,212</u>	<u>1,387,866</u>
Represented by:		
- Amount due within one year shown under current liabilities	1,423,212	40,209
- Amount shown under non-current liabilities	-	1,347,657
	<u>1,423,212</u>	<u>1,387,866</u>

Management estimated the fair value of the notes payable at 31 December 2019 to be approximately US\$197 million (RMB1,379.0 million) (2018 : US\$178.9 million (RMB1,232.6 million)). The fair value is based on the bid price extracted from Bloomberg as at 31 December 2019 and 2018 respectively and management determined the notes payable to be under Level 2 fair value hierarchy.

There are no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year.

## 32. TRADE AND OTHER PAYABLES

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Trade payables	650,972	460,954	-	-
Bills payables	80,217	40,000	-	-
Construction and equipment payables	742,515	517,655	-	-
Deposits received from customers	74,655	176,465	-	-
Accrued payroll and welfare	41,706	9,707	-	-
Accrued expenses	10,469	17,274	-	-
Others	144,722	76,911	9,006	6,006
Total trade and other payables	<u>1,745,256</u>	<u>1,298,966</u>	<u>9,006</u>	<u>6,006</u>

The average credit period on purchases is 90 to 120 days (2018 : 90 to 120 days). No interest is charged on the overdue trade payables.

Included in deposits received from customers are contract liabilities for waste treatment and service contracts amounting to RMB74,577,000 (2018 : RMB168,186,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 32. TRADE AND OTHER PAYABLES (cont'd)

The contract liability for waste treatment is recognised upon payments made in advance by the customer for revenue relating to the waste treatment services and is released over the service period. During the year, the Group recognised revenue relating to waste treatment amounting to RMB18,066,000 that was included in the contract liability balance at the beginning of the period.

The contract liability for service contract relates to equipment selection and sale services provided and revenue is recognised when control of the equipment has transferred to the customer. Advances received from the customer is recognised as a contract liability until the equipment has been delivered to the customer. During the year, the Group recognised revenue relating to equipment selection and sale amounted to RMB102,688,000 that was included in the contract liability balance at the beginning of the period.

Significant changes during the reporting period was due to delivery of equipment.

## 33. DIVIDENDS PAYABLE

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

## 34. LEASE LIABILITIES / OBLIGATIONS UNDER FINANCE LEASES

Lease liabilities (Disclosure required by IFRS 16)

	<b>2019</b>
	<b>RMB'000</b>
Maturity analysis:	
Year 1	175,549
Year 2	118,109
Year 3	61,273
Year 4	54,219
Year 5	14,229
	<u>423,379</u>
Less: Unearned interest	<u>(48,179)</u>
	<u><u>375,200</u></u>
Analysed as:	
Current	151,622
Non-current	223,578
	<u><u>375,200</u></u>

As at 31 December 2019, lease liabilities of RMB101,453,000 were secured by a corporate guarantee by the companies controlled by the second largest shareholder.

As at 31 December 2019, lease liabilities of RMB211,533,000 were secured by a corporate guarantee by the companies controlled by the second largest shareholder and the pledge of electricity tariffs and waste treatment receivables.

Obligations under finance leases (Disclosure required by IAS 17)

In 2018, the Group leased certain plant and machinery under finance leases through sale and leaseback arrangements. The lease terms were three to five years. The effective borrowing rate ranged from 6.09% to 10.75%. The Group had 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 34. LEASE LIABILITIES / OBLIGATIONS UNDER FINANCE LEASES (cont'd)

The Group had obligations under finance leases repayable as follows:

	Minimum lease payments 2018 RMB'000	Present value of minimum lease payments 2018 RMB'000
<b>Group</b>		
Amounts payable under finance leases:		
Within one year	444,950	393,987
In more than one year but within two years	270,761	244,440
In more than two years but within five years	235,081	211,092
	950,792	849,519
Less: Future finance charges	(101,273)	N/A
Present value of lease obligations	849,519	849,519
Less: Amount due for settlement within 12 months (shown under current liabilities)		(393,987)
Amount due for settlement after 12 months		455,532

As at 31 December 2018, the obligations under finance leases of RMB431,302,000 were secured by certain property, plant and equipment (Note 24) and corporate guarantee by the companies controlled by a former controlling shareholder.

As at 31 December 2018, the obligation under finance leases of RMB70,806,000 was secured by certain property, plant and equipment (Note 24) and equity interest of a subsidiary and concurrently guaranteed by a company controlled by the second largest shareholder.

As at 31 December 2018, the obligations under finance leases of RMB89,151,000 were secured by certain property, plant and equipment (Note 24).

As at 31 December 2018, the obligations under finance leases of RMB258,260,000 were secured by certain property, plant and equipment (Note 24), corporate guarantee by the companies controlled by the second largest shareholder and the pledge of electricity tariffs and waste treatment receivables.

## 35. DEFERRED GRANT

	Group	
	2019 RMB'000	2018 RMB'000
<b>The Group</b>		
Grant received in advance	390,444	169,669
Analysed as:	8,968	8,420
- Current liabilities	381,476	161,249
- Non-current liabilities	390,444	169,669

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 36. OTHER TAX LIABILITIES

	Group	
	2019	2018
	RMB'000	RMB'000
Value added tax	36,978	48,697
Others	16,849	12,173
	53,827	60,870

## 37. DEFERRED TAX LIABILITIES

	Undistributed earnings of PRC subsidiaries	Fair value adjustment on acquisition of subsidiaries	Accelerated tax depreciation	Profit recognised on construction services provided under service concession arrangements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2018	59,939	4,819	238,357	94,915	398,030
Charge (Credit) to profit or loss (Note 10)	–	(223)	4,597	22,910	27,284
At 31 December 2018	59,939	4,596	242,954	117,825	425,314
Charge (Credit) to profit or loss (Note 10)	–	(389)	6,412	51,409	57,432
At 31 December 2019	59,939	4,207	249,366	169,234	482,746

At 31 December 2019, the Group has unused tax losses of approximately RMB331,463,000 (2018 : RMB167,859,000), available for offset against future profits. No deferred tax asset has been recognised in respect of those tax losses due to no certainty of the tax losses being utilised.

