



Creating a Better future

Annual Report 2020



浙能锦江环境
ZHENENG JINJIANG ENVIRONMENT

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

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Corporate Profile

公司简介

Zheneng Jinjiang Environment Holding Company Limited (formally known as "China Jinjiang Environment Holding Company Limited", hereinafter referred to as "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, the Company established the first WTE facility in China to utilise differential-density circulating fluidised bed technology, and was the first WTE operator in China to develop and industrialise this technology. The Company has an established track record in investment, construction, operations, and management.

On 3 August 2016, the Company was successfully listed on the Mainboard of the Singapore Exchange, marking an important milestone for the Company. On 21 August 2019, Zhejiang Provincial Energy Group Co., Ltd ("Zheneng Group") became the largest controlling shareholder of the Company and on 25 November 2019, the Company changed its name to "Zheneng Jinjiang Environment Holding Company Limited", and is the sole solid waste platform and the main driver of circular economy development for Zheneng Group.

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, dead animals and many other fields. Through leveraging the advantages of synergistic cycles, the Company focuses on building an urban ecological complex, and striving to create a better environment.

浙能锦江环境控股有限公司（原名“中国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，公司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，公司在新加坡证券交易所主板成功挂牌上市，是发展过程中的重要里程碑。2019年8月21日，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；同年11月25日，公司更名为“浙能锦江环境控股有限公司”，成为浙能集团唯一固废平台和發展循环经济的主抓手。

浙能锦江环境垃圾处置能力及地域覆盖范围均居行业前列，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、餐厨垃圾处理、病死动物无害化处理等多个领域，发挥协同循环优势，着力打造城市生态综合体，努力做好绿水青山就是金山银山这篇大文章。



Corporate Information

公司信息

BOARD OF DIRECTORS

Wei Dongliang
(Executive Chairman)
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

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

PricewaterhouseCoopers LLP
7 Straits View
#12-00 Marina One East Tower
Singapore 018936

Partner-in-charge:
Tham Tuck Seng
(Appointed since the financial year ended
31 December 2020)

SHARE REGISTRAR AND SHARE TRANSFER AGENT

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

Corporate Information 公司信息

董事

韦东良 (执行董事长)
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

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

普华永道会计师事务所有限合伙
海峡景 7号
#12 滨海盛景东座,
新加坡邮区018936

合伙人: 谭德成
(任命自截止2020年12月31日的财政年度起)

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

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.

Industry Analysis

2020 marked the final year for China to build a well-off society in an all-rounded way, and concluded the "13th Five-Year Plan". It was also a crucial year for planning the "14th Five-Year Plan".

China's "14th Five-Year Plan" proposes to accelerate the promotion of green and low-carbon development, continuously improve environmental quality, enhance the quality and stability of ecosystems, and comprehensively improve resource utilization efficiency. It also clarifies the main goal of "new progress in ecological civilization construction" and the socialist modernization vision of "Building a Beautiful China" in 2035. The ecological and environmental protection work has shouldered the mission of a new history.

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！

行业分析

2020年是中国全面建成小康社会和“十三五”规划收官之年，也是谋划“十四五”规划的关键之年。

中国“十四五”提出加快推动绿色低碳发展，持续改善环境质量，提升生态系统质量和稳定性，全面提高资源利用效率，并明确了“生态文明建设实现新进步”的主要目标及2035年“美丽中国建设目标基本实现”的社会主义现代化远景目标，生态环境保护工作肩负了新的历史使命。

Chairman's Message 主席致辞

In the 75th United Nations General Assembly, China clarified the timeline for achieving the peak of carbon dioxide emissions and carbon neutrality for the first time, which include reaching the peak of carbon dioxide emissions by 2030, and striving to achieve carbon neutrality by 2060. The domestic WTE industry has the dual benefits of replacing landfill treatment and thermal power generation, to reduce methane-based greenhouse gas emissions.

In November 2020, the Ministry of Housing and Urban-Rural Development and other departments issued a notice on "Several Opinions on Further Promoting the Classification of Domestic Waste", requesting to use another five years or so to fundamentally establish a complete system of laws and regulations for domestic waste classification and the recycling rate of domestic waste in cities across the country should reach over 35%. The approval of the "Regulations on the Management of Pollution Discharge Permits" at the State Council Executive Meeting in December 2020 further strengthened the management on pollution discharge, demonstrating the PRC government's commitment to a green future. This will usher in new development opportunities and challenges for the environmental protection industry, including the WTE industry.

In July 2020, the National Development and Reform Commission, the Ministry of Housing and Urban-Rural Development and the Ministry of Ecology and Environment jointly issued the "Implementation Plan for Strengthening and Weaknesses of Urban Domestic Waste Classification and Treatment Facilities", clarifying the objective of vigorously improving the capacity of waste incineration. Among the modern domestic waste treatment solutions, the effectiveness and importance of WTE have been recognised by the industry, and it is one of the important ways to achieve the objective of "Environmentally Sound Management, Waste Recycling and Waste Reduction". China's domestic WTE technology has achieved remarkable development and progress, with increasingly pronounced eco-friendly and climate-friendly attributes. The industry and policies are also relatively mature, which will support the sustainable development of the WTE industry.

在第七十五届联合国大会上，中国首次明确碳达峰、碳中和时间点，二氧化碳排放力争于2030年前达到峰值，努力争取2060年前实现碳中和。而生活垃圾焚烧发电产业具有代替垃圾填埋处理实现以甲烷为主的温室气体减排，及代替火力发电实现温室气体减排的双重减排效益，在当前趋势下将有望发挥更大作用。

2020年11月，中国住房和城乡建设部等部门印发《关于进一步推进生活垃圾分类工作的若干意见》，要求力争再用5年左右时间，基本建立配套完善的生活垃圾分类法律法规制度体系；全国城市生活垃圾回收利用率达到35%以上。同年12月，中国国务院常务会议审议通过《排污许可证管理条例》，进一步强化排污许可管理，控制污染物排放，体现出中国政府重视绿色发展，垃圾发电行业等环保产业将迎来新的发展机遇和挑战。

2020年7月，国家发展改革委、住房城乡建设部和生态环境部联合印发《城镇生活垃圾分类和处理设施补短板强弱项实施方案》，明确大力提升垃圾焚烧处理能力。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行业共识，是实现“无害化、资源化、减量化”的重要路径之一。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、气候友好的特征明显，产业、政策也相对成熟，垃圾焚烧发电行业已逐步走向持续良性发展之路。

Chairman's Message

主席致辞



Business Review

2020 marked the first year after the change in shareholding which saw Zheneng Group become the largest controlling shareholder of Zheneng Jinjiang Environment. In the face of the raging COVID-19 epidemic, the Company faced the challenge directly, attached great importance, prepared in advance, organized meticulously, strengthened internal management, strived for policies externally, and completed the year's work on the basis of "zero death, zero infection, and zero confirmed diagnoses", achieving steady progress.

2020 also marked the year when the Company adhered to the fundamental thinking and changed the assessment orientation. On the basis of keeping the bottom line of safety and environmental protection, the Company focused on governance, increased inspection and audit efforts, increased manpower and material resources, effectively enhanced the safety skills of all employees, enhanced safety awareness, and made every effort to tighten the ecological safety barrier, make safety and environmental protection more stable, and improve the operational standards significantly.

2020 was a year where the Company strengthened its systemic thinking and survived the tough times through operational resilience. The Company adhered to increasing the capacity of existing facilities, grasping the internal connections of key elements, and adopting various approaches such as precise assistance and "One Factory, One Policy", stuck to "Small Investment, Large Output" philosophy. Zheneng Jinjiang Environment also adhered to "Technology Prioritisation and Advanced Management", continuously explored new ways of digital transformation of waste incineration, and introduced AI technologies such as cloud computing and big data to successfully achieve stable control of furnace temperature and CO emission, laying a solid foundation for the future digital and intelligent transformation of factories, and opening up the possibility of automated WTE facilities.

业务回顾

2020年是浙能锦江环境股权变更后实现崭新发展的起始之年。面对来势汹汹的新冠肺炎疫情，公司直面挑战，高度重视、提前准备、精心组织，对内加强管理、对外争取政策，在“零死亡、零感染、零确诊”的基础上，基本完成年度工作目标，实现稳中有进。

2020年是公司坚持底线思维，改变考核导向的一年。在牢筑安全红线、环保底线基础上，重拳治理，提高精度、加大力度、把握尺度、体现温度，切实增强全员安全技能，提升安全意识，全力筑牢生态安全屏障，安全环保更加平稳，运营水平明显提高，实现安全环保与企业发展的良性循环。

2020年是公司强化系统思维，通过业务弹性度过艰难时期的一年。通过精准帮扶、“一厂一策”等手段，向存量要增量，把握关键要素内在联系，“小投入、大产出”，坚持“技术至上 管理先进”，不断探索垃圾焚烧数字化转型新途径，并引入云计算、大数据等AI技术，成功实现炉温、CO的稳定控制，为工厂未来数字化、智能化转型打下坚实基础，让垃圾焚烧电厂无人值守成为可能。

Chairman's Message 主席致辞



In 2020, the Company kept a close eye on the quality of its projects and made every effort to ensure the high-quality implementation of new projects. The Company adheres to the principle of “Doing Things Right the First Time”, focusing on key work objectives, and strengthening internal management. New projects such as the New Kunming Wuhua WTE Facility in Yunnan Province, phase two of Tangshan Jiasheng WTE Facility in Hebei Province and Linzhou Jiasheng WTE Facility in Henan Province were put into operation successively. As at 31 December 2020, the Company has 22 WTE facilities, one organic waste treatment facility and six resource recycling projects in operation in 13 provinces, autonomous regions and centrally-administered municipalities in PRC with a total waste treatment capacity of 38,060 tons/day, and the total installed capacity of 718 MW. In addition, as at 31 December 2020, the Company has an additional 11 WTE facilities and resource recycling projects under construction and 20 projects in the preparatory stage at home and abroad, which will bring the Company's total installed waste treatment capacity to 63,206 tons/day upon completion.

In 2020, the Company emphasised stable development and sought progress while maintaining stability. Zheneng Jinjiang Environment's financial situation also stabilised. The Company had successfully secured a US dollar syndicated term loan facility of up to US\$270,000,000 under a facility agreement with Standard Chartered Bank (Hong Kong) Limited as original mandated lead arranger and bookrunner and agent of the finance parties on 14 July 2020. The funds from the aforesaid term loan were used in the daily operations of the Company, including the refinancing of the US\$200 million 6.0% senior notes which matured on 27 July 2020. This is an affirmation of the long-term friendly cooperative relationship between the Company and various banks, and it also reflects the confidence and strong support of the capital market on the Company's prospects and development. The Company's financial performance, financing and debt solvency capabilities have been significantly improved.

2020年是公司紧盯工程质量，全力保障新项目高质量落地的一年。公司谨遵“开工宜迟，竣工宜速”原则，围绕重点工作目标，强化内部管理。云南省昆明市新五华垃圾发电厂、河北省唐山垃圾发电厂（二期）、河南省林州垃圾发电厂陆续投运。截至2020年12月31日，公司在中国13个省、自治区和直辖市拥有22个已投入运营的垃圾焚烧发电厂，1个已运营的有机废弃物处理设施，6个垃圾资源化项目，垃圾处理能力累计38,060吨/日，装机容量达718MW。此外，截至2020年12月31日，境内外共11个在建垃圾焚烧发电和资源化处理项目，以及20个正在筹建阶段的项目。待所有项目全部建成后，垃圾处理总能力将达63,206吨/日。

2020年是公司坚持稳字当头、稳中求进的一年。财务状况更加稳健，成功于7月14日与作为初始受托牵头安排行和簿记行以及融资方代理行的渣打银行（香港）有限公司订立银团贷款协议，获得最高达270,000,000美元的定期贷款。定期贷款所得资金将用于公司的日常运营，包括为2020年7月27日到期的2亿美元6.0%票息的高级无抵押债券提供再融资。这是对公司与各银行长期友好合作关系的肯定，更反映了资本市场对公司前景、发展的信心与大力支持，公司效益、融资能力及偿债能力显著提升。

Chairman's Message

主席致辞

Social Responsibility

Zheneng Jinjiang Environment promotes the construction of a zero-waste city and develops urban mineral resources by relying on urban domestic waste treatment projects. The Company continuously promoting reduction and recycling of solid waste from the source and forming a spatial pattern, industrial structure, production method, and lifestyle that saves resources and protects the environment, so as to achieve a win-win situation for enterprise economic benefits, social benefits and natural environment.

In 2020, the Company has treated a total of 10.66 million tons of domestic waste and generated nearly 3.08 billion kilowatt-hours of green electricity, which could meet the electricity needs of 2.28 million households. This translates to a reduction in the usage of 1.61 million tons of standard coal, 3.78 million tons of carbon dioxide emissions, and the saving of at least 35,000 mu of land for the earth.

At the beginning of 2020, the COVID-19 epidemic broke out in China and all over the world. The facilities of Zheneng Jinjiang Environment are distributed in various cities, among which, Wuhan City, Hubei Province was the center of the epidemic at that time. Epidemic prevention and control is a battlefield without gunpowder smoke, and waste incineration is an effective measure to eliminate germs in domestic waste. Including the two WTE facilities in Wuhan City, all employees of the Company worked together to establish strong and resilient epidemic prevention and control. No confirmed or suspected cases were found at any level, ensuring the stable production and normal operation of the city during the period as well as continuously converting domestic waste into green energy. In addition, 11 WTE facilities actively cooperated with the local governments to harmlessly treat the local medical waste and domestic waste in the quarantine area with more than 4,750 tons of such waste treated in the first quarter of 2020, making a great contribution to the epidemic prevention work.

Despite the effect of COVID-19 which resulted in a decrease in the number of on-site visits to our subsidiaries' facilities in 2020 as compared to 2019, some subsidiaries have explored the use of cloud-based technology to provide investors, students and others the ability to experience the Company's operations through live-streaming services. This also strengthens publicity and awareness of environmental protection.

社会责任

浙能锦江环境依托城市生活垃圾处置项目，推进无废城市建设，开发城市矿产资源，持续推进固体废物源头减量化和资源化利用，形成节约资源和保护环境的空间格局、产业结构、生产方式、生活方式，以达到企业经济效益、社会效益、自然环境的共赢。

2020年，公司累计处理了1,066万吨生活垃圾，产生近30.82亿千瓦时的绿色电力，可满足228万户居民的生活用电需求，经折算公司在2020年共节约标准煤约161万吨，减少二氧化碳排放378万吨，至少为地球节约了近3.5万亩土地。

2020年初，新冠肺炎疫情在中国及世界各地爆发，浙能锦江环境的电厂分布在各个城市，其中就有当时的疫情风暴中心——湖北武汉。疫情防控是没有硝烟的战场，垃圾焚烧是消灭生活垃圾中病菌的有效措施。包括武汉市的两家垃圾发电厂在内，公司全体员工迎难而上，坚守岗位，齐心协力，共同构筑起疫情群防群控、联防联控的“铜墙铁壁”，未发生一起确诊、疑似病例，确保了疫情期间的稳定生产，做到防疫、生产两不误，全力保障城市正常运转，持续将生活垃圾转化为绿色能源。另外，公司旗下共有11家垃圾发电厂积极配合当地政府，规范承担起无害化处理当地医疗废弃物和隔离区生活垃圾的重担，2020年一季度累计处理该类垃圾超4,750吨，为疫情防控做出重大贡献。

尽管2020年受新冠肺炎疫情影响，公司所属企业的实地参观考察流量较2019年度有所下降，但部分企业探索运用自媒体进行“云开放”，提升线上开放水平，在网络上为投资者、学生及其他群众呈现企业真实运作情况，并进行环保宣传教育，强化大众的环保意识。



Chairman's Message 主席致辞

Future Outlook

Stable and Upright; On the Path Towards Zheneng Jinjiang Environment's Characteristic Development

The Company will accelerate the pace of integration reform, strengthen various capacity building, further promote Zheneng Group's three-tier management system of "refinement, standardisation and normalisation". The Company will effectively integrate state-owned enterprise standardization and private enterprise flexibility, and strive to become an excellent environmental guardian. In the future, it will continue to adhere to the party building leading corporate culture, and comprehensively promote the governance of the enterprise according to law. We will adhere to the bottom line thinking and strictly observe the red line of safety and environmental protection. We will benchmark and optimize technical management to promote the digital revolution, enrich the talent team and innovate working mechanisms. Having achieved a solid position within China, Zheneng Jinjiang Environment will also seek overseas expansion opportunities. In the first year of the "14th Five-Year Plan", we will exhibit confidence and diligence, and take steps to realize the new developments of Zheneng Jinjiang Environment.

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 the past year! I wish for a more beautiful and natural environment for cities around the world!

未来展望

行稳致远 守正出奇 走浙能锦江环境特色发展之路

公司将加快融合改革步伐，加强各项能力建设，进一步推进浙能集团“精细化、标准化、规范化”的三化管理体系，有效融合国企规范性和民企灵活性，着力打造成为卓越的环境守护者。在下一阶段，公司将继续坚持党建引领企业文化，全面推进依法治企；坚持底线思维，严守安全环保红线底线；对标优化技术管理，推动数字化革命；丰富人才队伍，创新工作机制；立足国内，走向国际，在“十四五”开局之年，坚定信心，奋发努力，迈开步伐，引领浙能锦江环境的新发展、新跨越。

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在过去一年的辛勤付出！衷心祝愿全球各城市更美丽，环境更自然！



Financial Highlights

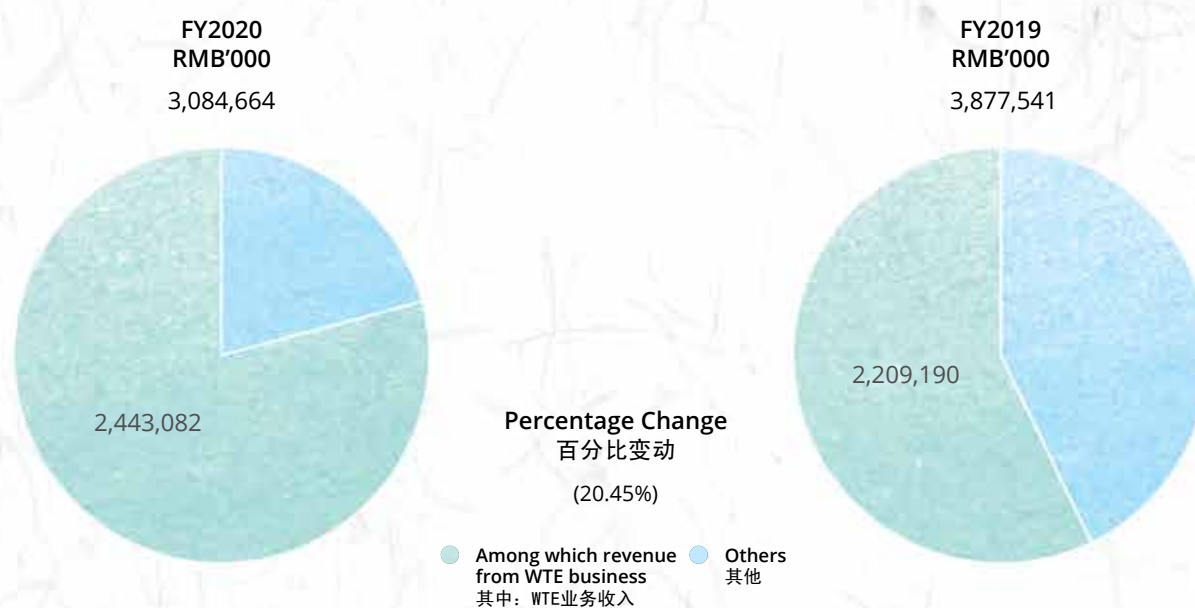
财务概况

Results

业绩

Revenue

收入



EBITDA*

除利息、税项、折旧及摊销前盈利

FY2020
RMB'000

1,277,247

FY2019
RMB'000

1,091,055

Percentage Change
百分比变动

17.07%

* EBITDA excludes BOT profit, exchange and non-recurring profit and loss
EBITDA不包括BOT利润、外汇和非经常性收入和损失

Return on shareholders' equity (%)

股东资金回报 (%)

FY2020

5.47%

FY2019

2.70%

Percentage Change
百分比变动

102.59%

Profit attributable to equity holders of the Company

本公司权益持有人应占盈利

FY2020
RMB'000

326,934

FY2019
RMB'000

153,324

Percentage Change
百分比变动

113.23%

Basic earnings per share (RMB cents)

每股基本盈利 (人民币分)

FY2020

22.48

FY2019

10.61

Percentage Change
百分比变动

111.88%

Financial Highlights

财务概况

Financial Position

财务状况

Total assets 总资产

FY2020
RMB'000

17,766,684

FY2019
RMB'000

16,608,643

Percentage Change
百分比变动

6.97%

Equity attributable to equity holders of the Company 本公司权益持有人应占权益

FY2020
RMB'000

5,975,815

FY2019
RMB'000

5,686,711

Percentage Change
百分比变动

5.08%

Total liabilities 总负债

FY2020
RMB'000

11,663,682

FY2019
RMB'000

10,793,974

Percentage Change
百分比变动

8.06%

Net asset value per share (RMB cents) 每股净资产值（人民币分）

FY2020

419.73

FY2019

399.90

Percentage Change
百分比变动

4.96%



Corporate Milestones

企业大事记

2020

First quarter of 2020

- The Company undertook the social responsibilities and its efforts in the fight against COVID-19 have attracted media attention. Among them, the "War on the Epidemic Vlog | Who is Treating Wuhan City's Waste" released on the Xinhua News Agency surpassed one million page views within 24 hours
- During the epidemic, the supply of clinical blood was in shortage. Hangzhou-based headquarters of Zheneng Jinjiang Environment organized a voluntary blood donation campaign, where a total of 6,300 ml of blood was donated
- In the most critical moment of the epidemic where the supplies were in shortage, subsidiaries made donations to the surrounding towns and enterprises with a total donation of more than RMB400,000 in cash and more than 20,000 goods in over 20 categories
- The two boilers and two turbines of Wuhua relocation project ("New Kunming Wuhua WTE Facility") in Kunming City, Yunnan Province were put into operation

2020年一季度

- 浙能锦江环境严防严控有成效，践行社会责任的战“疫”事迹引起众多媒体的关注与报道，其中新华社客户端发布的《战“疫”Vlog | 谁在处理武汉的垃圾》，发布24小时内浏览量突破百万
- 疫情期间临床血液供应告急，公司本部组织开展无偿献血活动，共计献血6300毫升
- 下属企业在疫情最关键、物资最紧缺的时刻，向周边城镇、企业捐款捐物，共计捐赠现金40余万元，物资20余个类目、数量近两万件
- 云南省昆明市五华异地迁建项目（“新五华垃圾发电厂”）投运二炉二机



战“疫”vlog | 谁在处理武汉的垃圾？

2020-02-19 15:32:37

来源：中国财经网

浏览量：135.2万

新华财经

查看详情 >



Corporate Milestones 企业大事记

Second quarter of 2020

- Wuchang WTE Facility in Wuhan City, Hubei Province received a letter of appreciation from Wuhan Leishenshan Hospital and the Wuhan Municipal Management Law Enforcement Committee and Hankou WTE Facility in Wuhan City, Hubei Province received a letter of appreciation from the Wuhan Municipal Management Law Enforcement Committee as well
- The Headquarters of Zheneng Jinjiang Environment moved to a new office building, marking a new corporate milestone
- Convened the Company's FY2019 Annual Meeting and released the FY2019 Annual Report

2020年二季度

- 湖北省武汉市武昌垃圾发电厂收到来自武汉雷神山医院和武汉市城市管理执法委员会的致谢函，湖北省武汉市汉口垃圾发电厂也收到来自武汉市城市管理执法委员会的致谢函
- 浙能锦江环境本部搬迁新办公大楼，开启新起点，迈向新征程
- 召开公司2019年度股东大会，发布2019财年年度报告



Corporate Milestones

企业大事记

Third quarter of 2020

- Signed the cooperation framework agreement with municipal government in Songyuan City, Jilin Province for the comprehensive utilization of kitchen waste and sludge resource project, to realize the co-processing of urban solid waste and implement the concept of circular economy
- Won the title of "Advanced Group for COVID-19 Epidemic Prevention and Control and Resumption of Production" issued by Zheneng Group
- The Old Kunming Wuhua WTE Facility in Kunming City, Yunnan Province shut down, realizing a smooth transition to the new WTE facility
- Entered into a syndicated loan agreement with Standard Chartered Bank (Hong Kong) Co., Ltd. in relation to a term loan facility of up to US\$270 million
- Suihua Green Energy WTE Facility in Heilongjiang Province was accorded the title of "National High-tech Enterprise"

2020年三季度

- 公司与吉林省松原市政府签署餐厨垃圾及污泥资源化综合利用项目合作框架协议，实现城市固废协同处置，践行循环经济理念
- 公司荣获浙能集团“新冠疫情防控及复工复产工作先进集体”称号
- 云南省昆明市五华垃圾发电厂老厂关停，实现向新厂的平稳过渡
- 与渣打银行（香港）有限公司订立银团贷款协议，获最高达2.70亿美元定期贷款
- 黑龙江省绥化垃圾发电厂荣获“国家高新技术企业”称号



Corporate Milestones 企业大事记

Fourth quarter of 2020

- We were the only listed company in Singapore to win the honor of "Top 50 Chinese Environmental Enterprises in 2020"
- Zhejiang Shengyuan Environmental Analysis Technology Co., Ltd ("Zhejiang Shengyuan"), a wholly owned subsidiary of the Company, obtained 72 additional qualifications and authorizations, becoming the first third-party testing company with CMA qualification in the WTE industry and one of the company with the most complete testing qualifications
- Awarded "2020 Top Ten Influential Solid Waste Enterprises"
- Linzhou Jiasheng WTE Facility in Henan Province, the second phase of the Tangshan Jiasheng WTE Facility in Hebei Province, and Qianxi Resource Recycling Project in Hebei Province were put into trial operation
- Zhuji Bafang WTE Facility in Zhuji City, Zhejiang Province, Wenling Green Energy WTE Facility in Zhejiang Province, Wuhu Jinjiang WTE Facility in Anhui Province and Zhejiang Shengyuan won the title of "National High-tech Enterprise"

2020年四季度

- 作为唯一一家新加坡上市企业摘得“2020中国环境企业50强”殊荣
- 旗下浙江盛远环境检测科技有限公司新增72项资质能力授权，成为生活垃圾焚烧行业内首家拥有CMA资质的第三方检测公司和检测资质最全的检测公司之一
- 再度荣膺“年度固废十大影响力企业”称号
- 河南省林州垃圾发电厂、河北省唐山垃圾发电二期项目、河北省迁西生活垃圾综合处理项目投产试运行
- 浙江省诸暨八方电厂、浙江省台州市温岭垃圾发电厂、安徽省芜湖垃圾发电厂和浙江盛远环境检测科技有限公司荣获“国家高新技术企业”称号





Driving Solutions to a Changing World

With the emerging increase of waste production and disposal rate for the past years, Zheneng Jinjiang Environment continues to create effective and viable solutions to shape the eco-environmental protection industry. We have been paying more attention on pushing the company forward by providing high-quality development, coordinated social services and sustainable resources. As the economy makes significant progress in battling the pandemic, we will still remain vigilant and will closely monitor the situation while implementing precautionary measures. In this way, we will be able to perform at the highest level, unlocking value for our stakeholders and proceeds with our future plans with efficiency.



Operations and Financial Review

经营和财务回顾

Effective Prevention and Satisfactory Results Against Covid-19

In 2020, the Covid-19 epidemic ravaged economies, and it had a significant impact on domestic waste treatment companies. The operational WTE facilities of Zheneng Jinjiang Environment are located in 13 provinces, centrally-administered municipalities and autonomous regions in China, making epidemic prevention and control work more challenging. As an important livelihood project of the city, WTE facilities are closely related to the daily lives of citizens. The city is highly dependent on the operational WTE facilities. The interruption of normal operation will cause great adverse impact on the disposal of all waste in the entire city. In addition to the challenge of epidemic prevention and control, WTE facilities were also faced with the lack of environmental protection materials due to the lockdown, and the shortage of personnel when the epidemic occurred around the Spring Festival. Since the outbreak of the epidemic, Zheneng Jinjiang Environment and its subsidiaries (including two WTE facilities in Wuhan City, Hubei Province) have built a solid fortress against COVID-19, and carried out a large number of prevention and control works, including coordinated treatment of medical waste, and resumption of work and production. The Company also ensured standardized and efficient production was in place to treat waste into green energy and achieve zero confirmed COVID-19 diagnoses for all employees.

In March 2020, the two boilers and two turbines of the New Kunming Wuhua WTE Facility in Kunming City, Yunnan Province were put into operation. The third boiler of the New Kunming Wuhua WTE Facility was put into operation subsequently in May and the waste treatment capacity of New Kunming Wuhua WTE Facility was 2,250 tons/day, which was higher than that of the Old Kunming Wuhua WTE Facility, increasing 1,050 tons/day. In July 2020, the second line of Zibo New Energy WTE Facility in Zibo City, Shandong Province was put into operation, with an additional waste treatment capacity of 2,000 tons/day. In December 2020, the Linzhou Jiasheng WTE Facility in Henan Province, being the first WTE facility in the city, was successfully connected to the grid for power generation, adding 500 tons/day of waste treatment capacity, which greatly eased the pressure on the treatment of domestic waste in Linzhou City. And the second phase of the Tangshan Jiasheng WTE Facility in Hebei Province was successfully connected to the grid, adding 500 tons/day of waste treatment capacity. During the year under review, the Company's waste treatment capacity increased by 4,050 tons/day and electricity generation capacity increased by 86MW in China.

筑防“疫”坚实堡垒，交战“疫”满意答卷

2020年，新冠肺炎疫情来势汹汹，对生活垃圾处理企业也带来了较大的影响。浙能锦江环境旗下在运行垃圾发电厂分布在中国13个省、市、自治区，疫情防控工作挑战较大。作为城市的重要民生工程，垃圾发电厂与市民的日常生活紧密相关，城市对于已建成的垃圾发电厂有着高度的依赖性，一旦停工、停产，整个城市垃圾无法处置，后果不堪设想。尤其疫情发生在春节前后，电厂除了疫情防控这一挑战，还面临着因封城带来的环保物资缺乏、人员紧缺的情况。自疫情发生以来，浙能锦江环境从本部到包括武汉两厂在内的下属企业，牢筑防“疫”坚实堡垒，开展了大量疫情防控、协同处理医疗垃圾及复工复产工作，规范、高效生产，将生活垃圾转化为绿色能源，实现全员零感染、零确诊。

2020年3月，云南省昆明市新五华垃圾发电厂二炉二机投运，同年5月，该电厂3号炉投运，生活垃圾处理能力达2,250吨/日，较老五华垃圾发电厂增加1,050吨/日。2020年7月，山东省淄博市临淄垃圾发电厂第二条线投运，新增生活垃圾处理能力2,000吨/日。2020年12月，河南省林州垃圾发电厂并网发电一次成功，新增垃圾处理能力500吨/日，作为林州的第一家垃圾发电厂，大大缓解了该市生活垃圾处理的压力；河北省唐山垃圾发电二期项目成功并网发电，新增垃圾处理能力500吨/日。综上，于回顾年内，公司在中国国内新增垃圾处理能力4,050吨/日及装机容量86MW。



Operations and Financial Review

经营和财务回顾



As disclosed earlier, the Group has completed the expansion works for seven out of eight WTE facilities under its ongoing upgrading projects. The seven expanded WTE facilities, namely Xiaoshan Jinjiang WTE Facility in Zhejiang Province, Wuhu Jinjiang WTE Facility in Anhui Province, Jilin Xinxiang WTE Facility in Jilin Province, Zibo New Energy WTE Facility in Shandong Province, Zhengzhou Xingjin WTE Facility in Henan Province, Hankou Jinjiang WTE Facility and Wuhan Jinjiang WTE Facility in Hubei Province, to date have increased the waste treatment capacity by 3,410 tons/day in aggregate from 13,830 tons/day to 17,240 tons/day.

In summary, as at 31 December 2020, the waste treatment capacity of WTE facilities (excluding the organic waste treatment facility) in operation reached 37,840 tons/day with an installed electricity generation capacity of 718MW.

As at 31 December 2020, the Company has seven WTE facilities (excluding the resource recycling projects and kitchen waste projects) under construction in China which are each progressing steadily: Shijiazhuang Jiasheng WTE Facility in Hebei Province, covering Wuji County, High-tech Zone, Zhengding County, Zheng'an New District, Chemical Industry Park and other areas with a waste treatment capacity of 2,400 tons/day; the Baishan Green New Energy WTE Facility in Jilin Province, and the Leting Jinhuan New Energy WTE Facility in Hebei Province are also in the process of construction with designed treatment capacities of 600 tons/day and 500 tons/day respectively, both using grate furnaces. The first phase of the Zhongwei WTE project in Ningxia is under construction, which is the Company's second WTE project in Ningxia with waste treatment capacity in the period of 500 tons/day; the Wuhu Jinjiang WTE Facility in Anhui Province and Xishan WTE Facility in Yunnan Province are under reconstruction and expansion respectively. The expansion of Xishan WTE Facility will add 750 tons/day of waste treatment capacity. The expansion project of Lianyungang Sunrise WTE Facility in Jiangsu Province, which was originally scheduled to be put into operation by the end of 2020, will be postponed due to the COVID-19 epidemic, with a waste treatment capacity of 1,500 tons/day. The seven projects are expected to be put into operation in 2021 and 2022, increasing the waste treatment capacity by 6,250 tons/day and 163MW of installed electricity generation capacity upon completion.

如先前披露，公司旗下七家电厂增容改造任务全部完成。目前，已完成增容改造的七家电厂（即浙江省杭州市萧山垃圾发电厂、安徽省芜湖垃圾发电厂、湖北省武汉市汉口垃圾发电厂、吉林省长春垃圾发电厂、山东省淄博市淄川垃圾发电厂、河南省郑州市荣锦垃圾发电厂和湖北省武汉市武昌垃圾发电厂）的垃圾处理能力从原来的13,830吨/日增加到17,240吨/日，增加了3,410吨/日。

综上，截至2020年12月31日，运营中的生活垃圾发电设施垃圾处理能力（不含已运行的餐厨项目）达37,840吨/日，装机容量为718MW。

截至2020年12月31日，公司在中国国内有七个在建垃圾发电项目（不含垃圾资源化和餐厨项目）稳步推进中：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，垃圾处理能力可达2,400吨/日；吉林省白山市生活垃圾焚烧处理项目、河北省唐山市乐亭县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；宁夏中卫项目一期正在建设中，该项目是公司在宁夏的第二个垃圾发电项目，一期垃圾处理能力为500吨/日；公司另有安徽省芜湖垃圾发电厂、云南省昆明市西山垃圾发电厂分别处于改建和扩建中，其中西山垃圾发电厂的扩建将新增垃圾处理能力750吨/日；原计划于2020年底投运的江苏省连云港垃圾发电厂扩建项目受新冠肺炎疫情影响将推迟投运，垃圾处理能力1,500吨/日。以上七个项目预计将陆续于2021年、2022年投产运行，届时将新增垃圾处理能力6,250吨/日及装机容量163MW。

Operations and Financial Review

经营和财务回顾



The Company continuously promotes the high-quality development of domestic projects. As at 31 December 2020, the Company has 12 WTE facilities (excluding the resource recycling projects and kitchen waste projects) in the preparation stage, which will increase the waste treatment capacity of 10,050 tons/day and the installed capacity of 191MW upon completion.

The disposal of domestic waste is a serious problem that plagues urban development, and the recycling of waste will open up a sustainable way for waste recycling. The Company actively adopts new international advanced technology. After the collected waste is crushed, it is made into Solid Recycled Fuel ("SRF") through drying and sorting for incineration, so as to truly realize the comprehensive reuse of resources and energy. Focusing on the solid waste treatment market in small and medium-sized cities and towns, the Company uses existing enterprises as a radiant point to extend to the surrounding areas and lay out potential markets. In December 2020, the Qianxi Resource Recycling Project in Tangshan City, Hebei Province was put into trial operation. After comprehensive treatment, the waste is transported to the Tangshan Jiasheng WTE Facility for centralized treatment. Excluding the Qianxi Resource Recycling Project, there are five resource recycling projects in operation in Heilongjiang, Shandong and Hebei Provinces and four resource recycling projects under construction or in preparation in Hebei, Hubei and Jilin Provinces. Upon completion, all the resource recycling projects will bring additional 3,000 tons/day of waste treatment capacity for the Company.

公司不断推动国内项目高质量发展，截至2020年12月31日，公司有12个处于筹建阶段的垃圾发电项目（不含垃圾资源化和餐厨项目），待建成后将增加垃圾处理能力10,050吨/日及装机容量191MW。

生活垃圾的处理是困扰城市发展的严重问题，而垃圾的资源化处理将为此开辟一条垃圾循环再利用的持续之路。公司积极引进并消化吸收国际先进技术，将收集的垃圾破碎后，通过干化分选制作成SRF即固体回收燃料进行焚烧，真正实现资源化、能源化综合再利用。围绕中小城镇的固废处理市场，公司以现有企业为辐射点，向周边区域延伸，布局潜在市场。2020年12月，河北省唐山市迁西生活垃圾综合处理项目投运，垃圾经综合处理后运至唐山垃圾发电厂集中处理。包括迁西资源化项目在内，目前公司于黑龙江省、山东省、河北省拥有6个已投运的垃圾资源化项目；在河北省、湖北省、吉林省拥有4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能力将达3,000吨/日。

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Compared with domestic waste treatment, China's kitchen waste treatment industry started relatively late. However, kitchen waste is rich in organic nutrients and contains a large amount of water, oil and salt. After proper treatment, kitchen waste can be converted into organic energy, which has certain provide some value. In July 2020, the Company's Wenling comprehensive organic waste treatment project in Wenling City, Zhejiang Province was put into trial operation, adding 220 tons/day of waste treatment capacity. The project is located in Wenling Eco-Industrial Park, Zhejiang Province, and is an important part of Wenling's waste revolution. In addition, the Company has 3 preparatory kitchen waste treatment projects in Hubei Province, Jilin Province, and Ningxia Hui Autonomous Region, which will bring 750 tons/day of new waste treatment capacity to the Company upon completion.

相对生活垃圾处理，中国餐厨垃圾处理行业起步较晚。但餐厨垃圾含有丰富的有机营养成分，并有大量水、油脂和盐等成分，经过妥善处理后，餐厨垃圾可以转化为有机质能源，具有一定的利用价值。2020年7月，公司旗下浙江省温岭市有机废弃物综合处置项目投产试运行，新增有机废弃物处理能力220吨/日。该项目位于浙江省温岭生态产业园内，是温岭市垃圾革命的重要一环。另外，公司在湖北省、吉林省和宁夏拥有3个筹建餐厨垃圾处理项目，待完成后将为公司带来750吨/日的新增垃圾处理能力。



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The current global spread of the COVID-19 epidemic is still ongoing, which has brought about uncertainty to the continuous recovery of the world economy, and has also added new difficulties to the promotion of overseas projects. The Company will closely monitor the situation and place great importance to the epidemic prevention and production situation of overseas projects, conduct in-depth study and review of the situation in each host country. Based on the assessment, the Company proactively tackles the situation through formulating multiple effective response plans to achieve both epidemic prevention and control, and continued construction and production. Currently, Zheneng Jinjiang Environment has five projects in India, Indonesia, and Brazil which are under construction or in preparation stage. After the overseas projects are completed and put into operation, the waste treatment capacity will be increased by 5,096 tons/day.

An innovative market-oriented energy saving mechanism, Energy Management Contracting ("EMC") is forward-looking and cost-effective, allowing companies to use future energy-saving benefits to fund current energy efficiency upgrades. The Company promotes its EMC service level through technical innovation and integration of advanced sources in the industry to realize more effectively energy-saving and environmentally friendly. In 2020, the profit sharing ratio was decreased y-o-y due to most EMC contracts in the later stages.

当前全球新冠肺炎疫情扩散蔓延的态势仍在持续，对世界经济持续恢复带来了一些不确定性，也为海外项目的推进增添新难度。公司高度重视海外项目的防疫及生产情况，深入研判项目所在国情况，主动出击，制定行之有效的不同应对方案，切实做到疫情防控和施工生产两手抓、两手硬。当前，浙能锦江环境在印度、印尼和巴西有5个项目处于在建/筹建状态。待各海外项目建成投产后，将新增垃圾处理量5,096吨/日。

合同能源管理（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，有良好的前瞻性和成本效益。公司通过技术创新、整合业内高端资源，提升EMC服务水平，达到更高效节能，更环境友好。2020年，由于大部分EMC业务已处于合同后期，收益分成比例较去年同比有所下降。

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Continue to Strengthen Technological Innovation, Science and Technology Lead and Bear The Fruits of Success

In 2020, the Company promotes technological innovation and improved the level of delicate management. The “One Factory, One Policy” approach analysed the entire system as a whole, outlining a clear plan to produce great results. This approach includes an industry coordinatesystem, a list of problems and a table of countermeasures for each operating WTE facility. The Company has successively completed the analysis and research reports of 10 operating WTE facilities, providing reference for other WTE facilities to improve management and gradually move towards high-quality development. In response to the common problems in WTE facilities such as leachate treatment, flue gas treatment, boiler evaporation, amongst others, the Company adopts comprehensive measures such as refined management, technological upgrading, and equipment transformation to carry out the promotion work. Through summarising typical cases, solidifying and promoting experience programs, the Company comprehensively improved the operational level and economic benefits with an average electricity generated per waste incinerated steadily improved to 358 kWh per ton, and an integrated power consumption ratio decreased 8% compared with last year.