The unrecognised tax losses will expire in the following years:

	Group	
	2019	2018
	RMB'000	RMB'000
2019	–	5,887
2020	3,111	8,790
2021	22,845	33,276
2022	20,834	25,804
2023	113,692	94,102
2024	170,981	–
	331,463	167,859

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 37. DEFERRED TAX LIABILITIES (cont'd)

At 31 December 2019, the Group has deductible temporary differences of RMB43,197,000 (2018 : RMB46,383,000). 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 2019, temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised are RMB4,140,926,000 (2018 : RMB3,624,834,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences, and it is probable that such differences will not reverse in the foreseeable future.

## 38. SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	Share capital
	'000	RMB'000
As at 1 January 2018	1,221,581	81
Issued during the year	221,666	14
At 31 December 2018	1,443,247	95
Issued during the year	10,778	1
At 31 December 2019	1,454,025	96

Fully paid ordinary shares have a par value of US\$0.00001 (2018 : US\$0.00001), carry one vote per share and carry a right to dividend, amounting to equivalent RMB96,000 (2018 : RMB95,000).

## 39. OPERATING LEASES

At 31 December 2018, the Group had outstanding commitments under non-cancellable operating leases which fall due as follows:

	2018
	RMB'000
Within one year	3,183
In the second to fifth years inclusive	3,461
Over five years	6,604
	13,248

Operating lease payments represented rental payable by the Group for certain land use rights and plant and machinery.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 40. CAPITAL COMMITMENTS

	Group	
	2019	2018
	RMB'000	RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	1,256,099	995,114

## 41. PLEDGE OF ASSETS

Save as the pledged bank deposits disclosed in Note 13, at the end of reporting period, the Group had pledged the following assets to banks as securities against general banking facilities and obligations under finance leases granted to the Group:

	Group	
	2019	2018
	RMB'000	RMB'000
Service concession receivables (Note 20)	461,488	435,448
Prepaid leases (Note 21)	–	156,669
Property, plant and equipment (Note 24)	1,188,393	2,175,105
Investment property (Note 25)	27,205	27,258
Intangible assets (Note 26)	1,878,704	789,264
	3,555,790	3,583,744

As at 31 December 2019, the Group has pledged electricity tariffs receivables of 10 subsidiaries (2018 : 9 subsidiaries) to banks for general banking facilities (Note 30). In 2018, the Group had pledged its equity interest of a subsidiary for a sale and leaseback arrangement (Note 34).

## 42. OTHER RESERVES

	Group		Company	
	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Capital reserve (a)	393,694	393,694	1,057,112	1,057,112
Merger reserve (b)	(67,642)	(67,642)	–	–
Statutory surplus reserve (c)	118,271	118,271	–	–
Share award reserve (d)	–	–	–	–
Foreign currency translation reserve (e)	(8,575)	(8,913)	–	–
Other reserve (f)	56,172	41,838	–	–
	491,920	477,248	1,057,112	1,057,112

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 42. OTHER RESERVES (cont'd)

### (a) Capital reserve

	Group		Company	
	2019	2018	2019	2018
	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	
	2019	2018
	RMB'000	RMB'000
At 1 January and 31 December	(67,642)	(67,642)

Merger reserves represents the differences between the existing book values of the net assets of the subsidiaries under common control and the consideration paid when the Group acquired subsidiaries from the then ultimate holding company or ultimate shareholder using the merger accounting method.

### (c) Statutory surplus reserve

	Group	
	2019	2018
	RMB'000	RMB'000
At 1 January	118,271	103,962
Appropriation to reserves	–	14,309
At 31 December	118,271	118,271

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	
	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	–	–	–	–
Share award expense	23,301	11,814	23,301	11,814
Issue of new shares	(23,301)	(11,814)	(23,301)	(11,814)
At 31 December	–	–	–	–

Share award reserve represents the equity-settled performance shares granted to certain key management personnel and employees of the Group. The reserve is made up of the cumulative value of services received from certain key management personnel and employees over the vesting period commencing from the grant date of equity-settled shares awards, and is reduced by the release of share awards (Note 43).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 42. OTHER RESERVES (cont'd)

### (e) Foreign currency translation reserve

	Group	
	2019	2018
	RMB'000	RMB'000
At 1 January	(8,913)	(4,170)
Other comprehensive income	338	(4,743)
At 31 December	(8,575)	(8,913)

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.

### (f) Other reserve

	Group	
	2019	2018
	RMB'000	RMB'000
At 1 January	41,838	28,152
Acquisition of partial equity interest in subsidiaries	–	13,686
Increase in partial equity interest in a subsidiary	14,334	–
At 31 December	56,172	41,838

Other reserve represents the difference between the carrying amount of the non-controlling interest and the consideration arising from equity transactions with the non-controlling shareholders without loss of control in the subsidiaries by the Group.