持续加强技术创新，科技引领喜结硕果

2020年，公司推进技术创新，提升精细化管理水平。开展“一厂一策”，进行全系统诊断分析，为各运行电厂清晰勾勒出一幅市场作战图、一个行业坐标系、一份问题清单和对策表，先后完成10家运行电厂分析调研报告，为电厂提升管理、逐步走向高质量发展之路提供借鉴。针对渗滤液处理、烟气处理、锅炉蒸发量等电厂共性问题，综合采用精细化管理、技术提升、设备改造等措施，开展提标增效工作。通过总结典型案例、固化及推广经验方案，全面提升各企业运营水平及经济效益，入炉垃圾吨发电量稳步提升至358千瓦时，综合厂用电率较去年下降8%。

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In 2020, in terms of new progress in standardisation, the Company gradually established more than 80 technical specifications for project construction bidding, technical agreement templates, and enterprise technical specifications, and initially formed an enterprise technical standard system; actively participated in the preparation of industry standards, participated in the compilation of two national and industry standards, successfully applied for one national-level key research and development project, received RMB2.83 million national funding support, and used Wenling leachate treatment as a national-level demonstration project. In addition, the Company obtained a total of 26 patents during the year, including 9 invention patents, 16 practical patents and 1 software copyright. The Company has accumulated 164 patents and 9 software copyright, including 33 invention patents and 131 practical patents.

The Company continues to explore new ways for digital transformation of waste incineration, and introduce AI technologies such as cloud computing and big data in a fluidised bed boiler intelligent transformation pilot project at Xishan WTE facility in Yunnan Province. After continuous technological research and innovation, the project has achieved a breakthrough. It is the first successful case of the domestic WTE industry using big data prediction, video recognition, cloud technology, machine learning, DCS control and other technologies to achieve the digital combustion control of waste incinerators. The fluidised bed achieved stable control of furnace temperature and CO through cloud computing. The successful implementation of this project has laid a solid foundation for the digital transformation of the WTE facilities, presenting the possibility of minimal manpower or even unmanned operations in future.

在规范标准新进展方面，2020年公司逐步建立项目建设招标技术规范、技术协议范本、企业技术规范80余份，初步形成企业技术标准体系；积极参加行业标准编制工作，参编完成国家及行业标准2项，成功申报国家级重点研发项目1项，获得283万元国拨经费支持，并以温岭渗滤液处理作为国家级项目示范工程。此外，公司于年内取得专利共26项，包括9项发明专利、16项实用新型专利及1部软件著作权。公司累计专利为164项及9部软件著作权，其中发明专利33项、实用新型专利131项。

公司不断探索垃圾焚烧数字化转型新途径，并引入云计算、大数据等AI技术在云南省昆明市西山垃圾发电厂试点流化床锅炉智能化改造项目。经过不懈地技术攻关与创新，该项目取得突破性进展，是国内垃圾焚烧行业利用大数据预测、视频识别、云端技术、机器学习、DCS控制等技术实现垃圾焚烧炉数字化燃烧控制的首个成功案例。流化床在云计算基础上实现了炉温、CO的稳定控制。该项目的成功实践为工厂未来的数字化、智能化转型打下坚实基础，使得垃圾焚烧电厂的少人、甚至无人值守成为可能。

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The Company continues to be recognised by the State in terms of technological innovation, transformation of technological achievements and core independent intellectual property rights. The Company's four WTE facilities and an environmental analysis company located in Zhejiang, Anhui and Heilongjiang provinces were accorded the "National High-Tech Enterprises" title in 2020. At present, a total of 10 subsidiaries under the Company have received the "National High-Tech Enterprise" certification.

Refined Operation and Strong Management, United Efforts to Promote Development

The Company always adheres to the "zero tolerance" attitude, raises awareness of responsibility and compliance to promote the implementation of refined management strategy. In 2020, the Company opened an official account for the submission of feedback and complaints, adhered to problem orientation, and organised special trainings on environmental laws, bidding laws, contract management, internal control and integrity so as to improve employees' awareness of legal compliance.

公司持续在科技创新、技术成果转化和核心自主知识产权等方面受到国家认可。公司旗下位于浙江省、安徽省及黑龙江省的四家垃圾发电厂及一家检测公司于2020年被认定为“国家高新技术企业”。目前，公司旗下共10家企业通过了国家高新技术企业认定。

精细经营强管理，凝心聚力促发展

公司始终秉持“零容忍”态度，提高责任与合规意识，助推精益管理战略实施。2020年，公司开通投诉公众号，坚持问题导向，组织开展环境法律、招投标法律、合同管理、内部控制、廉洁从业等专题培训，以提高员工的法律合规意识。

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In 2020, the Company formulated development and strategic plans, to cultivate the strategic thinking of middle and senior managers, and officially launched development plans and training projects, aiming to gather the strength of the Company's middle and senior managers, clarify the status quo and development direction of various regions and functions, form relevant regional strategy, business strategy and functional strategy. Collectively, it will translate into the Company's strategic roadmap. At the same time, through project implementation, we will further strengthen the capacity building of the management team, instill corporate vision and business development concepts, gather the strength of the management team, and improve the management team's ability to execute strategies.

Zhuji Bafang WTE Facility in Zhejiang Province, Songyuan Xinxiang WTE Facility in Jilin Province, Qitaihe Green Energy WTE Facility and Suihua Green Energy WTE Facility in Heilongjiang Province were included in the fourth batch of national environmental protection facilities and municipal sewage treatment facilities open to the public in early 2021. To-date, there are a total of 12 WTE facilities of the Group that are listed as publicly open units of China's national environmental protection facilities by Ministry of Ecology and Environment of the People's Republic of China and Ministry of Housing and Urban-Rural Development of the People's Republic of China. Through facility open days, environmental protection lecture halls, school-enterprise cooperation, amongst others establish environmental education bases, environmental protection science and technology corridors, amongst others to provide the public with a platform for zero-distance contact and perception of environmental protection, and constantly narrow the distance between enterprises and the public, and guide, educate the public to cultivate the good habit of waste sorting, enhance the society's awareness and understanding of WTE facilities, and contribute to green development and sustainable development.

2020年公司科学制定发展战略规划，培养中高层管理者战略思维，正式启动发展规划制定和培训项目，旨在集中公司中高层管理者力量，梳理各地区、各职能现状和发展方向，形成相关区域战略、业务战略及职能战略，汇总形成公司未来3-5年的战略发展目标和实施路径，完成公司战略地图制定。同时，通过项目实施，进一步加强管理团队能力建设，灌输企业愿景及经营发展理念，凝聚管理团队力量，提高管理团队战略执行能力。

公司旗下浙江省诸暨八方电厂、吉林省松原垃圾发电厂、黑龙江省七台河垃圾发电厂和黑龙江省绥化垃圾发电厂被中国生态环境部、住房和城乡建设部列为第四批全国环保设施和城市污水垃圾处理设施向公众开放单位名单，至此公司共有12家垃圾发电厂被列为中国国家环保设施公众开放单位。通过设施公开日、环保大讲堂、校企合作等形式，建立环境教育基地、环保科技长廊等，我们为公众提供一个零距离接触、感知环保的平台，不断拉近企业与公众间的距离，引导、教育公众培养垃圾分类的好习惯，增进社会对垃圾发电厂的认知与了解，为绿色发展、可持续发展贡献力量。



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经营和财务回顾

Major Economic Indicators and Financial Summary

In 2020, 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 Tangshan Jiasheng WTE Facility and New Kunming Wuhua WTE Facility being put into operation, the completion of the expansion of the Jilin Xinxiang WTE Facility and Wenling Green Energy WTE Facility, and the optimisation of power plant equipment management and technology improvements of other existing WTE facilities. During the period under review, the waste treatment capacity increased by 9.2% to 10.66 million tons, and the power generation capacity increased by 12.0% to 3.082 billion kWh, maintaining an advantageous position in the industry.

In 2020, the Company's operating revenue reached RMB 3.085 billion, a year-on-year ("y-o-y") decrease of 20.4% compared to the previous corresponding year ("FY2019"). Revenue for the WTE business increased 10.6% y-o-y, achieving RMB 2.443 billion, mainly due to the marked increase of the Company's waste treatment capacity and power generation capacity, offset by a decrease in revenue from certain facilities due to the Covid-19 pandemic. Revenue from construction services provided under build-operate-transfer ("BOT") concession agreements ("BOT Construction") decreased by RMB924 million y-o-y to RMB429 million. The decrease is mainly due to a substantial portion of the construction of the New Kunming Wuhua WTE Facility (which was put into operation in the first half of FY2020) having been carried out in FY2019. Therefore, the investment in the New Kunming Wuhua WTE Facility and Linzhou Jiasheng WTE Facility decreased in FY2020 as compared to FY2019, resulting in a y-o-y decrease in the revenue from the provision of construction services under BOT concession agreements. 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 of 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 79% of total revenue, BOT Construction accounted for 14% of total revenue, and project technical and management services and the EMC business accounted for 7% of total revenue. The gross profit contribution of WTE business (excluding revenue from construction services provided under BOT concession agreements) has seen increased from 53.2% in 2018 and 64.9% in 2019 to 79.8% in 2020. It showed that the Company is more focused on its main business which provides competitive sustainability.

主要经济指标及财务摘要

2020年，公司继续深耕垃圾焚烧发电业务，稳步推进技术升级。随着公司河北省唐山垃圾发电厂、云南省昆明新五华垃圾发电厂投入运营，吉林省长春垃圾发电厂、浙江省温岭垃圾发电厂改扩建项目的投运以及其他存量电厂设备运行管理优化、技术提升，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9.2%至1,066万吨，发电量增加12.0%至30.82亿千瓦时，在行业中继续保持优势地位。

公司2020年营业收入达到30.85亿元，同比下降20.4%。其中，垃圾焚烧发电业务实现收入24.43亿元，较上年同期增长10.6%，主要是公司垃圾处理量、发电量的增加，及疫情期间客户热需求减少等综合影响所致；BOT特许服务及项目建设业务实现收入4.29亿元，较2019年减少9.24亿元，主要是报告期内新五华垃圾发电厂投产，新五华垃圾发电厂、河南省林州垃圾发电厂根据项目规划进度投资额较2019年减少，导致建造收入同比2019年有所减少；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业务收入同比减少。各板块营业收入比重为：WTE业务收入占营业收入79%，BOT业务收入占营业收入14%，EMC业务收入占营业收入7%。WTE业务毛利占比在公司业务占比由2018年53.2%、2019年64.9%上升至2020年79.8%，主营业务更加聚焦，持续性更好。

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In terms of profit, the total comprehensive income attributable to shareholders in FY2020 was RMB289 million, a y-o-y increase of 88.1%, mainly due to (1) the increase in gross profit from WTE business (excluding revenue from construction services provided under BOT concession agreements) by 15.59%, amounting to RMB96.11 million, offset with the decrease in gross profit from BOT construction amounting to RMB111 million and decrease in gross profit for technical management services and EMC business other than WTE business amounting to RMB42.05 million. Collectively, the Group's gross profit decreased by RMB57.33 million, however, gross profit margin increased 4.4% y-o-y. (2) Other income decreased by RMB186 million y-o-y, mainly including (a) revenue from closure compensation of affiliated WTE facilities decreased by RMB204 million, (b) Government subsidies and tax refunds increased by RMB32.43 million, and (c) Bank interest income decreased by RMB19.22 million. (3) Other gain and losses (net) increased by RMB374 million, mainly including (a) asset disposal losses caused by asset retirement decreased by RMB26.91 million, (b) asset disposal losses and other losses caused by closure of affiliated WTE facilities decreased by RMB194 million, and (c) Overall increased in foreign exchange gain and currency translation differences amounting to RMB156 million resulting from the appreciation of the Chinese Renminbi against the United States Dollar in FY2020. (4) Other expenses decreased by RMB15.61 million, mainly due to the decrease in impairment losses for property, plant and equipment and prepayments y-o-y, and (5) increase in finance 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 respect of FY2020.

利润方面，归属于股东的全面收益总额为2.89亿，同比增加88.1%，主要由于（1）WTE业务毛利增加9,611万元，增幅15.59%；BOT建造毛利减少1.11亿元及技术管理服务及EMC业务等毛利减少4,205万元，综合导致公司主营业务毛利减少5,733万元，综合毛利率上升4.4%；（2）其他收入减少1.86亿元，主要是（a）收取政府关停补偿款减少2.04亿元；（b）政府补贴及退税同比增加3,243万元；及（c）银行利息收入减少1,922万元；（3）其他收入及损失（净值）、外币报表折算差合计增加3.74亿元，主要包括（a）资产报废引起的资产处置损失同比减少2,691万元；（b）关停电厂资产处置损失及费用减少1.94亿元；（c）因人民币升值引起公司汇兑收益及外币报表折算差同比增加1.56亿元；（4）其他费用减少1,561万元，主要是本年固定资产及预付账款减值同比减少导致；以及（5）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。

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经营和财务回顾

As at 31 December 2020, the Company's total assets were RMB 17.767 billion, net assets stood at RMB 6.103 billion, with a net assets per share of RMB 4.197, an increase of 4.96% compared with the net assets per share of RMB 3.999 at the end of 2019. The Company's assets liabilities ratio is 66.0%. The Company strictly controls the amount of liabilities to ensure that the assets liabilities ratio and related liabilities indicators are within reasonable limits.

In FY2020, the Company's net cash inflow from operating activities (excluding the BOT business expenditures classified as intangible assets amounting to RMB587 million) was RMB 1.016 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 RMB 1.948 billion, mainly used for prepayment for equipment and construction for the New Kunming Wuhua construction project, Linzhou Jiasheng WTE Facility, Wenling Organic Waste Treatment project, Shijiazhuang Jiasheng WTE Facility. The net cash inflow from financing activities was RMB 847 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 effectively controls capital expenditure and ensure the stable development of environmental protection business. As of 31 December 2020, the Company's cash position remained stable, with a cash balance of RMB 361.3 million.

Target Strategy

The Company strives to maintain its high-quality development, adhering to "Technology Prioritisation and Advance Management" philosophy, and aims to further increase investment in technological innovation, to attain unmanned operations relying upon AI, promote lean and standardised management system, while adhering to the corporate mission of "Beautifying the Cities and Making the Environment more Natural". At the same time, the Company will strengthen its "five excellence" capacity building (investment ability, financing ability, operation ability, technical ability, and engineering ability), put into practice the concept of green, low-carbon, circular and sustainable development, and navigate steadily while riding upon the wind and waves towards the road of Zheneng Jinjiang Environment's characteristic development.

截止2020年12月31日，公司总资产为人民币177.67亿元，净资产为人民币61.03亿元，每股净资产4.197元，较2019年底的每股净资产3.999元增加4.96%，公司资产负债率为66%，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。

公司2020年经营活动所得（不含BOT项目的无形资产支出5.87亿元）净现金流入为人民币10.16亿元，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5.87亿元）净现金流支出为人民币19.48亿元，主要用于电厂提升改造及改扩建、新五华垃圾发电厂及河南省林州垃圾发电厂、温岭有机物处理项目实施、石家庄项目的支出；融资活动所得净现金流入为人民币8.47亿，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现金、运营现金流及金融机构贷款，同时公司对资本开支进行有效控制，并确保环保业务的稳定发展。截至2020年12月31日，公司现金状况维持稳健，持有现金结余人民币3.613亿元。

目标策略

公司坚持以高质量发展统揽全局，坚持“技术至上 管理先进”，进一步加大对科技创新的投入，AI赋能实现无人值守，推进精益化、标准化管理体系，秉承“让城市更美丽，让环境更自然”的企业使命，加强“五个卓越”能力建设（投资能力、融资能力、运营能力、技术能力、工程能力），践行绿色、低碳、循环、可持续发展的理念，把握风向，确定目标，乘风破浪，行稳致远，守正出奇，走浙能锦江环境特色发展之路。

Operations and Financial Review

经营和财务回顾

Environment and National Policy

In January 2020, the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration jointly issued several opinions on promoting the healthy development of non-water renewable energy power generation (Finance Document [2020] No. 4) and the measures for the administration of additional subsidy funds for renewable energy tariff (Finance Document [2020] No. 5), which gave affirmation to the development of renewable energy and further fine-tuned the development plan for the renewable energy industry in the PRC to promote transformation and improvement.

In March 2020, the Ministry of Finance issued the "Notice on Reviewing the List of Renewable Energy Power Generation Subsidy Projects" (Finance Document [2020] No. 6) to initiate the examination and approval of the new renewable energy supplementary subsidy catalogue.

In June 2020, the Ministry of Finance and the Ministry of Ecology and Environment issued the "Notice on Reducing Additional Subsidies for Renewable Energy Electricity Price of Illegal WTE Projects", which promoted the transformation and upgrading of the whole environmental protection industry and will drive enterprises to operate in strict compliance with emission standards.

In July 2020, the National Development and Reform Commission, the Ministry of Housing and Urban-Rural Development and the Ministry of Ecology and Environment jointly issued the "Implementation Plan for Strengthening and Weaknesses of Urban Domestic Waste Classification and Treatment Facilities" (Fagai Huanzi [2020] No. 1257) ("Implementation Plan"), clarifying that one of the main tasks is to vigorously improve the capacity of waste incineration: 1) Comprehensively promote the construction of incineration treatment capacity; 2) Carry out the upgrading and transformation of existing incineration treatment facilities; and 3) Speed up the construction of incineration fly ash treatment facilities. The implementation plan calls for speeding up the construction of facilities for the sorting of domestic waste, sorting collection, sorting transportation, and sorting treatment, to fill the gaps in treatment capacity, to improve the urban environmental infrastructure, to improve the ecological environment, to enhance the modernization of governance capabilities, and to promote the formation of a domestic waste classification and treatment system that is compatible with economic and social development.

环境及国家政策

2020年1月，中国财政部、国家发展改革委和国家能源局联合发布了《关于促进非水可再生能源发电健康发展的若干意见》（财建[2020]4号）以及《可再生能源电价附加补助资金管理暂行办法》（财建[2020]5号），对可再生能源的发展给予了肯定，同时对中国可再生能源发电产业的发展规划进行调整，促进转型升级。

2020年3月，财政部发布《关于开展可再生能源发电补贴项目清单审核有关工作的通知》（财建办[2020]6号）进一步推进对存量项目实行清单管理，启动新的可再生能源附加补贴目录的审核工作。

2020年6月，财政部、生态环境部印发《关于核减环境违法垃圾焚烧发电项目可再生能源电价附加补助资金的通知》，促进整个行业的转型升级，驱动企业规范运行、严格达标排放。

2020年7月，国家发展改革委、住房城乡建设部和生态环境部联合印发《城镇生活垃圾分类和处理设施补短板强弱项实施方案》（发改环资〔2020〕1257号）（“实施方案”），明确主要任务之一即大力提升垃圾焚烧处理能力：1）全面推进焚烧处理能力建设；2）开展既有焚烧处理设施提标改造；3）加快建设焚烧飞灰处置设施。实施方案要求加快生活垃圾分类投放、分类收集、分类运输、分类处理设施建设，补齐处理能力缺口，健全城镇环境基础设施，改善生态环境，提升治理能力现代化，推动形成与经济社会发展相适应的生活垃圾分类和处理体系。

Operations and Financial Review

经营和财务回顾

In September 2020, the National Development and Reform Commission, the Ministry of Finance, and the National Energy Administration jointly issued the "Implementation Plan for Improving the Construction and Operation of Biomass Power Generation Projects" (Fagai Energy [2020] No.1421) (the "Plan"), clarifying the general idea of "accepting fixed subsidies, dividing new and old sections, orderly construction, and stable development" will guide the work of applying for grid-connected power generation projects after 20 January 2020 to enter the national subsidy catalog. The Plan continues the direction and content of the renewable energy power generation subsidy policy, and has made targeted adjustments to biomass power generation projects, which is conducive to the continuous and stable development of the waste incineration power generation (and other biomass power generation) industry and the deepening the development of marketization.

In October 2020, the Ministry of Finance, the National Development and Reform Commission, and the National Energy Administration issued a supplementary notice on matters related to the "Several Opinions on Promoting the Healthy Development of Non-aqueous Renewable Energy Power Generation" (Caijian [2020] No. 426) (the "Notice"), which determines the reasonable utilisation hours of various projects throughout the life cycle, and then determines the total amount of central fiscal subsidy funds for renewable energy power generation projects, thereby "confirming the rights" of project subsidy rights. The issuance of the Notice further clarifies relevant policies and helps stabilise industry expectations. From a long-term perspective, the subsidy method of subsidy hours throughout the life cycle is conducive to confirming the rights of subsidy funds and improving the planning and stability of subsidy funds.

2020年9月，国家发展改革委、财政部、国家能源局联合印发《完善生物质发电项目建设运行的实施方案》（发改能源[2020]1421号）（“方案”），明确了“以收定补、新老划段、有序建设、平稳发展”的总体思路，指导2020年1月20日以后并网发电的项目申报进入国补目录的工作。方案延续了可再生能源发电补贴政策的方向及内容，针对生物质发电项目做了有针对性的调整，有利于垃圾焚烧发电（以及其他生物质发电）行业的持续稳定发展，以及市场化的深入发展。

2020年10月，财政部、发展改革委、国家能源局发布《关于〈关于促进非水可再生能源发电健康发展的若干意见〉有关事项的补充通知》（财建〔2020〕426号）（“通知”），确定各类项目全生命周期合理利用小时数，进而确定了可再生能源发电项目享受中央财政补贴资金的总额度，从而对项目补贴权益进行了“确权”。通知的出台，进一步明确相关政策，有利于稳定行业预期，从长期看，全生命周期补贴小时数补贴方式有利于补贴资金确权，提高补贴资金发放的计划性和稳定性。



Operations and Financial Review

经营和财务回顾

In November 2020, the Ministry of Housing and Urban-Rural Development and other departments issued a notice on "Several Opinions on Further Promoting the Classification of Domestic Waste", requesting that by the end of 2020, municipalities, provincial capitals, cities under separate state planning and the first batch of demonstration cities for domestic waste classification strive to achieve basically full coverage of the classified release and classified collection of domestic waste, the classification and transportation system has basically been completed, and the classification and processing capacity has been significantly enhanced; other prefecture-level cities have initially established a domestic waste classification and promotion work mechanism. The PRC aims to use another five years or so to establish fundamentally a complete system of laws and regulations for domestic waste classification; cities at prefectural level and above shall basically establish fundamentally a system for domestic waste sorting, separate collection, classified transportation, and sorting treatment according to local conditions. Residents generally form household waste sorting habits and the recycling rate of domestic waste in cities across the country has reached over 35%.

In December 2020, the State Council Executive Meeting reviewed and approved the "Regulations on the Management of Pollution Discharge Permits", which clarified that the pollutant discharge units shall be classified according to the amount of pollutants produced, discharged, and the degree of environmental impact, and standardize the approval of pollutant permit applications procedures.

In 2020, the industry has entered a period of steady transition. Good environmental policies and stable growth of potential market demand have brought opportunities for the development of the waste incineration power generation industry and stricter and effective supervision has promoted the development of the industry.

Faced with increasingly stringent environmental protection policies, the Company proactively responded to, and actively adapted, through technological and management improvements, to achieve operational efficiency improvements on the basis of meeting emission standards, and at the same time, it figured out a development path to increase the capacity of existing facilities, and gradually established a great foundation for the high quality of the Company's development.

2020年11月，住房和城乡建设部等部门印发《关于进一步推进生活垃圾分类工作的若干意见》的通知，要求到2020年底，直辖市、省会城市、计划单列市和第一批生活垃圾分类示范城市力争实现生活垃圾分类投放、分类收集基本全覆盖，分类运输体系基本建成，分类处理能力明显增强；其他地级城市初步建立生活垃圾分类推进工作机制。力争再用5年左右时间，基本建立配套完善的生活垃圾分类法律法规制度体系；地级及以上城市因地制宜基本建立生活垃圾分类投放、分类收集、分类运输、分类处理系统，居民普遍形成生活垃圾分类习惯；全国城市生活垃圾回收利用率达到35%以上。

2020年12月，国务院常务会议审议通过《排污许可证管理条例》，明确根据污染物产生量、排放量、对环境影响程度等，对排污单位实行分类管理，规范排污许可证申请审批程序。

2020年以来，行业发展进入平稳转型期。良好的环境政策以及稳定增长的潜在市场需求带来了垃圾焚烧发电行业的发展机遇，更严格有效的监管推动行业升级发展。

面对不断趋严的环保政策，公司积极应对，主动适应，通过技术与管理提升，在达标排放的基础上实现了运营效益提升，同时摸索出了向存量要增量的发展路径，为公司高质量发展打下坚实基础。

Operations and Financial Review

经营和财务回顾

Major Risks and Uncertainties

In 2020, the COVID-19 epidemic has swept the world, making the economic situation in China and abroad complicated and severe. The Company continued to take strict preventive measures in accordance with the guidelines of local governments, and its operations remained stable, and its waste treatment capacity has been steadily improved.

In 2021, as the control of pollutants during the “14th Five-Year Plan” period is further strengthened, the “carbon peak and carbon neutrality” will have a profound impact on the WTE industry and the trend of changes in the waste treatment income structure under the circular economy. The Company will grasp the important strategic opportunity during the period to improve its operational benefits through scientific analysis and continuous implementation.

As previously disclosed, the Old Kunming Wuhua WTE Facility in Kunming, Yunnan Province has been shut down and the Company is still following up on the progress of the compensation work for its closure. The local government has engaged a third-party asset appraisal company to conduct an overall appraisal of the assets of the Old Kunming Wuhua WTE Facility. The Company has separately engaged another third-party asset appraisal company to provide a valuation report on the assets. Based on the valuation report, the Company does not expect any impairment arising from the closure of the Old Kunming Wuhua WTE Facility. In addition, in relation to the closure of the Kunshan Jinkangrui Resource Recycling Project, as disclosed in the Company's announcement in relation to its unaudited results for FY2020, according to the signed compensation agreement, the Company will receive a total of RMB 19,997,000 in compensation. Compensation payments of RMB10 million were received in October 2020, and the remaining portion is expected to be received before the end of the first half of 2021.

The Company will further strengthen the awareness of legal risks and promote the implementation of lean management strategies. The Company insists on problem orientation in daily inspections, and always upholds a “zero tolerance” attitude, and resolutely investigates and punishes acts of knowingly committed crimes, dereliction of duty, and abuse of power for personal gain. At the same time, the Risk Control Department gives full play to the advantages of strong audit expertise, wide reach, and rapid response, pays attention to revealing and reflecting the hidden dangers in the process of enterprise development, keenly insights into emerging problems, and timely warnings, and through analogy, ensure that audits are fully performed and strengthen the closed loop of audit rectification and promote the improvement of corporate management.

主要风险及不确定性

过去的2020年，新冠肺炎疫情席卷全球，使得中国国内外经济形势复杂严峻。公司持续根据各地政府的指导方针采取严格预防措施，运营稳定，垃圾处理能力稳步提升。

2021年，随着“十四五”期间污染物控制力度进一步加强，“碳达峰、碳中和”深刻影响垃圾发电行业，以及循环经济下垃圾处理收入结构变化的趋势，公司将把握重要战略机遇期，通过科学分析与不断实践，提升经营效益。

如之前所披露，云南省昆明老五华发电厂现已关停，公司亦在持续跟进关停补偿工作的推进进度。当地政府聘请了第三方资产评估公司正在对电厂的资产进行整体评估；公司单独聘请第三方资产评估公司对相关资产出具了评估报告，基于该评估报告，公司认为昆明老五华电厂的关停不存在减值迹象。此外，如截至2020年12月31日的全年业绩公告所披露，根据已签署的补偿协议，公司就昆山锦康瑞资源化项目关停获得总额为人民币1,999.7万元补偿金，已于2020年10月收到人民币1,000万的补偿金，剩余部分预计于2021年上半年收到。

公司将进一步强化法律风险意识，助推精益管理战略实施。公司在日常检查中坚持问题导向，并始终秉持“零容忍”态度，对明知故犯、失职渎职、以权谋私的行为坚决查处，一票否决。同时，风控部充分发挥审计专业性、触角广泛、反应快速等优势，注重揭示和反映企业发展过程中的风险隐患，敏锐洞察苗头性问题，及时作出预警，通过举一反三，确保“审计一个、规范一项、促进一片”，进而强化审计整改闭环，促进企业管理提升。

Operations and Financial Review

经营和财务回顾



Future Development

In 2020, Zheneng Jinjiang Environment strengthened internal management and strived for policies externally. The operating conditions of WTE facilities continued to improve, safety and environmental protection were more stable, the development trend was clearer, and the corporate culture was more positive. Facing the new situation and new stage, the Company focuses on active integration and continue to maintain its industry leading edge.

In 2021, the Company will continue to use technological innovation to generate new development momentum, further promote AI intelligent incineration control, open up technical channels and policy access for fluidised bed boilers to incinerate industrial waste and sludge, and improve the technologies and business models for WTE facility to coordinate processing kitchen waste and other waste, actively try and promote slag utilisation, technical routes and project development for construction waste projects, uphold the technical policy of parallel fluidised bed and grate furnaces, and actively explore new ways of co-circulation while making full use of carbon resources and develop carbon revenue.

未来发展

2020年，浙能锦江环境对内加强管理，对外争取政策，电厂经营状况持续改善，安全环保更为平稳，发展态势更为清晰，企业文化更为积极。面对新形势、新阶段，公司围绕主动融合，释放新动能、激发新动力，继续保持行业领先优势。

2021年，公司将坚持以科技创新催生新发展动能，进一步推广AI智能化焚烧控制，打通流化床锅炉焚烧工业垃圾、污泥的技术通道和政策准入，完善垃圾发电厂协同处理餐厨、厨余等其他垃圾的技术和商业模式，积极尝试和推广炉渣利用、建筑垃圾项目的技术路线和项目开发，秉持流化床与炉排炉并行的技术方针，积极探寻协同循环新道路，同时充分利用好碳资源、开发碳收入。

Operations and Financial Review

经营和财务回顾

In 2021, Zheneng Jinjiang Environment will complete the Shijiazhuang Biomass Power Generation Project in Hebei Province, Baishan WTE Project in Jilin Province, Leting WTE Project in Hebei Province, Zhongwei WTE Project in Ningxia, reconstruction of Wuhu Jinjiang WTE Facility in Anhui Province and Lianyungang expansion project in Jiangsu Province in accordance with the set goals. After the completion of the construction of the above projects, it is expected to increase waste treatment capacity by 5,500tons/day and installed capacity by 151MW.

2021 marks a new beginning of China's "14th Five-Year Plan". In this new era, Zheneng Jinjiang Environment will dedicate ourselves to work with enthusiasm, strengthen technological innovation and research, integrate environmental protection and economic development, and embark on this new journey towards realising a more beautiful tomorrow by grasping opportunities and overcoming challenges, to take pragmatic actions and take the leap towards achieving implementation and realising the unique development path of Zheneng Jinjiang Environment.

2021年，浙能锦江环境将按既定目标完成河北省石家庄生物质发电项目、吉林省白山项目、河北省乐亭项目、宁夏中卫项目、安徽省芜湖垃圾发电厂改建项目和江苏省连云港扩建项目。预计以上项目完成建设后，2021年将新增垃圾处理能力5,500吨/日及装机容量151MW。

2021年是国家“十四五”开局之年，浙能锦江环境将立足“十四五”新起点，以守护好世界的绿水青山为己任，继续以饱满的精神状态和良好的工作热情投入工作，加强科技攻关，将环境保护和经济发展深度结合、融为一体，在新征程上起好头，把握机遇与挑战，不改初心，深耕细作，以实干之风，行务实之举，收落实之效，实现新发展、新跨越，走浙能锦江环境特色发展之路！



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)



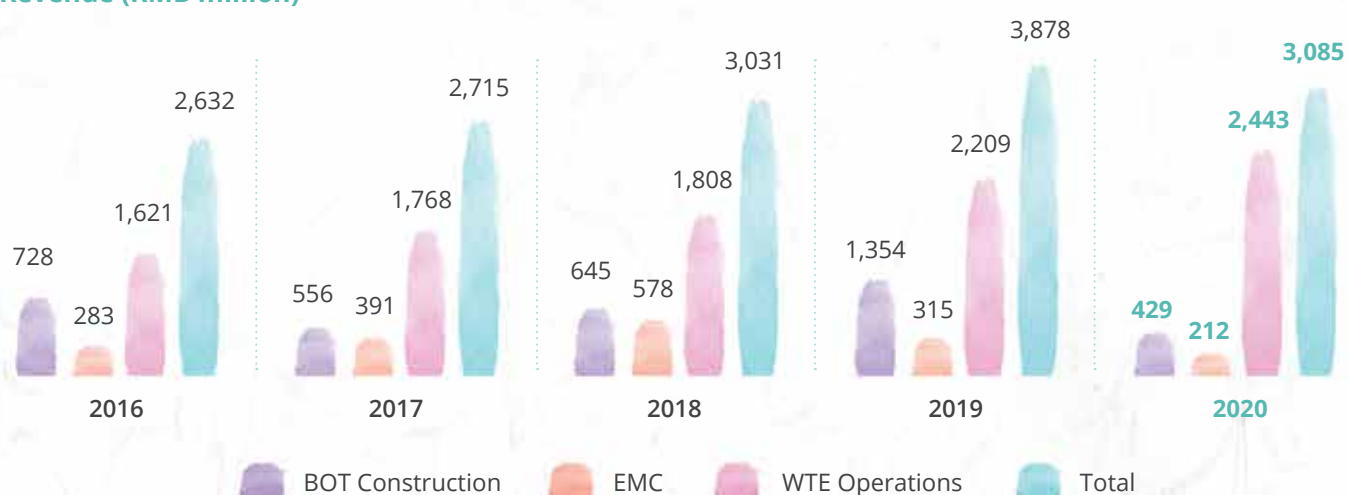
Total Assets (RMB million)



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 2020

GROWING CAPABILITIES AND STRENGTHS

With 22 WTE facilities (excluding the waste resource recycling projects and kitchen waste projects) 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



ZHENGZHOU XINGJIN
河南郑州荥阳



WUHU JINJIANG
安徽芜湖



JILIN XINXIANG
吉林长春



TIANJIN SUNRISE
天津



LIANYUNGANG SUNRISE
江苏连云港



WUHAN JINJIANG
湖北武汉武昌



ZIBO GREEN ENERGY
山东淄博淄川



SUIHUA GREEN ENERGY
黑龙江绥化



WENLING GREEN ENERGY
浙江温岭



HOHHOT NEW ENERGY
内蒙古呼和浩特



ZIBO NEW ENERGY
山东淄博临淄



TANGSHAN JIASHENG
河北唐山

Our WTE Network in the PRC 中国垃圾焚烧发电网络

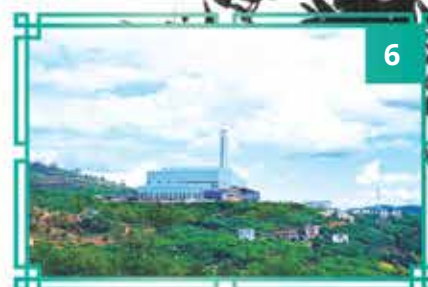
As at 31 December 2020



XIAOSHAN JINJIANG
浙江杭州萧山



ZHUJI BAFANG
浙江诸暨



KUNMING JINJIANG
云南昆明五华



HANKOU JINJIANG
湖北武汉汉口



YUNNAN ENERGY
云南昆明西山



YINCHUAN ZHONGKE
宁夏银川



SONGYUAN XINXIANG
吉林松原



GAOMI LILANGMINGDE
山东高密



QITAIHE GREEN ENERGY
黑龙江七台河



HENAN LINZHOU
河南林州

Our WTE Network in the PRC

中国垃圾焚烧发电网络

As at 31 December 2020

CHINA



22



Facilities in
operation

7



Facilities under
construction

12



Facilities in the
preparatory stage

FACILITIES UNDER CONSTRUCTION

1. SHIJIAZHUANG JIASHENG WTE FACILITY
石家庄嘉盛新能源有限公司
2. BAISHAN GREEN ENERGY WTE FACILITY
白山绿能新能源有限公司
3. LETING WTE FACILITY
乐亭县锦环新能源有限公司
4. WUHU LÜZHOU WTE FACILITY RECONSTRUCTION PROJECT
芜湖绿洲环保能源有限公司（改建项目）
5. ZHONGWEI GREEN ENERGY WTE FACILITY 1ST PHASE
中卫市绿能新能源有限公司（一期项目）
6. YUNNAN GREEN ENERGY FACILITY EXPANSION PROJECT
云南绿色能源有限公司（扩建项目）
7. LIANYUNGANG SUNRISE WTE FACILITY RECONSTRUCTION AND EXPANSION PROJECT
连云港晨兴环保产业有限公司（改扩建项目）

FACILITIES IN THE PREPARATORY STAGE

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

Our Overseas WTE Network 海外垃圾焚烧发电网络*

As at 31 December 2020

BRAZIL

INDIA

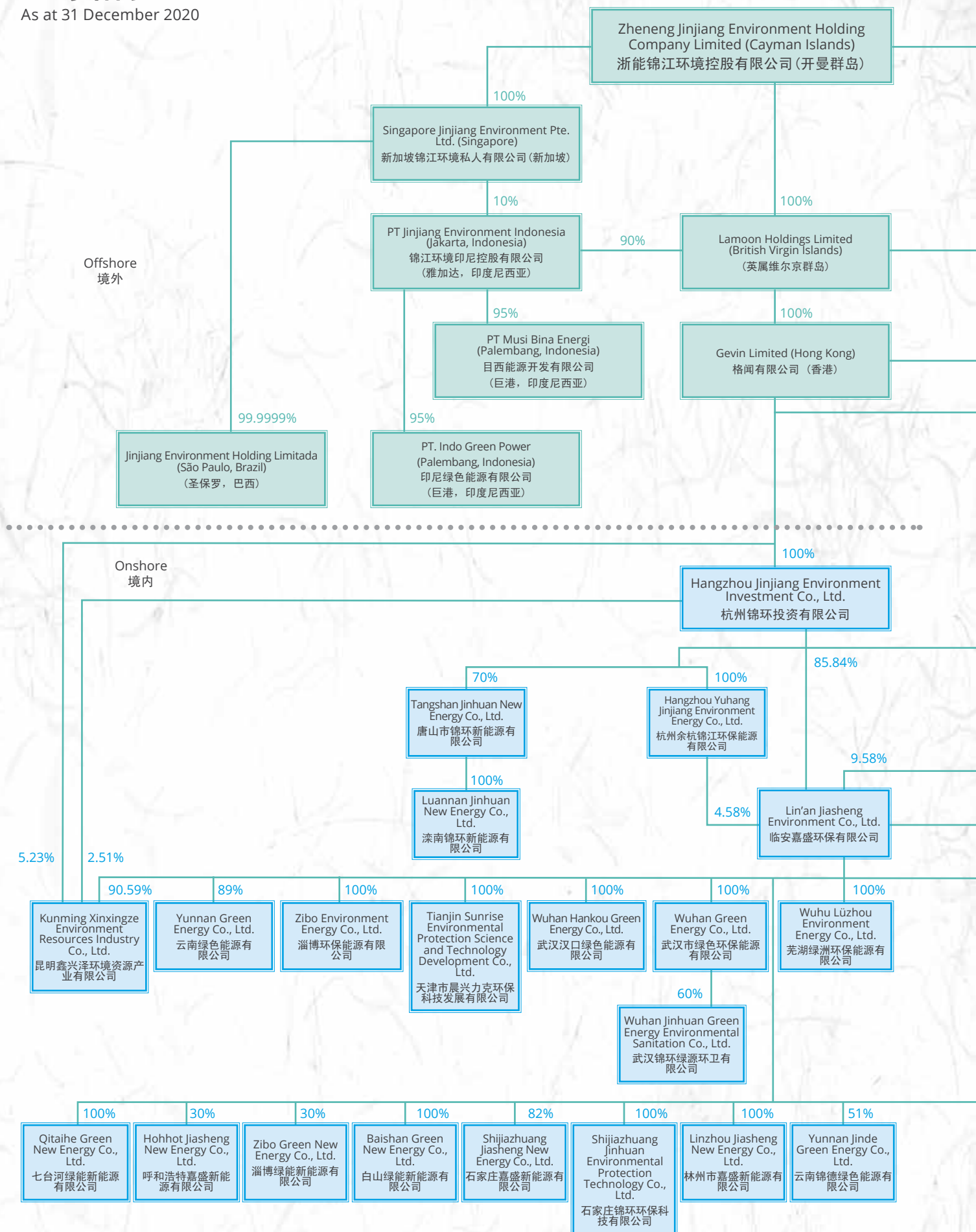
INDONESIA

- 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. SAO PAULO PROJECT
5. PALEMBANG PROJECT