## 43. SHARE AWARD EXPENSE

### *Performance Share Plan*

The Jinjiang Environment Performance Share Plan ("Plan") was approved by shareholders on 29 June 2016. The Plan was subsequently amended and approved by shareholders at an Extraordinary General Meeting held on 25 April 2017. The Plan is administered by the Remuneration Committee comprising the Independent Directors Hee Theng Fong, Ang Swee Tian and Ni Mingjiang. The maximum period of the Performance Share Plan is 10 years commencing on the date on which it is adopted by the Company.

The participants of the Performance Share Plan will receive partially paid shares of the Company and are required to pay 30% of the closing market price of the shares awarded to them on the date of grant in cash as a condition for the vesting of the share awards. The aggregate number of shares available under the Plan shall not exceed 15% of the issued share capital of the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 43. SHARE AWARD EXPENSE

### *Performance Share Plan*

On September 2019, the Company granted 10,906,500 (2018 : 7,665,800) shares under the Plan.

The fair values of the performance shares are estimated to be S\$0.42 (RMB2.17 equivalent) (2018 : S\$0.35 (RMB1.60 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\$0.60 (RMB3.08 equivalent) (2018 : S\$0.505 (RMB2.53 equivalent)).

The movements of the number of shares for the Plan during the financial year were as follows:

	<b>Group and Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>No. of awarded shares '000</b>	
Granted during the year	10,907	7,666
Cancelled, expired or lapsed	(129)	–
Vested(1) during the year	(10,778)	(7,666)
Outstanding at end of the year	–	–

(1) Vested shares are allotted and issued to the respective participants and are subject to a moratorium on trading of 12 months from the date the shares are allotted and issued.

The Group recognised total expenses of RMB23,301,000 (2018 : RMB11,814,000) related to equity-settled share-based payment transactions during the year.

## 44. DIVIDENDS

During the year ended 31 December 2018, dividends of S\$0.051 cents per share amounting to S\$73.2 million (approximately RMB350.7 million) were paid to shareholders in respect of the financial year ended 31 December 2017.

No dividends have been proposed in respect of the financial years ended 31 December 2019 and 2018.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 45. ASSETS CLASSIFIED AS HELD FOR SALE

In December 2017, the Group entered into a sale and purchase agreement with an affiliate of Hangzhou Financial Investment Group Co., Ltd., a non-related party, to dispose of its 70% equity interest in Zibo Green New Energy Co., Ltd. and Hohhot Jiasheng New Energy Co., Ltd. for a consideration of RMB264.5million and RMB84.7 million respectively. The disposal was completed in 2018.

Details of the disposals at the date of completion are as follows:

	<b>Total 2018 RMB'000</b>
<b>Non-current assets</b>	
Property, plant and equipment	1,330,000
Prepaid lease	55,160
Total non-current assets	<u>1,385,160</u>
<b>Current assets</b>	
Bank balances and cash	18,629
Trade and other receivables	394,151
Other tax recoverable	65,788
Total current assets	<u>478,568</u>
<b>Non-current liabilities</b>	
Borrowings	(880,000)
Deferred revenue	(41,500)
Total non-current liabilities	<u>(921,500)</u>
<b>Current liabilities</b>	
Trade and other payables	(390,381)
Amounts due to related parties	(68,389)
Other tax liabilities	(2)
Total current liabilities	<u>(458,772)</u>
Net assets derecognised	<u>483,456</u>
<b>Consideration received/receivable:</b>	
Cash received	234,906
Amount receivable (Note 14)	114,254
	<u>349,160</u>
<b>Gain on disposal</b>	
Consideration	349,160
Fair value of retained interest	165,640
Net assets derecognised	(483,456)
Gain on disposal	<u>31,344</u>
<b>Net cash outflow arising on disposal</b>	
Cash consideration received	25,410
Cash and cash equivalents disposed of	(18,629)
	<u>6,781</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

## 46. EVENTS AFTER THE REPORTING PERIOD

- a) The Coronavirus Disease ("COVID-19") pandemic has complicated and adversely impacted the current economic situation worldwide, resulting in a weak global economic growth, intensified international economic and trade frictions and downward pressure in the domestic economy. The Group's WTE and other facilities in the PRC (including its two WTE facilities located in Wuhan) and overseas have remained operational throughout the COVID-19 pandemic. The Group continues to take strict preventive measures in accordance with the relevant local government guidelines. The Group will monitor the ongoing situation and continuously assess the impact of the outbreak on the Group's operations.
- b) A wholly-owned subsidiary of the Company, Lin'an Jiasheng Environment Co., Ltd., has acquired 100.0% of the equity interest in Shijiazhuang Jinhuan Environmental Protection Technology Co., Ltd. from a non-wholly-owned subsidiary of the Company, Shijiazhuang Jiasheng New Energy Co., Ltd. for an aggregate consideration of RMB58.79 million. Following the acquisition, the Company's equity interest in Shijiazhuang Jinhuan Environmental Protection Technology Co., Ltd. has increased from 82.0% to 100.0%.