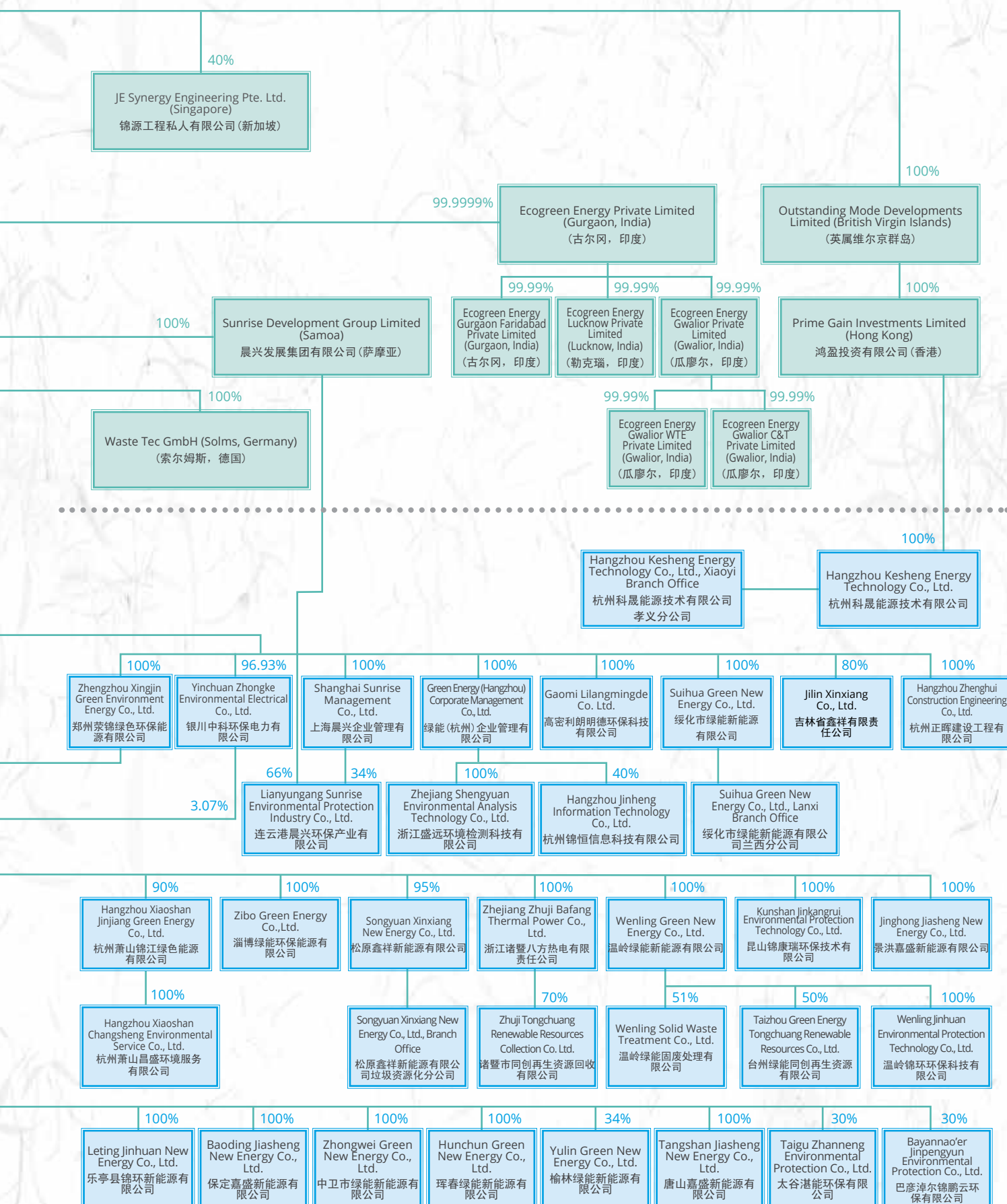
* Our WTE Network in the PRC and overseas showed here exclude the waste resource recycling projects and kitchen waste projects.
此处展示的中国及海外垃圾焚烧发电网络不含垃圾资源化、餐厨项目。

As at 31 December 2020



Corporate Structure 公司结构

As at 31 December 2020



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.

Board of Directors 董事会



WANG Ruihong (王瑞红)

Executive Director and Deputy General Manager

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

Mr. Wang has more than 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

Lead Independent Director

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.



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 about two hundred cases in civil litigation and international arbitration as lead counsel or arbitrator in many countries and regions including Singapore, PRC and Hong Kong (SAR). 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, CQAC 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 Straco Corporation 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, YHI International Limited, Tye Soon Limited and APAC Realty Limited.

Mr. Hee serves as Deputy Chairman of Singapore Medishield Life Council. 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 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 served as a partner at KPMG Singapore for 23 years until his retirement in September 2015.

Mr. Tan is currently an Independent Non-Executive Director of four other companies listed on the main board of Singapore Stock Exchange namely (i) Dasin Retail Trust Management Pte. Ltd., the Trustee-Manager of Dasin Retail Trust; (ii) Koufu Group Limited; (iii) ASL Marine Holdings Ltd; and (iv) Elite Commercial REIT Management Pte. Ltd., the Manager of Elite Commercial REIT. He is also an Independent Non-Executive Director of Linklogis Inc., listed on the main board of Hong Kong Stock Exchange.

Mr. Tan received his 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, United Kingdom, and the Certified Practising Accountants (Australia).

Board of Directors
董事会*

NI Mingjiang (倪明江)
Independent Director

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

Mr. Ni has 30 years of experience and technical expertise in the WTE and renewable energy field. Prior to joining Zhejiang University, he was a lecturer at the Northeast Electric Power University (东北电力学院) from December 1975 to September 1979. In January 1986, he joined Zhejiang University. Before assuming his current position, Mr. Ni served as Department Chairman and Executive Deputy President of Zhejiang University from April 1993 to December 2009.

Mr. Ni is a Vice-President of the Chinese Society of Power Engineering (中国电机工程学会) and a fellow of the Chinese Society of Electrical Engineering (中国电机工程学会会士). 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 Electric Power 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.

* On 10 November 2020, Mr. Zhang Chao had retired as an Executive Director and the Chief Executive Officer of the Company upon the expiry of his service contract with the Company.
2020年11月10日，张超先生在其与公司的服务协议到期后，辞任公司执行董事和首席执行官一职。

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 Jiaxing power plant of Jinjiang Group. From September 1998 to March 2001, he took up various positions including Director of technical team, Plant Manager and General Manager 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.

Key Management 管理层

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.

Sustainability Report



可持续性报告



Board of Statement 董事会声明

Zheneng Jinjiang Environment Holding Company Limited (“Zheneng Jinjiang Environment” or the “Company”) adheres to the corporate mission of “Beautifying the Cities and Making the Environment more Natural”, and will persist in the practice of sustainable development. 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.

In the past, Zheneng Jinjiang Environment specialised in the planning, development, construction, operation and management of Waste-to-Energy (“WTE”) facilities and energy management contracting (“EMC”) projects, using state-of-the-art technology to deliver environmentally sustainable waste treatment and energy solutions and realizing the reduction, recycling and harmless treatment of waste. Now, the Company shifts from the WTE industry towards comprehensive urban solid waste solutions, focused on deepening the efficient use and recycling of solid waste resources on the overall city scale, to implement a green living lifestyle and build a waste-free city and a beautiful China.

In 2020, the Sustainability Steering Committee of Zheneng Jinjiang Environment continued to ensure the appropriateness of environmental, social and corporate governance (“ESG”) factors and, having conducted a materiality assessment, identified 6 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”）秉承“让城市更美丽 让环境更自然”的企业使命，承诺坚持践行可持续发展。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。

过去，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，实现垃圾的减量化、资源化、无害化处理。现在，公司从垃圾发电行业向整体城市固废综合解决方向转变，以城市整体层面深化固体废物资源的高效利用和循环利用为核心，践行绿色生活方式，建设无废城市、美丽中国。

2020年，浙能锦江环境可持续发展指导委员会持续确保环境、社会和公司治理（“ESG”）因素的合适性，通过评估确定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 6 material ESG factors¹, we focus on 4 priority areas in sustainability to bring about positive value for our key stakeholders including 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¹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。



ECONOMIC PERFORMANCE

经济表现

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.

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。



ENVIRONMENTAL SERVICES AND IMPACTS

环境服务和影响

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.

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。



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 of 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 tiered talent training plan, including "Chuying, Feiyong, Xiangying, Xiongying, Lingying", has cultivated a team of talented individuals who are "capable, daring and industrious", to provide a stable pool of talent to support the development of the company.

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”的人才队伍，为公司的发展提供了稳定的人才支持。



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.

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 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。

¹ 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 2020

2020年可持续发展亮点



Economic Performance 经济表现

REVENUE

RMB **3.085B** 收入达人民币30.85亿元



Environmental Services and Impacts 环境服务和影响

22

Operating WTE facilities (excluding kitchen waste and waste resource recycling projects) across China

22个在中国运营的WTE设施
(不含餐厨和资源化项目)

Over **10,000**

visitors participated in Zheneng Jinjiang Environment's public education programme in 2020

1万余参观者在2020年度参与浙能锦江环境的公共教育项目

10.661 million tonnes

of waste treated
垃圾处理量达1066.1万吨

3,081,622 MWh

of green electricity generated
发电量3,081,622 兆瓦时

2,639 thousand tonnes

of steam supplied
供汽量2,639千吨



Corporate Governance 公司治理

0

confirmed cases of corruption

腐败事件零发生



Workforce 劳动力

73.4

average hours of training per employee per year

每年每名员工平均培训73.4小时

100%

employees received performance review

100%的员工接受了绩效考核

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 2020 ("FY2020"). This report covers the listed entity, Zheneng Jinjiang Environment Holding Company Limited, and all its subsidiaries globally. Among which, there are 22 WTE facilities, 1 Organic Waste Treatment project and 6 waste resource recycling projects currently in operation, across 13 provinces, autonomous regions and municipalities in China. There are also 11 WTE facilities and resource recycling projects under construction and 20 projects in the preparatory stage at home and abroad. The sections titled "Environmental Services and Education" and "Innovation and Environmental Impact Management" focus solely on our WTE facilities 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 Standards², 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.

本可持续发展报告概述了2020年1月1日至12月31日（“2020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22个已投入运营的垃圾焚烧发电厂，1个已运营的有机废弃物处理项目，6个已运营的垃圾资源化项目，在境内外的11个在建垃圾焚烧发电和资源化处理项目，以及20个正在筹建阶段的项目。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²。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。

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

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

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

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)

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)

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

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

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)

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)

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)

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

About this Report

关于本报告

Materiality Assessment

重要因素评估

Having combined the development requirements in relation to the circular economy and environmental protection industry after Zheneng Group became the largest controlling shareholder of the Company, the SSC undertook another materiality assessment to identify the most important ESG factors for the business operations, strategy, business model and key stakeholders. It is aimed to improve quality and efficiency through innovation, promote sustainable development in a coordinated manner, protect the clear waters and blue skies through emission reduction, promote mutual benefit and win-win policies, promote peace and harmony through sharing, and earnestly fulfill the political, economic and social responsibilities of a state-owned enterprise.

公司可持续发展指导委员会结合浙能集团入股成为第一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。

6 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 performance³ and corporate governance.

公司在评估的过程中确定了六个重要因素，详见下表。本报告继续关注环境服务和影响、人才团队、社会、经济表现³和公司管理这几个因素。

Table 1 Material factors for FY2020 表1 2020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

³ Details of Zheneng Jinjiang Environment's financial performance in 2020 can be found in the Financial Statement section of this Annual Report
2020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

Relying on the municipal solid waste treatment project, Zheneng Jinjiang Environment promotes the construction of a waste-free city and continues to promote source reduction and resource utilization of solid waste. 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

With the convening of 75th United Nations General Assembly, “doing a good job in achieving carbon peaks and carbon neutrality” became a key mission of China for the year of 2021. The clean energy and low carbon dioxide emissions are a direction in the energy industry.

The incineration process of WTE substantially reduces the volume of waste and replaces landfill treatment to reduce greenhouse gas emissions, mainly methane. Meanwhile, the burning of municipal waste makes use of the energy content of the waste, thereby reducing the consumption of limited fossil fuel resources and greenhouse gas emissions in energy production, provides dual benefits for emission reduction.

Positioned as one of the best methods for waste treatment in the market, the WTE industry is still encouraged and supported while being increasingly restricted by environmental policies. In 2020, Zheneng Jinjiang Environment continues to increase its presence within China to serve the wider area, with 7 WTE projects under construction and 12 WTE projects in the preparatory stage (excluding the resource recycling projects and kitchen waste projects). For existing facilities faced with challenges in meeting the increasing demand for waste treatment, the Company has invested in technological upgrading to increase waste treatment capacity.

浙能锦江环境依托城市生活垃圾处置项目，推进无废城市建设，持续推进固体废物源头减量和资源化利用。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

随着第75届联合国大会的召开，“做好碳达峰、碳中和工作”成为中国2021年的重点任务。在能源领域中，能源清洁化、低碳化是一个方向。

而垃圾焚烧发电焚烧的过程大幅度减少了垃圾体积，代替垃圾填埋处理实现以甲烷为主的温室气体减排；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，具有双重减排效益。

作为市场上废物处理的最佳方法之一，WTE产业在受到环境政策愈发严格约束的同时，也得到了支持与鼓舞。2020年，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7个在建垃圾发电项目和12个筹建垃圾焚烧发电项目（不含垃圾资源化和餐厨项目）。针对在满足不断增长的处理需求等方面存在挑战的已运行WTE电厂，公司在产能扩张和技术升级上不断投资。

Environmental Services and Education 环境服务和教育

As at 31 December 2020, Zheneng Jinjiang Environment operates 22 WTE facilities, 1 Organic Waste Treatment Facility and 6 Waste Resource Recycling projects⁴, across 13 provinces, autonomous regions and municipalities in China. Collectively, they are capable of treating 38,060 tonnes/day of municipal waste and have an installed electrical power generation capacity of 718 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 63,206 tonnes/day of municipal waste upon the completion of these projects. In 2020, the Company treated a total of 10.661 million tonnes of municipal solid waste, serving approximately 73 million people⁵, while generating 3,081,622 MWh of green electricity and 2,639 thousand tonnes of steam. (Refer to Table 2 for details).

Even though the world is deeply affected by the COVID-19 pandemic in 2020, Zheneng Jinjiang Environment has taken the initiative to capture the epidemic prevention of projects in various areas, and the relevant work of projects under construction and preparations is carried out in an orderly manner, focusing on creating high-quality flagship projects, and striving to set benchmarks for the host countries.

Energy Management Contracting Projects

EMC projects are beneficial supplements to the WTE 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 2020, Hangzhou Kesheng Energy Technology Co., Ltd, a wholly-owned subsidiary of the Company, worked on 335 business contracts, among which there are 4 new EMC projects and 77 technical consulting projects. Other than the 5 EMC projects currently under construction and the 1 technical consulting project contract and design service contract – which are being implemented but are yet to produce income, the rest of the projects have realised energy and cost savings.

截至2020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22个已投入运营的垃圾焚烧发电项目，1个有机废弃物处理项目和6个垃圾资源化项目⁴，垃圾处理能力累计38,060吨/日，装机容量达718兆瓦，待所有在建、筹建项目全部建成后，垃圾处理总能力将达63,206吨/日。在2020年，公司共处理了1,066.1万吨的城市生活垃圾，产生了3,081,622MWh电力和2,639千吨蒸汽，相当于为大约7,300万人⁵提供了垃圾处理服务。（详情参阅表2）。

纵使2020年全球深受新冠肺炎疫情影响，浙能锦江环境主动出击抓好各地项目防疫工作，在建及筹建项目相关工作有序开展，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。

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2020年期间，公司旗下杭州科晟能源技术有限公司新开展了4个EMC项目和77个技术咨询项目，累计实施335个业务合同。除正在建设的5个EMC项目与实施中尚未产生收益的1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。

⁴ 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。

⁵ 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



Figure 1 Zhuji Bafang WTE Facility in Zhuji, Zhejiang Province was reported by a local TV station's tourism program, promoting a unique industrial tourism model
图1 浙江省诸暨八方电厂被当地电视台旅游栏目报道，宣传独特的工业旅游模式

Environmental Education

All WTE facilities under Zheneng Jinjiang Environment have taken the initiative to open to the public, strengthen their management and optimize benchmarking. After several years of practice, certain results have been achieved in the public opening of environmental protection facilities. In 2020, the Company's 4 WTE facilities were included in the fourth batch of Nationwide Environmental Protection Facilities and Municipal Sewage and Garbage Treatment Facilities are open to the public. So far, the Company has 12 WTE facilities listed as public open facilities of China's national environmental protection facilities. In 2020, more than 10,000 people including investors, students and the general public have visited our facilities. The Company utilizes public facilities as the starting point, to allow the public to understand, support, and participate in environmental protection, to stimulate the public's awareness of environmental responsibility, and to promote the formation of a good trend of advocating ecological civilization and building a beautiful China.

In 2020, Zheneng Jinjiang Environment continues to actively participate in the compilation of industry standards, and applied to supervise the group standards on "Technical Requirements for the Online Detection System of Dioxins in Domestic Waste Incineration Flue Gas by Laser Ionization Time-Of-Flight Mass Spectrometry". At the same time, it organized to participate in the compilation of 2 national and industry standards and successfully applied for national key research and development projects.

In the coming year, we will continue to expand the scale of our environmental services and enhance our environmental education programmes. In 2021, we anticipate 6 more WTE facilities to be launched for operation. We aim to undertake at least one environmental education programme with larger influence.

环境教育

浙能锦江环境旗下所有电厂均主动对外开放，并加强管理，对标优化，经过几年的实践，在环保设施公众开放方面取得了一定的成效。2020年公司旗下4家垃圾发电厂被列入第四批全国环保设施和城市污水垃圾处理设施向公众开放单位名单，至此公司共有12家垃圾发电厂被列为中国国家环保设施公众开放单位。在2020年，已有包括投资者、学生和其他群众在内的逾1万余人参观我们的设施。公司以设施公开为抓手，让公众理解、支持、参与环保，激发公众环境责任意识，推动形成崇尚生态文明、共建美丽中国的良好风尚。

2020年，浙能锦江环境一如既往积极参加行业标准编制工作，申报主编团体标准《生活垃圾焚烧烟气二噁英激光电离飞行时间质谱在线检测系统技术要求》，同时组织参编完成国家及行业标准2项，并成功申报国家级重点研发项目。

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。2021年，我们预计将有6个WTE项目投入运营。我们的目标是主动举办一场有较大影响力的环境教育活动。

Green Operations 绿色经营

Zheneng Jinjiang Environment upholds the corporate mission of "Beautifying the Cities and Making the Environment more Natural", 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 ensure our emissions are 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.

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.

浙能锦江环境秉承“让城市更美丽 让环境更自然”的企业使命，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（“SOP”）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的最大利益。

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。

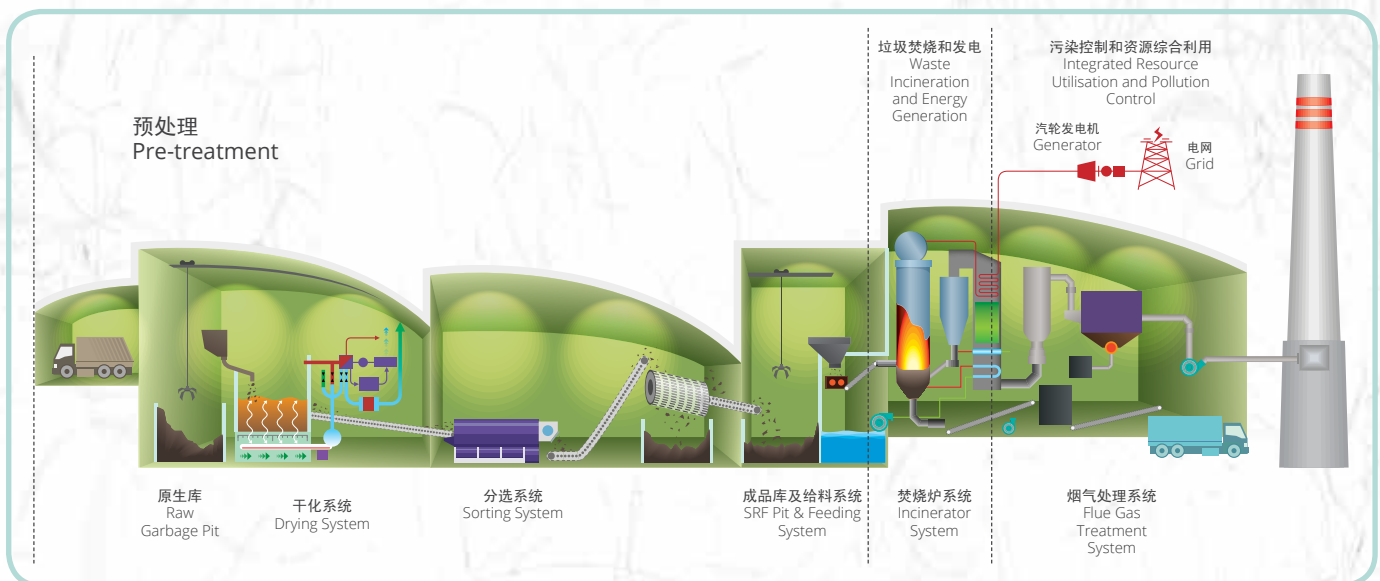


Figure 2 Overview of the WTE process
图2 垃圾焚烧发电流程概览

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 been successfully passed the acceptance with excellent results in December 2020, fully realizing its constructional objectives and played an important demonstration and leading role in the innovation of core technology, technology promotion and application. 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 2021, 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.

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装备国家工程实验室，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。该实验室已于2020年12月以优异成绩通过验收，全面实现了建设目标，并在核心关键技术创新、技术辐射和推广应用等方面发挥了重要示范和带头作用。2021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。

Green Operations

绿色经营

Technological Innovation Helps Enterprise Development, Artificial Intelligence Creates Unmanned Factories 科技创新助力企业发展 人工智能赋能无人工厂

The Xishan WTE Facility in Kunming City, Yunnan Province uses Artificial Intelligence ("AI") to make waste incineration power generation more efficient, environmentally friendly and more stable. The project successfully passed the certification of the World Bank's Global Environment Fund. The fluidised bed realizes the stable control of furnace temperatures and carbon monoxide ("CO") based on cloud computing. The fluctuation range of furnace temperatures, from 900°~950° is reduced by 36%, and CO emission concentrations are reduced by 50%.

浙能锦江环境云南省昆明市西山垃圾发电厂借助AI人工智能，让垃圾焚烧发电更高效、更环保、更稳定，该项目成功通过世界银行全球环境基金的认证。流化床在云计算基础上实现了炉温、CO的稳定控制，炉温波动幅度减小（波动范围900℃~950℃），CO排放浓度降低50%，波动幅度下降36%；

Main steam flow rate is also significantly improved, with the fluctuation range reduced by 25%, thereby greatly improving economic benefits. The workload of the operating personnel is greatly reduced, while avoiding the fluctuation of the equipment operating condition caused by the uneven level of the operators, reducing the number of skilled workers and new employees. The gap between the operation and the operational reliability is improved.

主蒸汽流量显著提升，主蒸汽流量波动幅度降低25%，经济效益大幅提升；运行人员工作量大幅减少，同时避免因操作人员水平参差不齐而带来的设备运行状况波动，降低熟练工和新员工之间的运行差距，提升运行可靠性。

The application of AI technology not only promotes the transformation of WTE facilities from "standardized" management to "lean" management, and enhances the sustainable development of WTE facilities, but also demonstrates a set of feasible technology and management models for domestic waste incineration technology.

AI技术的应用不但促进电厂从“规范化”管理转变为“精益化”管理，提升电厂可持续发展能力，也为生活垃圾焚烧技术示范了一套可行的技术与管理模式。

Zheneng Jinjiang Environment actively advocates green office and emphasises staff awareness of saving water, electricity, and materials, promotes going digital and going paperless. The Company also advocates the use of video, telephone and other conference formats, as well as approves the implementation of teleworking.

浙能锦江环境积极倡导绿色办公，积极强化办公人员的节水、节电、节材意识，推广办公电子化、无纸化，倡导采用视频、电话等会议形式，并进行电子办公审批。



Green Operations 绿色经营



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 in cooperation by the Company and Zhejiang University, with complete independent intellectual property rights, and is applied in most of the Company's WTE facilities. The technology has the characteristics of wide fuel adaptability, large adjustment load, 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

中国生活垃圾具有水份高、组份复杂、灰分多等特点，浙能锦江环境因此集成、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、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 another technical schools of waste incineration. 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 Company actively collaborates with notable 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 according to the waste profile of different projects and to constantly improve technology.

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 2020, 3,081,622 MWh of green electricity and 2.639 million tonnes of steam were generated.

炉排炉技术是另一大垃圾焚烧技术流派，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，不断提升技术水平。

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。2020年公司产生了绿色电力 3,081,622 MWh，蒸汽2,639千吨。

Table 2 Material Consumption, Energy Consumption, and Green Energy Generation in FY2020
表2 2020年物料消耗、能源消耗和产生的绿色能源

FY2020 2020财年	Unit 单位	Amount 数量
Renewable Materials 可再生物质		
Municipal Solid Waste 城市固体废物	Tonnes 吨	10,661,000
Non-Renewable Materials 非可再生物质		
Lime 石灰	Tonnes 吨	47,997
Ammonia 氨水	Tonnes 吨	13,514
Activated Carbon 活性炭	Tonnes 吨	3,118
Hydrochloric Acid 盐酸	Tonnes 吨	1,230
Purchased Energy 购买的能源		
Electricity 电	MWh 兆瓦时	18,000
Coal 煤	Tonnes 吨	434,666
Diesel 柴油	Tonnes 吨	2,854
Green Energy Generated 产生的绿色能源		
Electricity 电	MWh 兆瓦时	3,081,622
Steam 蒸汽	'000 tonnes 千吨	2,639

Green Operations 绿色经营

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 general solid 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 generated by the facilities, Zheneng Jinjiang Environment strictly follows requirements of prevention and control of pollution by hazardous waste and ensures proper treatment in place 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 2020, 895,105 tonnes of fly ash (hazardous waste) were sent to the qualified landfill, while 1,537,789 tonnes of bottom ash (non-hazardous waste) were sent for recycling. In 2021, our WTE facilities aim to continue monitoring the quality of the waste and effluents discharged in compliance with environmental legislation.

The Company strictly complies with the regulations and laws, and all our WTE facilities comply with the requirements of the Ministry of Ecology and Environment ("MEE") on the "Install, Display and Connect" principle. Each of our WTE facilities 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 and provide more WTE facilities with online public visit function 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

本着资源综合利用的原则，浙能锦江环境尽可能回收利用在垃圾焚烧发电过程中产生的废弃物。对于一般固废，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。对于厂内产生的危险废物，公司严格参照危险废物污染防治要求，妥善处置，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。2020年，895,105吨飞灰（危险废物）被送往有相关资质的垃圾填埋场，1,537,789吨的炉渣（非危险废物）被送去回收。2021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。

公司严格遵守中国及当地相关政策，所有的垃圾发电厂都符合中国生态环境部关于“装、树、联”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。电厂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。另外，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，并为更多电厂设置网上公开参观功能，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 Yunnan Green Energy Co., Ltd in Yunnan Province
图3 云南省云南绿色能源有限公司展示的实时排放

Green Operations 绿色经营

Epidemic Prevention and Production Together; Shouldering Social Responsibilities 防疫生产“两手抓”，勇担社会责任

In the first half of 2020, the intense COVID-19 epidemic situation had a greater impact on the Company's domestic waste treatment companies.

2020年上半年，新冠肺炎疫情来势汹汹，对公司旗下各地生活垃圾处理企业也带来了较大的影响。

Since the outbreak of the epidemic, Zheneng Jinjiang Environment has, from its headquarters to its subsidiaries, confronted and proactively responded to the situation. It has carried out a large number of epidemic prevention and control work, shared protective materials, guaranteed the standardized and efficient production of each WTE facility, and turned domestic waste into green energy, to ensure the safe disposal of urban domestic waste.

自疫情发生以来，浙能锦江环境从本部到下属企业，雷霆出击、主动应对，开展了大量疫情防控工作，共享防护物资，保障每一个电厂的规范、高效生产，将生活垃圾转化为绿色能源，保障了城市生活垃圾的安全处置。

Eleven of the WTE facilities under the Company actively cooperate with the local government to regulate the treatment of medical waste under the prerequisite of various protections, and bravely assume social responsibilities. In the first quarter of 2020, the above-mentioned WTE facilities have processed more than 4,750 tons of this type of waste, which reflects the good quality of our employees who are considerate and assumed responsibility.

公司旗下有十一家电厂在做好各项防护前提下，积极配合当地政府规范处置医疗垃圾，勇担社会责任。在2020年一季度，上述电厂已累计处理该类垃圾超过4750吨，体现了浙能锦江人顾大局、敢担当的良好品质。



Figure 4 Wuhan Jinjiang WTE Facility in Wuhan City, Hubei Province received a letter of appreciation from Leishenshan Hospital

图4 湖北省武汉市武昌垃圾发电厂收到来自雷神山医院的致谢函

Talent Training and Advancement 人才培养与提升

Employees play an important role in bringing in positive productivity and profitability to the Company. 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.

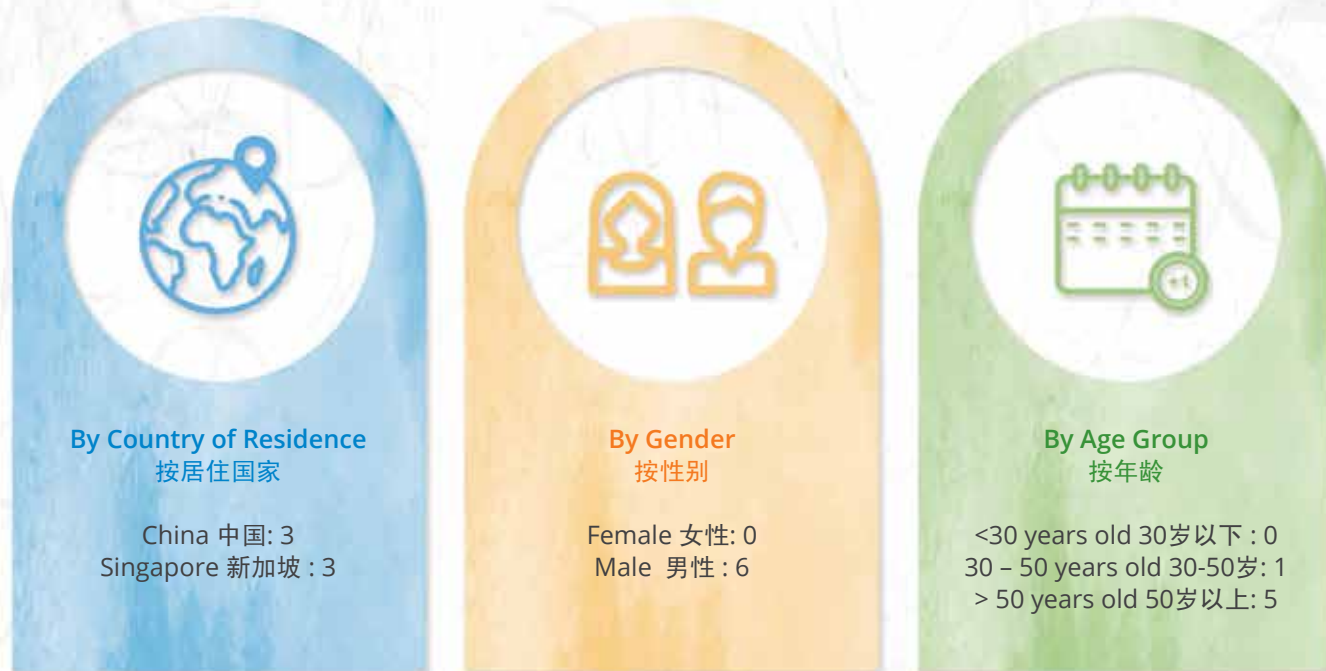
We strictly abide by the "Labor Law of the People's Republic of China" to protect and respect the legitimate rights and interests of employees, and to establish a harmonious relationship between the Company and employees. Our human resource policies are grounded in equal opportunities and fair employment 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 2020, Zheneng Jinjiang Environment has a total of 6 board members and 2,391 permanent employees. The charts below provide a quantitative measure of board and employee diversity.

员工是为公司带来良好生产效率及盈利的重要角色，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。

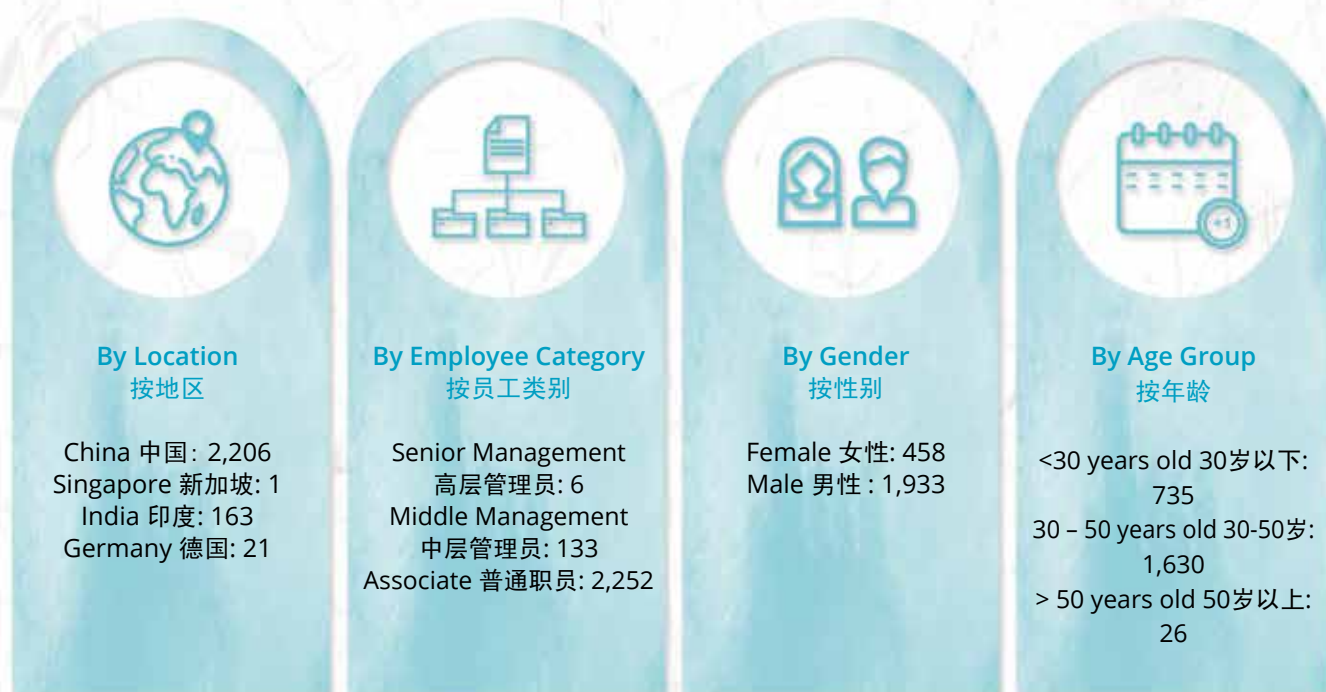
我们严格遵守《中华人民共和国劳动法》，以保护和尊重劳动者的合法权益，并在公司与员工之间建立和谐的关系。我们的人力资源政策以平等机会和公平就业为基础。考虑所有合格的候选人，不受性别、年龄、种族、宗教和国籍的歧视。我们努力创造一个多元化和包容性的工作环境，尊重每个人的独特才能、经验和观点。截至2020年12月31日，浙能锦江环境共有6名董事会成员和2,391名长期雇员。下面的图表提供了董事会和员工多样性的量化指标。

Talent Training and Advancement 人才培养与提升

FY2020 Board of Directors 2020 财年董事会成员



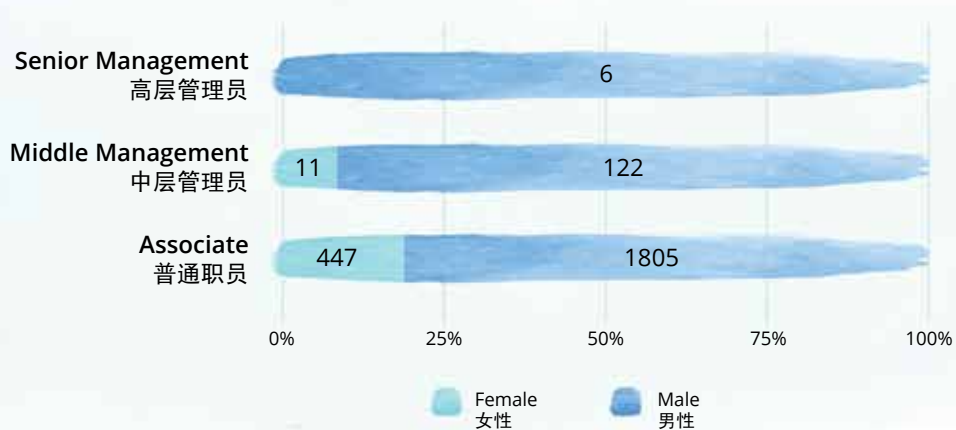
FY2020 Workforce 2020 财年人才团队



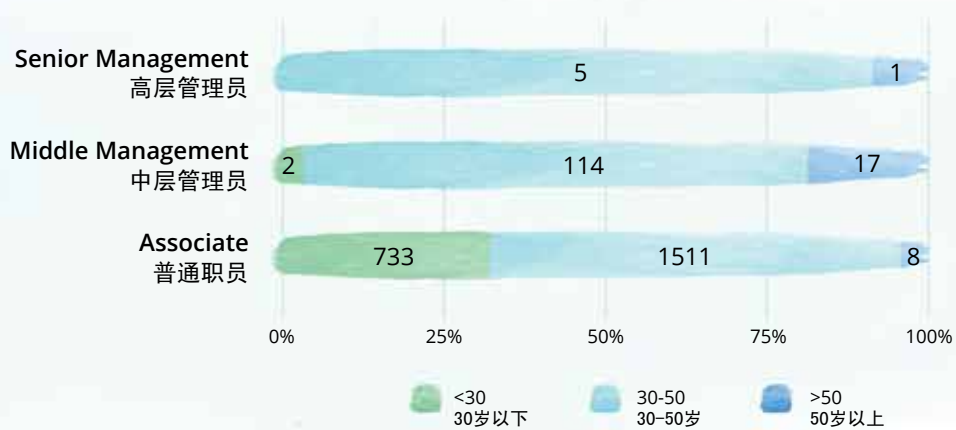
Talent Training and Advancement 人才培养与提升

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



Talent Training and Advancement 人才培养与提升

Zheneng Jinjiang Environment seeks to create a harmonious, collaborative, inclusive and cultural diversity working environment. The Company optimizes the organizational structure with “precise headquarters and excellent grassroots” as the main line, realizes flat management, reduces operating costs, and improves management level. In 2020, the Company initiated the 7S (namely Seiri, Seiton, Seiso, Seiketsu, Shitsuke, Safety and Speeding/Saving) management activity, effectively making full use of the room and keep the clean environment, promoting the management and injecting new vitality to lifting efficiency and regional refined management. The Company also organises frequent employee bonding activities, such as basketball games, cultural contests, outreach programmes, singing competitions, non-profit activities 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、文化多样性的工作环境。公司以“精总部、优基层”为主线优化组织架构，实现扁平化管理，降低运营成本，提升经营管理水平。2020年，公司启动实施7S管理（即“整理、整顿、清扫、清洁、素养、安全、节约”），有效地帮助公司充分利用空间，保持环境清洁，促进管理再上新台阶，为提升工作效率及区域精益管理水平注入新活力。公司亦经常组织员工开展运动比赛、文化比拼、素质拓展、歌唱比赛、爱心公益等团建活动，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。

Emphasising the Importance of Daily Emergency Drills – Tangshan Jiasheng WTE Facility 重视日常应急演练 唐山垃圾发电厂临“震”不乱

According to the official determination of China Earthquake Network: At 6:38 on July 12, a magnitude 5.1 earthquake occurred in Guye District, Tangshan City, Hebei Province (39.78 degrees north latitude, 118.44 degrees east longitude), with a focal depth of 10 kilometers, the largest magnitude in the past five years.

据中国地震台网正式测定：7月12日6时38分，在河北省唐山市古冶区（北纬39.78度，东经118.44度）发生5.1级地震，震源深度10公里，为近五年来最大震级。

Zheneng Jinjiang Environment's Tangshan Jiasheng WTE Facility, located in Tangshan City, Hebei Province, faced a major earthquake. The earthquake occurred in the early morning, but the Tangshan Jiasheng WTE Facility immediately activated an earthquake emergency plan to quickly and comprehensively carry out the investigation of disasters and hidden dangers while ensuring the safety of personnel. After investigation, the personnel and equipment of Tangshan Jiasheng WTE Facility are safe, and production and operations are running smoothly.

浙能锦江环境唐山垃圾发电厂位于河北省唐山市，直面大地震。地震发生在清晨，但唐山垃圾发电厂第一时间启动地震应急预案，在确保人员安全的情况下，迅速、全面开展受灾及隐患情况排查工作。经排查，唐山垃圾发电厂人员、设备安全，生产经营运行平稳。

Emergency drills can help employees to quickly, accurately and efficiently take relevant measures in the event of an emergency, and improve the safety management levels of the facility. The facility will carry out some emergency drills on a daily basis, and the employees have a strong ability to escape and rescue, so that they will not be “shocked” in such an emergency situation.