# STATISTICS OF SHAREHOLDINGS

As at 19 May 2020

## SHAREHOLDERS' INFORMATION

Authorised Share Capital : US\$50,000.00 divided into 5,000,000,000 ordinary shares of par value US\$0.00001 each  
 Issued and fully paid-up capital : US\$14,540.247 divided into 1,454,024,700 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	%
100 - 1,000	113	19.62	98,700	0.01
1,001 - 10,000	215	37.33	1,250,600	0.08
10,001 - 1,000,000	237	40.97	20,808,800	1.43
1,000,001 AND ABOVE	12	2.08	1,431,866,600	98.48
<b>TOTAL</b>	<b>577</b>	<b>100.00</b>	<b>1,454,024,700</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	RAFFLES NOMINEES (PTE.) LIMITED	556,725,151	38.29
2	UOB KAY HIAN PRIVATE LIMITED	444,313,575	30.56
3	CITIBANK NOMINEES SINGAPORE PTE LTD	220,685,800	15.18
4	DBS NOMINEES (PRIVATE) LIMITED	194,813,774	13.40
5	WANG YUANLUO	5,140,000	0.35
6	WANG RUIHONG	2,100,000	0.14
7	WANG WUZHONG	1,993,300	0.14
8	ABN AMRO CLEARING BANK N.V.	1,384,000	0.10
9	E HONGBIAO	1,260,000	0.09
10	XU YONGQIANG	1,260,000	0.09
11	LIM PUAY TIANG	1,141,000	0.08
12	ZHANG CHAO	1,050,000	0.07
13	HSBC (SINGAPORE) NOMINEES PTE LTD	951,000	0.07
14	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	610,000	0.04
15	ZHOU RONGQIN	580,000	0.04
16	CHOO BENG LOR (ZHU MINGLU)	550,000	0.04
17	MERRILL LYNCH (SINGAPORE) PTE. LTD.	507,100	0.03
18	PHILLIP SECURITIES PTE LTD	499,600	0.03
19	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	476,000	0.03
20	YANG LEIYUAN	401,000	0.03
	<b>TOTAL</b>	<b>1,436,441,300</b>	<b>98.80</b>

# STATISTICS OF SHAREHOLDINGS

As at 19 May 2020

## SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Substantial Shareholders	Direct Interest		Deemed Interest <sup>(2)</sup>		Total Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Zhejiang Energy Hong Kong Holding Limited (浙江能源香港控股有限公司) <sup>(3)</sup>	–	–	430,000,000	29.57	430,000,000	29.57
Zheneng Capital Holdings Co., Ltd. (浙能资本控股有限公司) <sup>(4)</sup>	–	–	430,000,000	29.57	430,000,000	29.57
Zhejiang Energy International Limited (浙江能源国际有限公司) <sup>(4)</sup>	–	–	430,000,000	29.57	430,000,000	29.57
Zhejiang Provincial Energy Group Co., Ltd. (浙江省能源集团有限公司) <sup>(4)</sup>	–	–	430,000,000	29.57	430,000,000	29.57
Win Charm <sup>(5)</sup>	–	–	372,560,575	25.62	372,560,575	25.62
Hangzhou Zhengcai <sup>(6)</sup>	–	–	372,560,575	25.62	372,560,575	25.62
Jinjiang Group <sup>(7)</sup>	–	–	372,560,575	25.62	372,560,575	25.62
Dou Zhenggang <sup>(8)</sup>	–	–	372,560,575	25.62	372,560,575	25.62
Wei Xuefeng <sup>(9)</sup>	–	–	372,560,575	25.62	372,560,575	25.62
Zhejiang Hengjia <sup>(10)</sup>	–	–	372,560,575	25.62	372,560,575	25.62
Harvest Global Dynamic Fund SPC acting on behalf of and for the account of Harvest Environmental Investment Fund SP <sup>(11)</sup>	214,000,000	14.72	–	–	214,000,000	14.72
Kung Chak Ming <sup>(11)</sup>	–	–	214,000,000	14.72	214,000,000	14.72
Yun Sheng Capital Cayman <sup>(11)</sup>	–	–	214,000,000	14.72	214,000,000	14.72
Yun Sheng Capital Company Limited (雲升資本有限公司) <sup>(11)</sup>	–	–	214,000,000	14.72	214,000,000	14.72
Shenzhen Sidaoke Investment Co., Ltd. (深圳市思道科技投资有限公司) <sup>(11)</sup>	–	–	214,000,000	14.72	214,000,000	14.72
Shenzhen Ping An Evergreen Investment Development Holding Co., Ltd. (深圳平安远欣投资发展控股有限公司) <sup>(11)</sup>	–	–	214,000,000	14.72	214,000,000	14.72
Shenzhen Ping'an Financial Technology Consulting Co., Ltd. (深圳平安金融科技咨询有限公司) <sup>(11)</sup>	–	–	214,000,000	14.72	214,000,000	14.72
Ping An Insurance (Group) Company of China, Ltd. (中国平安保险(集团)股份有限公司) <sup>(11)</sup>	–	–	214,000,000	14.72	214,000,000	14.72
Whitel Management Company Limited <sup>(12)</sup>	180,620,574	12.42	–	–	180,620,574	12.42
Whitel International Management Holding Limited <sup>(12)</sup>	–	–	180,620,574	12.42	180,620,574	12.42
HOPU USD Master Fund III, L.P. <sup>(12)</sup>	–	–	180,620,574	12.42	180,620,574	12.42
HOPU Investments Co. III Ltd <sup>(12)</sup>	–	–	180,620,574	12.42	180,620,574	12.42
Fang Fenglei <sup>(12)</sup>	–	–	180,620,574	12.42	180,620,574	12.42
Lau Teck Sien <sup>(12)</sup>	–	–	180,620,574	12.42	180,620,574	12.42
AEP Investments (Mauritius) Limited <sup>(13)</sup>	81,478,351	5.60	–	–	81,478,351	5.60

# STATISTICS OF SHAREHOLDINGS

As at 19 May 2020

## Notes:

- (1) Based on 1,454,024,700 Shares in issue as at the Latest Practicable Date.
- (2) Deemed interests refer to interests determined pursuant to Section 4 of the SFA.
- (3) Zhejiang Energy Hong Kong Holding Limited (浙江能源香港控股有限公司) is deemed to have an interest in 430,000,000 Shares held by Raffles Nominees (Pte.) Limited.
- (4) Zhejiang Energy International Limited (浙江能源国际有限公司) owns the entire issued and paid-up share capital of Zhejiang Energy Hong Kong Holding Limited (浙江能源香港控股有限公司). Zhejiang Provincial Energy Group Co., Ltd. (浙江省能源集团有限公司) and Zheneng Capital Holdings Co., Ltd. (浙能资本控股有限公司) own 60% and 40% of the equity interests in Zhejiang Energy International Limited (浙江能源国际有限公司), respectively. Zheneng Capital Holdings Co., Ltd. (浙能资本控股有限公司) is 100% controlled by Zhejiang Provincial Energy Group Co., Ltd. (浙江省能源集团有限公司). Zhejiang Provincial Energy Group Co., Ltd. (浙江省能源集团有限公司) is 100% controlled by the State-owned Assets Supervision and Administration Commission of the People's Government of Zhejiang Province (浙江省人民政府国有资产监督管理委员会). Accordingly, each of Zhejiang Energy International Limited (浙江能源国际有限公司), Zheneng Capital Holdings Co., Ltd. (浙能资本控股有限公司) and Zhejiang Provincial Energy Group Co., Ltd. (浙江省能源集团有限公司) are deemed to have an interest in the Shares in which Zhejiang Energy Hong Kong Holding Limited (浙江能源香港控股有限公司) has an interest by virtue of Section 4 of the SFA.
- (5) Win Charm is deemed to have an interest in 328,365,000 Shares held by UOB Kay Hian Private Limited. Win Charm holds approximately 50.0% of the voting shares in the issued and paid-up share capital of Jinjiang Green Energy, which in turn is deemed to have an interest in 44,195,575 Shares held by UOB Kay Hian Private Limited. Accordingly, Win Charm is also deemed to have an interest in the Shares in which Jinjiang Green Energy has an interest by virtue of Section 4 of the SFA.
- (6) Hangzhou Zhengcai holds 45.0% of the issued and paid-up share capital of Win Charm. Win Charm is deemed to have an interest in the Shares held by Jinjiang Green Energy by virtue of Section 4 of the SFA – please refer to Note (5) above. Accordingly, Hangzhou Zhengcai is deemed to have an interest in the Shares in which Jinjiang Green Energy and Win Charm have an interest by virtue of Section 4 of the SFA.
- (7) Jinjiang Group directly and indirectly (through its wholly-owned subsidiary Hangzhou Zhengcai) holds the entire issued and paid-up share capital of Win Charm. Win Charm is deemed to have an interest in the Shares held by Jinjiang Green Energy by virtue of Section 4 of the SFA – please refer to Note (5) above. Accordingly, Jinjiang Group is deemed to have an interest in the Shares in which Jinjiang Green Energy and Win Charm have an interest by virtue of Section 4 of the SFA.
- (8) Dou Zhenggang holds approximately 63.29% of the registered capital of Jinjiang Group. Jinjiang Group is deemed to have an interest in the Shares in which Jinjiang Green Energy and Win Charm have an interest by virtue of Section 4 of the SFA – please refer to Note (7) above. Accordingly, Dou Zhenggang is deemed to have an interest in the Shares in which Jinjiang Green Energy and Win Charm have an interest by virtue of Section 4 of the SFA.
- (9) Wei Xuefeng, who is Dou Zhenggang's spouse, holds the entire registered capital of Zhejiang Hengjia. Zhejiang Hengjia holds approximately 36.71% of Jinjiang Group's registered capital. Jinjiang Group is deemed to have an interest in the Shares in which Jinjiang Green Energy and Win Charm have an interest by virtue of Section 4 of the SFA – please refer to Note (7) above. Accordingly, Wei Xuefeng is deemed to have an interest in the Shares in which Jinjiang Green Energy and Win Charm have an interest by virtue of Section 4 of the SFA.
- (10) Zhejiang Hengjia holds approximately 36.7% of Jinjiang Group's registered capital. Jinjiang Group is deemed to have an interest in the Shares in which Jinjiang Green Energy and Win Charm have an interest by virtue of Section 4 of the SFA – please refer to Note (7) above. Accordingly, Zhejiang Hengjia is deemed to have an interest in the Shares in which Jinjiang Green Energy and Win Charm have an interest by virtue of Section 4 of the SFA.
- (11) While Harvest Global Capital Investments (Cayman) Limited is the manager of the relevant fund, the investment committee of the fund comprises a representative from the fund manager, and a representative from each of its two investors, being Kung Chak Ming and Yun Sheng Capital Cayman. Accordingly, each of Kung Chak Ming and Yun Sheng Capital Cayman has control over the business and affairs of Harvest Global Dynamic Fund SPC acting on behalf of and for the account of Harvest Environmental Investment Fund SP (the “SPC”), including making investment and divestment decisions and voting the securities and interests held by the SPC, including those in the Company. Pursuant to Section 4 of the SFA, each of Kung Chak Ming and Yun Sheng Capital Cayman is deemed to have an interest in the Shares held by the SPC. Yun Sheng Capital Cayman is wholly owned by Yun Sheng Capital Company Limited (雲升資本有限公司), which in turn is wholly owned by Shenzhen Sidaoke Investment Co., Ltd. (深圳市思道科投资有限公司). Shenzhen Sidaoke Investment Co., Ltd. (深圳市思道科投资有限公司) is wholly owned by Shenzhen Ping'an Evergreen Investment Development Holding Co., Ltd. (深圳平安远欣投资发展控股有限公司), which in turn is wholly owned by Shenzhen Ping'an Financial Technology Consulting Co., Ltd. (深圳平安金融科技咨询有限公司). Shenzhen Ping'an Financial Technology Consulting Co., Ltd. (深圳平安金融科技咨询有限公司) is wholly owned by Ping An Insurance (Group) Company of China, Ltd. (中国平安保险(集团)股份有限公司), which is listed on The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange. Accordingly, each of Kung Chak Ming, Yun Sheng Capital Cayman, Yun Sheng Capital Company Limited (雲升資本有限公司), Shenzhen Sidaoke Investment Co., Ltd. (深圳市思道科投资有限公司), Shenzhen Ping'an Evergreen Investment Development Holding Co., Ltd. (深圳平安远欣投资发展控股有限公司), Shenzhen Ping'an Financial Technology Consulting Co., Ltd. (深圳平安金融科技咨询有限公司) and Ping An Insurance (Group) Company of China, Ltd. (中国平安保险(集团)股份有限公司) is deemed to have an interest in the Shares held by the SPC by virtue of Section 4 of the SFA.