应急演练能有助于电厂员工们在发生紧急情况时快速、准确、高效地采取相关措施，提升电厂的安全管理水平。电厂日常会展开一些应急演练，员工们对如何逃生、救援、抢险的能力较强，才会在如此紧急的情况下临“震”不乱。

Talent Training and Advancement 人才培养与提升



Figure 5 Tangshan Jiasheng WTE Facility in Hebei Province was under examination after the earthquake
图5 河北省唐山垃圾发电厂进行震后检查

The Human Resource (HR) Department closely monitors the new hires and turnover rate for strategic planning of our workforce. In 2020, in line with our business expansion, we have grown our workforce. In China and Singapore, we had 618 new employees and 460 turnovers in 2020. The overall annual new hires rate was 28 % and the annual turnover rate was 21% 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。2020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，2020年入职新员工为618人，离职人员为460人。中国和新加坡的整体年度员工入职率为28%，年流动率为21%。

Talent Training and Advancement

人才培养与提升

Table 3 Employee New Hires and Turnover by Age Group, Gender and Region in FY2020⁶

表3 按年龄、性别和地区的2020财年雇员新进员工和离职员工⁶

FY2020 2020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
By Age Group 按年龄				
< 30 years old 30岁以下	265	12%	147	7%
30 - 50 years old 30-50岁	322	15%	271	12%
> 50 years old 50岁以上	31	1%	42	2%
By Gender 按性别				
Male 男性	515	23%	391	18%
Female 女性	103	5%	69	3%
By Region 按地区				
China 中国	617	28%	459	21%
Singapore 新加坡	1	0%	1	0%
Overall 总计				
Overall 总计	618	28%	460	21%

Regardless of the qualifications and employment nature of employees, we encourage them to develop their professional and interpersonal skills. 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 were sponsored to be enrolled in the MBA programme and seminars offered by Zhejiang University. To inculcate a global perspective, we send our excellent and potential talents on overseas study trips to learn leading technologies across the globe. The HR Department tracks training attendance and gathers feedback to encourage participation and identify areas for improvement. In China and Singapore, Zheneng Jinjiang Environment achieved an average of 73.4 hours of training per employee during 2020.

不论员工的资历和就业性质，我们均鼓励他们培养专业 and 人际交往能力。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，公司曾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，我们将优秀、有潜力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。2020年，浙能锦江环境在中国和新加坡的员工平均培训时间为73.4小时。

⁶ 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 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，考虑在未来涵盖这些地区数据。

Talent Training and Advancement

人才培养与提升

Table 4 Average Hours of Training by Gender and Employee Category in FY2020
表4 2020年按性别和雇员类别的培训时长

FY2020 2020 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)
By Gender 按性别	
Female 女性	73.4
Male 男性	73.4
By Employee Category 按雇员类别	
Associate 普通职员	74
Middle management 中层管理员	65
Senior management 高级管理员	45
Overall 总计	
Overall 总计	73.4

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 2020, 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 2021, we target to achieve at least on average 75 hours of training per employee per year and provide a 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2020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75小时的培训，并为中国和新加坡所有员工提供绩效评估。

Talent Training and Advancement 人才培养与提升

Integrating Training and Implementation Internally: General Manager's Exchange Tour 训战合一 内生赋能：企业总经理游学交流会

As the chief executive of a subsidiary company, the general manager's new management ideas and management standards are particularly important. In August 2020, the exchange tour for general managers of the subsidiaries of Zhejiang Jinjiang Environment – “Integrating Training and Implementation Internally” was held at Zheneng Taizhou Power Plant.

总经理作为下属企业的一把手，新的管理思想、管理水平尤其重要。2020年8月，浙能锦江环境“训战合一 内生赋能”下属企业总经理游学交流会在浙能台州发电厂举行。

In addition to visiting Zheneng Taizhou Power Plant production and in-depth exchanges, the exchange tour also invited teachers in the Zheneng Group's system with rich practical and management experience to give lectures. The content mainly included safety management, environmental protection management and 7S standardized management.

除了参观台州电厂生产、深度交流，游学还请到了具有丰富实践及管理经验的浙能集团系统内老师进行授课，内容主要包括安全管理、环保管理及7S标准化管理三方面。

The general managers of various enterprises have in-depth study of benchmark power plants, and have thought, and enlightenment from on-site exchanges, thereby further improving the management level of enterprise safety production and other aspects.

各企业总经理通过深入学习标杆电厂，从现场交流中有所思、有所想、有所悟，从而进一步提升企业安全生产等方面管理水平。



Figure 6 Zheneng Jinjiang Environment launched the General Manager's Exchange Tour.

图6 浙能锦江环境举办总经理游学交流会

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 project.

During hot summer, all employees of Zheneng Jinjiang Environment are enduring the high temperature to ensure the continued production and operation of the facilities. In 2020, the management team concerned about the workers at the production line and went to all WTE facilities and projects under construction to deploy and implement various heat-prevention work and distribute heat-prevention materials to ensure the safety of the workers.

In line with the Group’s commitment to promote employee with wellness, Zheneng Jinjiang Environment offers all employees complimentary health check-ups and insured the Employer Liability Insurance and Group Accident Insurance for all employees. The technical operation 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 in the process of setting up OHS systems in each WTE facility in accordance to 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 precaution features. 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. The HR Department closely tracks and analyses our safety record for continued improvement.

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。

炎炎夏季，浙能锦江环境的全体员工都在战高温，迎“烤”验，全力保障企业生产运营。在2020年，本部领导班子心系一线员工，以人为本，奔赴各运行电厂、在建项目一线，亲自部署落实各项防暑降温工作，送上防暑物资慰问员工，确保安全度夏。

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，并为所有员工投保雇主责任险和团体意外险。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OHSAS18001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。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。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。



Figure 7 Chairman Mr. Wei Dongliang concerned about employees at Jilin Xinxiang WTE Facility in Jilin Province
图7 韦东良董事长慰问吉林省长春垃圾发电厂员工

Occupational Health and Safety

职业健康和安

In 2020, in order to further strengthen enterprise safety production management, strengthen safety awareness, clarify safety responsibilities, and implement safety goals, the Company adjusted the organizational structure of the safety production management committee, with the Chairman of the Company serving as the director of the committee. In early 2021, in order to implement the "safe, green and healthy development" policy, build an ESH "three-in-one" management system, and further adjusted the Work Safety Management Committee to the ESH Management Committee. In 2021, the Company will use the three-year special safety action plan as the guide to comprehensively promote the implementation of the safety production standardization of operating enterprises, establish a goal and responsibility system as the guidance, with system management, education and training and on-site management as the main content, with risk management and hidden hazard investigation and governance as drivers, supported by emergency management and accident management, and with performance evaluations used to promote continuous improvement, to form a PDCA cycle for the safety standardization management system. The basic work of operating enterprise safety production management is continuously consolidated, and management is continuously and effectively improved.

In 2020, there was an incident of workplace casualty. The Company immediately set up an accident investigation team to conduct in-depth investigation and analysis of the accident, find the cause of the accident, and propose accident rectification and preventive measures, and evaluate the Company's management team and the corresponding responsible persons. In the face of the severe COVID-19 epidemic in early 2020, the Company placed significant emphasis on the prevention and control of the epidemic, and established a special work leading group to guide all subsidiaries to do a good job in prevention and control. All-round, full-process, and full-staff management has ensured the safety of all enterprises and project personnel. Strengthening of the management of outsourcing, labor and construction personnel, implementing the main responsibilities, incorporating homogeneous management, and helping enterprises to resume normal production and project construction allowed the achievement of the ultimate goal of "zero death, zero infection, and zero diagnosis". On the basis of fighting the epidemic prevention and control battle, Zheneng Jinjiang Environment has the courage to shoulder the social responsibility of a state-owned enterprise, and successfully completed the normal disposal of domestic waste in the city where the company is located and the emergency disposal of domestic waste mixed with medical waste in some areas, which provides a strong guarantee for the sanitation work in various regions during the epidemic. In 2021, 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.

2020年,为进一步加强企业安全生产管理,强化安全意识,明确安全职责,落实安全目标,公司调整安全生产管理委员会组织架构,由公司董事长担任委员会主任。2021年初,为贯彻“安全、绿色、健康发展”的方针、构建ESH“三位一体”管理体系,进一步将安全生产管理委员会调整为ESH管理委员会。公司将以三年安全专项行动方案为指导,全面推进运行企业安全生产标准化落地,建立以目标和职责体系为导向,以制度管理、教育培训和现场管理为主要内容,以风险管控和隐患排查治理为驱动,以应急管理和事故管理为辅助,以绩效评定促进持续改进,形成PDCA循环的安全标准化管理体系,不断夯实运行企业安全生产管理基础工作,并持续有效地进行管理提升。

2020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,公司立即成立事故调查组,对事故进行深入调查和分析,查找事故原因,并提出事故整改和防范措施,对企业管理团队和相应责任人进行考核。面对2020年初严峻的新冠疫情,公司高度重视疫情防控工作,成立专项工作领导小组,指导下属企业做好防控各项工作,全方位、全过程、全员管控,确保了所有企业、项目人员安全。公司强化外包、劳务及施工人员管理,落实主体责任,纳入同质化管理,助力各企业正常生产和项目建设的复工复产,达到“零死亡、零感染、零确诊”的最终目标。在打好疫情防控阻击战的基础上,浙能锦江环境勇于担当,扛起了国企的社会责任,圆满完成企业所在城市的生活垃圾正常处置保障任务和部分地区生活垃圾混合医疗垃圾应急处置任务,为各地疫情期间环卫工作提供了有力的保障。2021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 makes full use of internal and external resources, strives to break through internal professional barriers, takes system construction as its foundation and special training as the carrier, rectification of closed-loop as the requirement, and legal support as the backing, and implementing corporate governance of the enterprise according to law and the concept of risk prevention and control, which runs through the whole process of production and operation of the enterprise. Throughout the process, to build a risk protection net and maintain legally compliant operations.

Zheneng Jinjiang Environment takes a strong stance against all forms of corruption. The official account of Zheneng Jinjiang Environment Reporting and Complaint channel has been opened, 100% of the complaints are tracked and handled to ensure an open information feedback channel. Zheneng Jinjiang Environment also has the integrity clause in all contracts, which is signed with respect to major contracts. In 2020, there were no confirmed incidents of corruption. In the coming year, Zheneng Jinjiang Environment aims to continue 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 completed the legal affairs management system, consolidated the management of contract review and system construction, assisted with decision-making on major issues, and continuously improved the legal risk prevention and control mechanism. Based on the system, the Company promotes the standardization of management, by comprehensively revising all the systems that have been issued, establishing a sound long-term mechanism for rectification and correction of problems found in audits, and to analyze and judge common problems found in audits and to report on those situations. The Company introduced a deadline rectification mechanism to promote closed-loop audits.

Zheneng Jinjiang Environment acknowledges the changing regulatory environment and actively manages its compliance risks. The management, technical teams and the Risk Control Department communicate regularly with regulators and industrial associations, and actively participate in the consultation of new laws and regulations. In 2020, the Company launched 6 special training programmes involving environmental protection laws, bidding practices, internal control, contract management, and integrity practices, and supervised and guided external lawyers to carry out environmental protection, contract performance, and human resources legal training for WTE facilities to ensure maximum assurance requirements and training effects at all levels to improve employees' sense of responsibility and compliance. In 2021, we will continue to increase the frequency and intensity of compliance training, regularly organize trainings on listing compliance, integrity and self-discipline, environmental protection laws, and system publicity, and enrich the training methods. We will also discuss and exchange doubts in daily work to obtain substantial training results.

浙能锦江环境重视并有力地管理可持续发展业绩，充分利用内外部资源、努力打通内部专业壁垒，以制度建设为基础、以专题培训为载体、以整改闭环为要求、以法律支持为后盾，将依法治企、风险防控理念贯穿于企业生产经营全过程，筑造风险防护网，保持合规经营。

浙能锦江环境在反腐倡廉的问题上立场坚定、态度鲜明，开通了浙能锦江环境举报投诉公众号，100%跟踪处理投诉事项以确保信息反馈渠道畅通；将廉洁条款作为合同必要条款，重大合同签订廉洁协议。2020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继续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，完善法律事务管理体系，夯实合同审核、制度建设基础管理，助力重大事项决策，不断完善法律风险预防预控机制。公司以制度为基石推进管理规范化，全面修订已出台的所有制度，同时建立健全审计、查出问题整改长效机制，对审计发现的普遍性问题做好分析研判和情况通报，推出限期整改机制以促进审计闭环。

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。2020年，公司共组织环保法律、招投标实务、内部控制、合同管理、廉洁从业等6次专题培训，以及督促指导外聘律师对电厂开展环境保护、合同履约、人力资源法律培训，最大程度地保证各层级需求和培训效果，以提高员工的责任和合规意识。2021年，我们将继续增加合规培训频次和力度，定期组织上市合规、廉洁自律、环保法律、制度宣贯等培训，丰富培训形式，并对日常工作存在的疑惑进行讨论交流，以获得实质性的培训效果。

Additional Disclosure: Local Community 附加披露：当地社区

In 2020, we participated in various community service projects to create positive social impacts, as described below.

2020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. Youth Has Enthusiasm To Fight The “Epidemic”

March 6, 2020 is the time of Lei Feng Week. Having known that the clinical blood supply was in emergency due to the epidemic, Zheneng Jinjiang Environment actively responded to the organization to organize free blood donation activities. Employees in Hangzhou, Zhejiang Province enthusiastically signed up to fight the “epidemic” together and strived to be a “blood pioneer” who guards lives!



1. 青春有热血 战“疫”显担当

2020年3月6日正值雷锋周，得知受疫情影响，临床血液供应告急后，浙能锦江环境积极组织开展无偿献血活动，在浙江杭州的员工们踊跃报名，同心战“疫”，争做守护生命的“热血先锋”！

Figure 8 Employees participated in blood donation activities during the epidemic

图8 疫情期间员工参与献血活动

2. Take Actions In Beautifying China

On 5 June 2020, the 49th World Environment Day, Songyuan Xinxiang WTE Facility in Jilin Province cooperated with over ten non-public enterprises nearby with a total of more than 100 volunteers to launch a themed activity. They helped to clean the weeds and waste near the street and distributed over 500 brochures on the World Environment Day to villagers to promote the ideal of environmental protection.



2. 美丽中国 我是行动者

2020年6月5日，吉林省松原垃圾发电厂联合周边10余家非公有制企业共100余名志愿者，在第49个世界“环境日”到来之际，开展“四城联创、秀美家园”主题活动。为周边村镇清除树间杂草及街路两侧垃圾，同时向村民发放《世界“环境日”宣传手册》500余份，让环境保护理念深入人心。

Figure 9 Volunteers from Songyuan Xinxiang WTE Facility cleaned the weeds and waste near the street of the surrounding villages and towns.

图9 松原垃圾发电厂志愿者为周边村镇清除树间杂草及街路两侧垃圾

Additional Disclosure: Local Community

附加披露：当地社区

3. School-Enterprise Cooperation To Build A Green And Friendly Bridge

On November 18, 2020, the licensing ceremony for the practical teaching base of Jiyang College of Zhejiang Agriculture and Forestry University was held in the conference room of Zhuji Bafang WTE Facility in Zhejiang Province. To be the educational base and let the WTE Facility become a window for the public to learn about electricity and green power plants, and become a green and friendly bridge between enterprises, localities and schools.



3. 校企合作 搭建绿色友好桥梁

2020年11月18日，浙江农林大学暨阳学院实践教学基地授牌仪式在浙江省诸暨八方电厂会议室举行。成为教育基地，可以让垃圾发电厂成为公众了解电力、认识绿色电厂的窗口，成为架设在企业 and 地方、学校之间的一座绿色友好桥梁。

Figure 10 Students from Jiyang College of Zhejiang Agricultural and Forestry University visited Zhuji Bafang WTE Facility in Zhuji, Zhejiang Province.

图10 浙江农林大学暨阳学院学生参观浙江诸暨八方电厂

4. Environmental Protection Facilities Open to The Public and Promote The Environmental Protection Education

In order to further expand the public's awareness of environmental protection knowledge such as waste-to-energy and waste classification, the Zibo New Energy WTE Facility in Zibo City, Shandong Province regularly organizes public open days at its environmental protection facilities, inviting surrounding residents, primary and middle school students, and volunteers from the district environmental protection association to enter and explore the factory area. The local media gave rave reviews of the WTE facility, and the visitors said that they have benefitted a lot.

4. 环保设施公众开放 助力环保宣教

为进一步扩大公众对垃圾发电、垃圾分类等环保知识的知晓率，山东省淄博市临淄垃圾发电厂定期开展环保设施公众开放日活动，邀请周边居民、中小學生、区环保协会的志愿者们走进厂区进行参观。当地媒体对电厂作出较高评价，参观者们均表示受益良多。



Figure 11 Zibo New Energy WTE Facility in Shandong Province launched public open day activities at its environmental protection facilities

图11 浙能锦江环境山东省临淄垃圾发电厂开展环保设施公众开放日活动

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Corporate Governance Report

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

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

Board Matters

Principle 1: The Board’s Conduct of Affairs

Role of the Board

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

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

Independent Judgement

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

Delegation by the Board

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

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 2020 ("FY2020") and the attendance of each Director where relevant are as follows:

Directors' Attendance at Board and Board Committee Meetings in FY2020

	Board	AGM	EGM	ARMC	NC	RC
Number of meetings held in FY2020	4	1	–	6	1	2
Name of Director	Number of meetings attended in 2020					
Wei Dongliang	4	1	–	3 [^]	1	1 [^]
Zhang Chao ⁽¹⁾	2 ⁽¹⁾	1	–	2 [^]	1 [^]	1 [^]
Wang Ruihong	4	1	–	5 [^]	1 [^]	1 [^]
Ang Swee Tian	4	1	–	6	1	2
Hee Theng Fong	4	1	–	6	1 [^]	2
Tan Huay Lim	4	1	–	6	1	2 [^]
Ni Mingjiang	3	1	–	2 [^]	1	2

[^] : by invitation

⁽¹⁾ Mr Zhang Chao retired as an Executive Director and the Chief Executive Officer of the Company on 10 November 2020 upon the expiry of his service contract with the Company. His attendance at the Board meeting was recorded up to the date of his retirement thereof.

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

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Board Approval

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

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

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

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. Virtual site visits to overseas plants may also be conducted to facilitate a better understanding of the Group's operations, processes, internal controls and governance practices. Meetings with various key executives allow the Directors to be acquainted with the management team and ensure that the Directors have direct independent access to the management team in future. All newly appointed Directors receive an appointment letter setting out the general duties and obligations as a Director, pursuant to the relevant legislation and regulations.

In addition to the above, all Directors and management are encouraged to undergo relevant training to enhance their skills and knowledge, particularly on new laws and regulations affecting the Group's business and governance practices. Directors who have no prior experience as a director of a listed company are required to attend the Listed Entity Directors Programme conducted by the Singapore Institute of Directors within the prescribed timelines under the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST Listing Manual**") to acquire the relevant knowledge on the roles and responsibilities of a listed company director. The Joint Company Secretaries coordinate with such Director to complete such training, subject to the training schedule and the Director's availability. The Directors are also provided with updates periodically by the Company's compliance adviser, Joint Company Secretaries, external and internal auditors and other professionals relating to directors' duties, relevant laws, regulations and codes, financial reporting standards, internal controls, corporate governance and risk management. All the orientation and training expenses are fully funded by the Group.

Complete, Adequate and Timely Information

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

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

Name of Director	Age	Date of first appointment	Position(s)
Wei Dongliang	46	26 Sep 2019	Executive Chairman
Wang Ruihong	55	23 Dec 2010	Executive Director and Deputy General Manager
Ang Swee Tian	72	29 Jun 2016	Lead Independent Director
Hee Theng Fong	66	29 Jun 2016	Independent Director
Tan Huay Lim	64	29 Jun 2016	Independent Director
Ni Mingjiang	71	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 FY2020, 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.

Corporate Governance Report

Board Composition and Size

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

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

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

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

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

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

Chairman and CEO

Mr Wei Dongliang 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.

On 10 November 2020, Mr Zhang Chao had retired as an Executive Director and the Chief Executive Officer ("CEO") of the Company upon the expiry of his service contract with the Company. Currently, there is no CEO of the Company.

Mr Wei Dongliang, the Executive Chairman, is temporarily responsible for overseeing the day-to-day operations of the Group.

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

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

Lead Independent Director

Given that the Chairman is not independent, Mr Ang Swee Tian ("**Mr. Ang**") has been appointed as the Lead Independent Director ("**Lead ID**"). The Board is of the view that the process of decision making by the Board is independent and based on collective decision-making without any individuals exercising any considerable concentration of power or influence. All major decisions made by the Group will be subject to review by the Board. The Lead ID is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman of the Board or management are inappropriate or inadequate. The Lead ID has also held discussions with the other independent Directors without the presence of the Executive Chairman or management.