# STATISTICS OF SHAREHOLDINGS

As at 19 May 2020

- (12) Whitel Management Company Limited is 100% owned by Whitel International Management Holding Limited. Whitel International Management Holding Limited is in turn 100% owned by HOPU USD Master Fund III, L.P. HOPU Investments Co. III Ltd is the general partner of HOPU USD Master Fund III, L.P., and each of Fang Fenglei and Lau Teck Sien is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares of HOPU Investments Co. III Ltd. Accordingly, each of Whitel International Management, HOPU USD Master Fund III, L.P., HOPU Investments Co. III Ltd, Fang Fenglei and Lau Teck Sien may be deemed to have an interest in the Shares held by Whitel Management Company Limited by virtue of Section 4 of the SFA.
- (13) The shares in AEP Investments (Mauritius) Limited corresponding to its investment in the Company are held by Asia Environmental Partners, L.P. and its parallel fund, Asia Environmental Partners (PF1), L.P. (collectively, "**AEP**"). AEP's general partner is Olympus Green Capital Partners, L.P., holding a 0.99% interest in AEP. AEP's limited partners are passive investors consisting of pension funds, government entities, financial institutions, endowments and family offices from North America, Asia, Europe and the Middle East (none of whom owns more than 1% of the Company on a fully diluted, look-through basis).

## PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

Approximately 11.80% of the Company's shares are held in public hands. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

# NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the “AGM”) of Zheneng Jinjiang Environment Holding Company Limited 浙能锦江环境控股有限公司 (the “Company”) will be held at 1 Yinxiu Road, Level 19, Meeting Room 1930, Tower A, Hangyue Commercial Center, Gongshu District, Hangzhou City, Zhejiang Province, People's Republic of China 310011 (浙江省杭州市拱墅区隐秀路1号杭悦商业中心写字楼A座19楼1930会议室 (邮编: 310011)) on Wednesday, 24 June 2020 at 10.00 a.m. for the following purposes:-

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2019 together with the Auditors' Report thereon.  
**(Resolution 1)**
2. To re-elect Mr. Wei Dongliang, a Director retiring pursuant to Article 120 of the Company's Articles of Association. [See Explanatory Note (i)]  
**(Resolution 2)**
3. To approve the payment of Directors' fees of S\$420,000/- for the financial year ended 31 December 2019.  
**(Resolution 3)**
4. To appoint Messrs PricewaterhouseCoopers LLP as the Company's auditors in place of the retiring auditors, Messrs Deloitte & Touche LLP, and to authorise the Directors to fix their remuneration. [See Explanatory Note (ii)]  
**(Resolution 4)**
5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

## AS SPECIAL BUSINESS

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

### 6. “SHARE ISSUE MANDATE

That pursuant to Rule 806 of the Listing Rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”) and notwithstanding the provisions of the Articles of Association of the Company, authority be and is hereby given to the Directors of the Company to:-

- (a) (i) issue shares in the capital of the Company (the “Shares”) (whether by way of rights, bonus or otherwise); and/or
- (ii) make or grant offers, agreements or options that may or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares (collectively, the “Instruments”);
- (b) (notwithstanding that the authority conferred by paragraph (a) of this resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this resolution was in force,

# NOTICE OF ANNUAL GENERAL MEETING

at any time and from time to time upon such terms and conditions, whether for cash or otherwise, and for such purposes and to such persons as the Directors may think fit for the benefit of the Company, provided that:-

- (i) the aggregate number of Shares to be issued pursuant to this resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed fifty per cent. (50%) of the total number of issued Shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be offered other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed twenty per cent. (20%) of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with sub-paragraph (ii) below);
- (ii) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued Shares excluding treasury shares and subsidiary holdings shall be calculated based on the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company at the time of the passing of this resolution, after adjusting for:-

- (1) new Shares arising from the conversion or exercise of any convertible securities;
- (2) new Shares arising from exercise of share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST ("**Listing Manual**"); and
- (3) any subsequent bonus issue, consolidation or subdivision of Shares,

provided that adjustments in accordance with sub-paragraphs (1) and (2) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution;

- (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 (iii)].

**(Resolution 5)**

## 7. "the proposed RENEWAL OF THE SHARE PURCHASE MANDATE

That:-

- (a) for the purposes of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Listing Manual**") and subject to the Companies Law (as amended) of the Cayman Islands (the "**Cayman Islands Companies Law**"), the exercise by the Directors of the Company (the "**Directors**") of all the powers of the Company to purchase or otherwise acquire issued ordinary shares fully paid in the capital of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as defined below), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:
  - (i) on-market purchase(s) ("**Market Purchase(s)**") on the SGX-ST transacted through the SGX-ST trading system and/or any other securities exchange on which the Shares may for the time being be listed and quoted (the "**Other Exchange**"), through one or more duly licensed dealers appointed by the Company for the purpose; and/or

# NOTICE OF ANNUAL GENERAL MEETING

- (ii) off-market purchase(s) ("**Off-Market Purchase(s)**") (if effected otherwise than on the SGX-ST or, as the case may be, the Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Cayman Islands Companies Law and the Listing Manual,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, the Other Exchange, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

- (i) the conclusion of the next annual general meeting of the Company following the passing of this Resolution;
- (ii) the date by which the next annual general meeting of the Company is required to be held;
- (iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or
- (iv) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in a general meeting,

(the "**Relevant Period**");

- (c) in this Resolution:

**"Average Closing Price"** means:

- (i) in the case of a Market Purchase, the average of the closing market prices of a Share over the five consecutive Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, the Other Exchange, immediately preceding the date of the Market Purchase by the Company; or
- (ii) in the case of an Off-Market Purchase, the average of the closing market prices of a Share over the five consecutive Market Days on which the Shares are transacted on the SGX-ST or, as they case may be, the Other Exchange, immediately preceding the date of the making of the offer pursuant to the Off-Market Purchase,

and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action that occurs during the relevant five-day period and the day on which the purchases are made;

**"date of the making of the offer"** means the date on which the Company makes an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

**"Market Day"** means a day on which the SGX-ST is open for trading in securities;

**"Maximum Price"** in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed:

- (i) in the case of a Market Purchase, 105.0% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120.0% of the Average Closing Price of the Shares; and

# NOTICE OF ANNUAL GENERAL MEETING

**"Prescribed Limit"** means that number of issued Shares representing 10.0% of the issued Shares excluding treasury shares and subsidiary holdings as at the date of the passing of this Resolution, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Cayman Islands Companies Law, at any time during the Relevant Period or within any one (1) financial year of the Company, whichever is the earlier, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered. Any of the Company's Shares which are held as treasury shares or subsidiary holdings will be disregarded for the purposes of computing the Prescribed Limit; and

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

**(Resolution 6)**

## 8. **"the proposed RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS**

That:-

- (a) approval be and is hereby given for the purposes of Chapter 9 of the Listing Manual ("**Chapter 9**") of the SGX-ST, for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" (as that term is used in Chapter 9), or any of them to enter into any of the transactions falling within the types of Mandated Transactions described in the Appendix to the Notice of Annual General Meeting dated 9 June 2020 (the "**Appendix**") with any party who is of the class of Mandated Interested Persons described in the Appendix, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;
- (b) the approval given in paragraph (a) above (the "**IPT General Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company; and
- (c) the Directors of the Company and/or any of them be and are and/or is hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution." [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 options in accordance with the provisions of the Jinjiang Environment Performance Share Plan ("Plan") and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Plan provided always that the aggregate number of shares to be issued pursuant to the Plan shall not exceed fifteen per cent. (15%) of the total issued share capital of the Company from time to time." [See Explanatory Note (vi)].

**(Resolution 8)**

By Order of the Board of Directors

Wei Dongliang  
Executive Chairman  
9 June 2020

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:-

- (i) Mr. Wei Dongliang will, upon re-election continue as a member of the Nominating Committee. The profile of Mr. Wei Dongliang can be found under the sections entitled “Board of Directors” and “Supplemental Information on Director Seeking Re-election” of the Company’s Annual Report for the financial year ended 31 December 2019 (“**Annual Report 2019**”).
- (ii) The Ordinary Resolution 4 proposed in item 4. above, if passed, is to approve the appointment of Messrs PricewaterhouseCoopers LLP as the Company’s auditors in place of the retiring auditors, Messrs Deloitte & Touche LLP, and to authorise the directors to fix their remuneration. It is not uncommon for listed companies to change their auditors from time to time, as this accords with good corporate governance practice, and the Company was of the view that it would be timely to review the appointment of Auditors. Messrs Deloitte & Touche LLP will not be seeking re-appointment at the AGM. Messrs PricewaterhouseCoopers LLP was selected for the proposed appointment after the Audit and Risk Management Committee and the Directors evaluated its suitability to meet the Company’s audit obligations. Please refer to the Appendix to this Notice of Annual General Meeting for more details.
- (iii) The Ordinary Resolution 5 proposed in item 6. above, if passed, is to empower the Directors to issue shares in the capital of the Company and/or instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 5 (including shares to be issued in pursuance of instruments made or granted) shall not exceed fifty per cent. (50%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, with a sub-limit of twenty per cent. (20%) for shares issued other than on a pro-rata basis (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution). For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company will be calculated based on the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at the time of the passing of Resolution 5, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and (iii) any subsequent bonus issue, consolidation or subdivision of shares. The Company does not have any treasury shares or subsidiary holdings.
- (iv) The Ordinary Resolution 6 proposed in item 7. above, if passed, is to renew the Share Purchase Mandate which was last renewed at the annual general meeting held on 29 April 2019. Please refer to the Appendix to this Notice of Annual General Meeting for more details.
- (v) The Ordinary Resolution 7 proposed in item 8. above, if passed, is to authorise the interested person transactions as described in Appendix to this Notice of Annual General Meeting and recurring in the year, and will empower the Directors to do all acts necessary to give effect to the IPT General Mandate. This authority will, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier. Please refer to the Appendix to this Notice of Annual General Meeting for more details.
- (vi) The Ordinary Resolution 8 proposed in item 9. above, if passed, is to authorise the Directors to offer and grant options in accordance with the provisions of the Jinjiang Environment Performance Share Plan (“**Plan**”) and to allot and issue shares under the Plan up to an amount not exceeding fifteen per cent. (15%) of the total issued share capital of the Company from time to time.

## Notes:-

1. In respect of the AGM of the Company to be held on Wednesday, 24 June 2020 at 10.00 a.m. (Singapore time) at 1 Yinxiu Road, Level 19, Meeting Room 1930, Tower A, Hangyue Commercial Center, Gongshu District, Hangzhou City, Zhejiang Province, People’s Republic of China 310011 (浙江省杭州市拱墅区隐秀路1号杭悦商业中心写字楼A座19楼1930会议室 (邮编: 310011)) (and any adjournment thereof), notwithstanding the place in which the AGM is to be physically held, other than in respect of the Chairman, Directors and/or representatives of the Company present at such location, the AGM is being convened, and will be held, by way of electronic means pursuant to the Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period and checklist jointly issued by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and Singapore Exchange Regulation on 13 April 2020, which is based on the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended). Printed copies of this Notice of AGM and the proxy form will not be sent to members. Instead, this Notice of AGM and the proxy form will be sent to members by electronic means via publication on the Company’s website at <http://en.znjjhj.com/info.html> and the SGXNet.
2. The proceedings of this AGM will be broadcasted “live” through an audio-and-video webcast and an audio-only feed. Members and investors holding shares in the Company through the Central Provident Fund (“CPF”) or Supplementary Retirement Scheme (“SRS”) (“**CPF/SRS investors**”) who wish to follow the proceedings through a “live” webcast via their mobile phones, tablets or computers or listen to the proceedings through a “live” audio feed via telephone must pre-register at <https://smartagm.sg/ZJE2020AGM> no later than 10.00 a.m. on Sunday, 21 June 2020 (“**Registration Cut-Off Time**”). Following verification, an email containing instructions on how to access the “live” webcast and audio feed of the proceedings of the AGM will be sent to authenticated members and CPF/SRS investors by Monday, 22 June 2020. Members and CPF/SRS investors who do not receive any email by 10.00 a.m. on Tuesday, 23 June 2020, but have registered by the Registration Cut-Off Time, should contact the Company at AGM. [TeamE@boardroomlimited.com](mailto:TeamE@boardroomlimited.com).

# NOTICE OF ANNUAL GENERAL MEETING

Investors holding Shares through relevant intermediaries (as defined in Section 181 of the Companies Act) (“Investors”) (other than CPF/SRS investors) will not be able to pre-register at <https://smartagm.sg/ZJE2020AGM> for the “live” broadcast of the AGM. An Investor (other than CPF/SRS investors) who wishes to participate in the “live” broadcast of the AGM should instead approach his/her relevant intermediary as soon as possible in order for the relevant intermediary to make the necessary arrangements to pre-register. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport number) to the Company’s Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., via email to [AGM.TeamE@boardroomlimited.com](mailto:AGM.TeamE@boardroomlimited.com) no later 10.00 a.m. on Sunday, 21 June 2020.

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

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

4. The proxy form is not valid for use by Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify his/her voting instructions. A CPF/SRS investor who wishes to vote should approach his/her CPF Agent Bank or SRS Operator at least 7 working days before the date of the AGM to submit his/her voting instructions.
5. The proxy form must be submitted to the Company in the following manner:
- (a) if submitted by post, be lodged at the office of the Company’s Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
  - (b) if submitted electronically, be submitted via email to the Company’s Share Transfer Agent at [AGM.TeamE@boardroomlimited.com](mailto:AGM.TeamE@boardroomlimited.com),

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

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

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

6. In the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any Proxy Form lodged if such members are not shown to have Shares entered against their names in the Depository Register (as defined in Part IIIA of the Securities and Futures Act, Chapter 289 of Singapore), as at 72 hours before the time appointed for holding this AGM as certified by The Central Depository (Pte) Limited to the Company.
7. **Members and Investors will not be able to ask questions “live” during the broadcast of this AGM. All members and Investors may submit questions relating to the business of this AGM no later than 10.00 a.m. on Sunday, 21 June 2020:**
- (a) via the pre-registration website at <https://smartagm.sg/ZJE2020AGM>;
  - (b) by email to [ZJAGM@citigatedewerogerson.com](mailto:ZJAGM@citigatedewerogerson.com); or
  - (c) by post to the Company’s Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

**In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult to submit questions by post, members and Investors are strongly encouraged to submit their questions via the pre-registration website or by email.** The Company will endeavour to answer all substantial and relevant questions prior to, or at, this AGM.

8. All documents (including the Annual Report 2019, proxy forms, this Notice of Annual General Meeting and the Appendix to this Notice of Annual General Meeting) or information relating to the business of this AGM have been, or will be, published on SGXNet and/or the Company’s website at <http://en.znjjhj.com/info.html>. **Printed copies of the documents will not be despatched to members.** Members and CPF/SRS investors are advised to check SGXNet and/or the Company’s website regularly for updates.

# NOTICE OF ANNUAL GENERAL MEETING

## **Personal data privacy:-**

By submitting the proxy form appointing the Chairman to attend, speak and vote at the AGM and/or any adjournment thereof, a Depositor or a member of the Company consents to the collection, use and disclosure of the Depositor's or the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman as proxy 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 or service providers) 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.



ZHENENG JINJIANG ENVIRONMENT HOLDING COMPANY LIMITED  
FORMERLY KNOWN AS CHINA JINJIANG ENVIRONMENT HOLDING COMPANY LIMITED



*This annual report has been printed on paper with high recycled contents.*