Principle 4: Board Membership

NC Composition and Role

The NC comprises four directors namely:

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

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

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

- making recommendations to the Board on relevant matters relating to succession plans for the chairman of the Board, Directors, Group CEO and other key management personnel (including regarding their appointment and/or replacement);
- making recommendations to the Board on relevant matters relating to evaluation of the performance of the Board, the Board Committees and the individual Directors. The NC also proposes and recommends for the Board's approval, objective performance criteria and processes for the evaluation of the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by the chairman of the Board and each individual Director to the Board;
- making recommendations to the Board on relevant matters relating to the training and professional development programmes for the Board and the Directors, including ensuring that new Directors are aware of their duties and obligations and undergo an appropriate induction programme;
- making recommendations to the Board on relevant matters relating to the appointment and re-appointment of all Directors (including any alternate Directors) and on membership of the Board Committees;

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- regularly reviewing the structure, size and composition of the Board and Board Committees, having regard to skillset, qualification, gender, age, experience and diversity;
- reviewing other directorships and principal commitments held by each Director and decide whether a Director is able to carry out, and has been adequately carrying out, his/her duties as a Director, taking into consideration the number of listed company directorships held by the Director and his/her principal commitments; and
- reviewing and determining annually (or whenever necessary), the independent status of Directors (and that of the alternate Directors (if applicable)), having regard to the Code and the SGX-ST Listing Manual.

Based on the 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.

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.

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

The Company's articles of association provide that each Director shall retire at least once every three years and a retiring Director shall be eligible for re-election. At the forthcoming annual general meeting ("AGM"), Mr. Ang and Mr. Ni Mingjiang ("Mr. Ni") will be retiring. Mr. Ang and Mr. Ni have offered themselves for re-election. Each of Mr. Ang and Mr. Ni, 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. Ang and Mr. Ni 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 of each Director in other listed companies, group and related companies and other companies and organisations are set out below.

Name	Present Directorships	Past Directorships
Wei Dongliang	<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. (新加坡锦江环境私人有限公司)</p> <p>Lamoon Holding Limited</p> <p>Outstanding Mode Developments Limited</p> <p>Sunrise Development Group Limited (晨兴发展集团有限公司)</p> <p>Gevin Limited (格闻有限公司)</p> <p>Prime Gain Investments Limited (鸿盈投资有限公司)</p> <p>Lin'an Jiasheng Environment Co., Ltd. (临安嘉盛环保有限公司)</p> <p><u>Other Companies</u></p> <p>-</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 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>

¹ "independence" has the same meaning as defined in the CG Code.

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Name	Present Directorships	Past Directorships
		Zhejiang Zheneng Jiaxing Power Co., Ltd. (浙江浙能嘉兴发电有限公司)
		Ningbo Marine Group Company Limited (宁波海运集团有限公司)
		Zhejiang Ocean Development Investment Group Co., Ltd. (浙江省海港投资运营集团有限公司)
		Zhejiang Tou Men Port Investment and Development Co., Ltd. (浙江头门港投资开发有限公司)
		Qianjiang Water Resources Development Co., Ltd. (钱江水利开发股份有限公司)
		Huaizhe Coal & Electricity Co., Ltd. (淮浙煤电有限责任公司)
		Zhejiang Zheneng Gas Co., Ltd. (浙江能源天然气集团有限公司)
		Shenhua Guohua (Zhoushan) Power Generation Co., Ltd. (神华国华（舟山）发电有限责任公司)
		Zhejiang Zheneng Wenzhou Power Generation Co., Ltd. (浙江浙能温州发电有限公司)
		Zhejiang Fuxing Electric Power Fuel Co., Ltd. (浙江富兴电力燃料有限公司)
		Zhejiang Zheneng Beilun Power Generation Co., Ltd. (浙江浙能北仑发电有限公司)
		Zhejiang Zheneng Changxing Power Generation Co., Ltd. (浙江浙能长兴发电有限公司)
		Zheneng Equity Investment Fund Management Co., Ltd. (浙能股权投资基金管理有限公司)
		Zhejiang Zheneng Investment Management Co., Ltd. (浙江浙能投资管理有限公司)
		Zhejiang Zheneng Ningbo Natural Gas technology Development Limited Liability Company (浙江浙能宁波天然气科技开发有限责任公司)
		Zheneng Capital Holdings Co., Ltd. (浙能资本控股有限公司)

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Name	Present Directorships	Past Directorships
Wang Ruihong (王瑞红)	<p><u>Group Companies</u></p> <p>Lin'an Jiasheng Environmental Protection Co., Ltd. (临安嘉盛环保有限公司)</p> <p>Green Energy (Hangzhou) Enterprise Management Co., Ltd. (绿能(杭州)企业管理有限公司)</p> <p>Hangzhou Jinjiang Environment Investment Co., Ltd. (杭州锦环投资有限公司)</p> <p>Hangzhou Xiaoshan Jinjiang Green Energy Co., Ltd. (杭州萧山锦江绿色能源有限公司)</p> <p>Hangzhou Yuhang Jinjiang Environmental Energy Co., Ltd. (杭州余杭锦江环保能源有限公司)</p> <p>Wenling Green New Energy Co., Ltd. (温岭绿能新能源有限公司)</p> <p>Wuhan Green Energy Co., Ltd. (武汉市绿色环保能源有限公司)</p> <p>Wuhan Hankou Green Energy Co., Ltd. (武汉汉口绿色能源有限公司)</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>Zibo Environmental Energy Co., Ltd. (淄博环保能源有限公司)</p> <p>Zibo Green Environmental Energy Co., Ltd. (淄博绿能环保能源有限公司)</p> <p>Gaomi Lilangmingde Environmental Protection Technology Co., Ltd. (高密利朗明德环保科技有限公司)</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>Suihua Green New Energy Co., Ltd. (绥化市绿能新能源有限公司)</p>	<p><u>Group Companies</u></p> <p>Hohhot Jiasheng New Energy Co., Ltd. (呼和浩特嘉盛新能源有限公司)</p> <p>Baishan Green New Energy Co., Ltd. (白山绿能新能源有限公司)</p> <p>Hunchun Green New Energy Co., Ltd. (珲春绿能新能源有限公司)</p> <p>Linzhou Jiasheng New Energy Co., Ltd. (林州市嘉盛新能源有限公司)</p> <p>Zhongwei Green New Energy Co., Ltd. (中卫市绿能新能源有限公司)</p> <p>Tangshan Jiasheng New Energy Co., Ltd. (唐山嘉盛新能源有限公司)</p> <p>Yulin Green New Energy Co., Ltd. (榆林绿能新能源有限公司)</p> <p>Lüliang Green New Energy Co., Ltd. (吕梁绿能新能源有限公司)</p> <p>Zibo Green New Energy Co., Ltd. (淄博绿能新能源有限公司)</p> <p><u>Other Companies</u></p> <p>Henan Jinrong Cement Co., Ltd. (河南锦荣水泥有限公司)</p> <p>Zhejiang Zhuji Thermal Power Development Co., Ltd. (浙江诸暨热电发展有限公司)</p> <p>Cayman (Shanxian) Energy Comprehensive Utilization Co., Ltd. (开曼(陕县)能源综合利用有限公司)</p> <p>Sanmenxia Green Energy Environmental Protection Energy Co., Ltd. (三门峡绿能环保能源有限公司)</p> <p>Wuhan Jinhong Bioenergy Co., Ltd. (武汉锦弘德生物能源有限公司)</p> <p>Kuitun Tianbei Mining Investment Co., Ltd. (奎屯天北矿业投资有限责任公司)</p> <p>Holingsol Logistics Co., Ltd. (霍林郭勒锦联物流有限公司)</p>

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Name	Present Directorships	Past Directorships
	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)	
	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	Present Directorships	Past Directorships
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>* Yanlord Land Group Limited</p> <p>* China Aviation Oil (Singapore) Corporation Ltd</p> <p>** Haidilao International Holding Ltd</p> <p>****Huazhu Group Limited</p> <p>F & H Singhome Fund II Ltd.</p> <p>F & H Singhome Fund III Ltd.</p> <p>Greenland (Singapore) Trust Management Pte. Ltd.</p> <p>Chua Foundation</p> <p>Singapore Medishield Life Council</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>* APAC Realty Limited</p> <p>NTUC Fairprice Co-operative Limited</p> <p>NTUC Fairprice Foundation Ltd.</p>

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Name	Present Directorships	Past Directorships
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>** Linklogic Inc.</p>	<p>Group Companies</p> <p>-</p> <p><u>Other Companies</u></p> <p>* Hong Leong Asia Ltd.</p> <p>* Auric Pacific Group Limited,</p> <p>Singapore Hokkien Huay Kuan</p> <p>Ren Ci Hospital</p> <p>Xihe Holdings (Pte) Ltd. (imder judicial management since 13 November 2020)</p> <p>Xihe Capital (Pte) Ltd (in liquidation pursuant to a members' voluntary winding up since 22 October 2020)</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:

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

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

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

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Supplemental Information on Directors Seeking Re-election

The information required under Rule 720(6) of the SGX-ST Listing Manual relating to the directors being proposed for re-election, namely, Mr Ang Swee Tian and Mr Ni Mingjiang, is set out below:

Name of Director	Ang Swee Tian	Ni Mingjiang
Date Of Appointment	29 June 2016	29 June 2016
Date Of Last Re-Appointment (if applicable)	30 April 2018	30 April 2018
Age	72	71
Country Of Principal Residence	Singapore	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. Ang as Director was recommended by the Nominating Committee ("NC") and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experience and overall contributions since he was appointed as a Director of the Company.</p> <p>Mr. Ang has abstained from the deliberation of the NC as well as that of the Board pertaining to his re-election.</p>	<p>The re-election of Mr. Ni as Director was recommended by the Nominating Committee ("NC") and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experience and overall contributions since he was appointed as a Director of the Company.</p> <p>Mr. Ni 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	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Director, Chairman of NC and member of the Audit and Risk Management Committee and Remuneration Committee.	Independent Director, Member of NC and Remuneration Committee.
Professional Qualifications	Please refer to the "Board of Directors" section	
Working experience and occupation(s) during the past 10 years	Please refer to the "Board of Directors" section	
Shareholding interest in the listed issuer and its subsidiaries	Direct interest of 80,000 shares	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None
Conflict of interest (including any competing business)	None	None

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Name of Director	Ang Swee Tian	Ni Mingjiang
Undertaking (in the format set out in Appendix 7.7 under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments ² including Directorships – Past (for the last 5 years)	Director of: China Aviation Oil (Singapore) Corporation Ltd Galaxy Futures Brokers Company Limited Tuas Power Ltd Tuas Power Generation Pte Ltd TP Utilities Pte Ltd Amare-Greenland Hospitality Investments (AGHI) Pte Ltd	–
Other Principal Commitments* including Directorships – Present	Director of: Cosco Shipping International (Singapore) Co., Ltd. ICE Singapore Holdings Pte. Ltd. ICE Futures Singapore Pte. Ltd. ICE Clear Singapore Pte. Ltd.	Director of Zhejiang University Jinjiang Energy Environmental Protection Co., Ltd. 浙江浙大锦江能源环保有限公司董事

* 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.

The Company confirms that the response to declaration items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual concerning the Director to be re-elected is a “no”.

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.

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

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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 key terms of reference, approved by the Board, includes the following:

- reviewing and making recommendations to the Board on all aspects of remuneration, including Directors' fees and the Company's remuneration policies;
- reviewing and making recommendations to the Board on the framework of remuneration for the Board chairman, the Directors, the Group CEO and other key management personnel;
- reviewing and making recommendations to the Board on the specific remuneration packages for each Director, the Group CEO and other key management personnel;
- reviewing the remuneration of any employees who are immediate family members of the Directors, Group CEO or substantial shareholders;
- reviewing and making recommendations to the Board on the talent management and remuneration framework for the Group, including staff development and succession planning;

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- monitoring the level and structure of remuneration relative to internal and external peers and competitors;
- ensuring that the contractual terms and any termination payments are fair to the individual and the Company; and
- administering the Jinjiang Environment Performance Share Plan ("**Jinjiang Environment PSP**") in accordance with the respective rules adopted (if applicable).

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

The RC oversees and administers the Jinjiang Environment PSP. It has the power to make or vary arrangements or guidelines for the implementation and administration of the Jinjiang Environment PSP. There were no share awards granted under the Jinjiang Environment PSP during FY2020. No shares were issued and allotted pursuant to the Jinjiang Environment PSP during FY2020.

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 Group seeks to ensure that the variable component is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company. To ensure that the level and structure of remuneration is proportionate to the sustained performance and value creation of the Group, the Company has put in place a framework of remuneration for its executive directors and key management personnel. The key areas of focus of the remuneration framework and details of the implementation within the Group are set out below:

Key Areas of Focus	Details
Pay for performance	<ul style="list-style-type: none"> • Instil and drive a pay-for-performance culture • Ensure that remuneration is closely linked to annual and long-term business objectives • Set, communicate and monitor key performance targets and indicators • Adjust the proportion of fixed and variable remuneration to emphasise sustainable performance that is aligned with the Group's strategic objectives, considering qualitative and quantitative factors

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Key Areas of Focus	Details
Competitive remuneration	<ul style="list-style-type: none"> Benchmark total remuneration against other organisations of similar size and standing in the Group's industry
Accountability and Risk-taking	<ul style="list-style-type: none"> Focus on achieving risk-adjusted returns that are consistent with prudent risk taking and capital management as well as emphasis on long-term sustainable outcomes Design remuneration structure to align incentive payments with the long-term performance of the Group through deferred vesting of incentives

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

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

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

Principle 8: Disclosure on Remuneration

Disclosure on Remuneration

The remuneration package for Directors and Key Management Personnel is made up of a fixed component (base salary and fixed allowances) and a variable component (year-end bonus and other benefits), and may also include longer-term incentives. There were no termination, retirement and post-employment benefits granted to Directors and Key Management Personnel in FY2020.

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

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Remuneration for Directors, CEO and Key Management Personnel

The remuneration for the Directors and the CEO of the Company for FY2020 is set out below:

Name	Base / Fixed Salary	Variable Bonus	Directors' Fees ³	Awards of Shares under the Jinjiang Environment PSP	Total
	%	%	%	%	%
Wei Dongliang	67	33	–	–	100
Zhang Chao ⁽ⁱ⁾	67	33	–	–	100
Wang Ruihong	67	33	–	–	100
Ang Swee Tian	–	–	100	–	100
Hee Theng Fong	–	–	100	–	100
Tan Huay Lim	–	–	100	–	100
Ni Mingjiang	–	–	100	–	100

(i) Mr Zhang Chao retired from the Board on 10 November 2020 upon the expiry of his service contract with the Company.

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 FY2020.

³ Directors' fees for FY2020 are subject to approval by shareholders as a lump sum at the AGM.

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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 then-CEO Mr Zhang Chao (who retired as an Executive Director and the CEO of the Company on 10 November 2020 upon the expiry of his service contract with the Company) and the Chief Financial Officer ("CFO") provided assurance to the Board on the integrity of the half year unaudited financial statements, and the Executive Chairman and the CFO provided assurance to the Board on the integrity of the full year unaudited financial statements. The Board in turn provided a negative assurance confirmation in respect of the unaudited financial statements for the half year to the shareholders in accordance with the regulatory requirements. The Executive Chairman, the then-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 Executive Chairman and the CFO provided written assurances to the Board that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances. The Executive Chairman and other Key Management Personnel who are responsible also provided written assurances to the Board that the internal controls and risk management systems in place are adequate and effective to address in all material aspects, the financial, operational, compliance and information technology risks within the current scope of the Group's business.

The ARMC reviews the adequacy and effectiveness of the Group's key internal controls and risk management systems with the assistance of management and external and internal auditors. The internal audit identified some control weaknesses at some of the Group's subsidiaries in China and provided recommendations for improvements. Management has adopted the recommendations to address these weaknesses and the internal audit will follow up to ensure that the recommendations were properly implemented. The external auditors, PricewaterhouseCoopers LLP ("PwC"), during the course of the audit of the Group's financial statements, identified several possible improvements to the relevant procedures, controls and other aspects, which were presented to the ARMC for consideration. Management action plans are initiated to address the weaknesses identified. Management has assessed and determined that these weaknesses do not have significant financial impact on the financial statements for the Group for FY2020. For the avoidance of doubt, PwC's recommendations do not in any way modify their audit opinion. The Company's management has noted PwC's observations and recommendations and is taking the necessary steps to implement PwC's recommendations.

Based on the above audits and the written assurance from management, the Board and the ARMC is of the opinion that the system of internal controls and risk management to address the financial, operational, compliance and information technology risks of the Company, are adequate and effective as at 31 December 2020.

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.

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Principle 10: Audit Committee

Composition of ARMC

The ARMC comprises three directors namely:

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

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

Powers and Duties of the ARMC

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

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

- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Group's financial performance;
- reviewing at least annually the adequacy and effectiveness of the Group's internal controls and risk management systems. The ARMC also reviews the Board's comments regarding the adequacy and effectiveness of the Group's internal controls and risk management systems and states whether it concurs with the Board's comments received. The ARMC may commission an independent audit on the internal controls and risk management systems for its assurance, or where it is not satisfied with the internal controls and risk management systems;
- reviewing the assurance from the Group CEO and the CFO on the financial records and financial statements;
- reviewing the adequacy, effectiveness, independence, scope and results of the Company's external audit function and making recommendations to the Board on the appointment, re-appointment or removal of the Company's external auditors as well as the remuneration and terms of engagement of the Company's external auditors;
- reviewing the adequacy, effectiveness, independence, scope and results of the Company's internal audit function, being the primary reporting line of the internal audit function and deciding on the appointment, termination and remuneration of the internal audit function;
- ensuring that the Group complies with the applicable laws and regulations and to ensure that the Company has programmes and policies in place to identify and prevent fraud or irregularity, and discussing with the Company's external auditors, and at an appropriate time report to the Board, if the ARMC becomes aware of any suspected fraud or irregularity or suspected infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position, and commission and review the findings of internal investigations into such matters;

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- reviewing and ensuring that policies and arrangements are in place for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on, and to ensure that the Company publicly discloses, and clearly communicates to employees of the Company, the existence and operation of a whistle-blowing policy and procedures for raising their concerns;
- reviewing all IPTs and related party transactions to ensure that they are on normal commercial terms, and that they do not prejudice the interests of the Company or its minority shareholders;
- reviewing potential conflicts of interest (if any) and review and monitor the conflicts of interest positions of the directors, controlling shareholders and their respective associates;
- monitoring and approving the exercise of any of the rights under the Non-Competition Agreement by the Group;
- monitoring entrusted loan arrangements entered into by the Group (whether as borrower or lender);
- monitoring and approving any lending by the Group to third parties which are not subsidiaries or associated companies of the Company;
- reviewing and monitoring the measures the Group has put in place in respect of the legal representatives of all its PRC-incorporated subsidiaries;
- reviewing the adequacy of and approving procedures put in place related to the Group's policy for entering into any future hedging transactions; and
- undertaking generally such other functions and duties as may be required by law or the Listing Manual, and by amendments made thereto from time to time.

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

Based on the 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 PwC and gave careful consideration to the Group's relationship with PwC in 2020. In determining the independence, the ARMC reviewed the Group's relationship with PwC and considered the nature and fees of non-audit services supplied by PwC. The ARMC is of the opinion that the nature and amount of such non-audit services did not impair PwC's position as an independent external auditor. Based on the review, the ARMC is of the opinion that PwC is, and is perceived to be, independent for the purpose of the Group's statutory financial audit.

During the year under review, the Company has paid an aggregate of approximately RMB4,121,000 to the external auditor for its audit services. There were no non-audit fees paid to the external auditor.

In reviewing the nomination of PwC for re-appointment for FY2020, the ARMC has considered the adequacy of the resources, experience and competence of PwC. The consideration includes the experience of the audit partner and key team members in handling the audit of the Group in different jurisdictions. The audit fees, the size and complexity of the audit of the Group as well as the number and experience of the supervisory and professional staff assigned to the Group were taken into account. The ARMC had also considered the audit team's ability to work in a co-operative manner with management while maintaining integrity and objectivity.

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

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

ARMC's Commentary on Significant Financial Reporting Matters

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

Going Concern Basis of Preparation of Financial Statements

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

As at 31 December 2020, the Group was in a negative working capital position with net current liabilities of RMB1,135 million as compared to net current liabilities of RMB3,415 million as at 31 December 2019. The net current liabilities of RMB1,135 million as at 31 December 2020 is mainly due to the reclassification of the outstanding amount of RMB913 million under the US\$200 million term loan facility arranged by Standard Chartered Bank, which is due and payable in June 2021, as current liabilities as at 31 December 2020.

Notwithstanding the above, the Board of Directors of the Company believe that the Group is able to operate as a going concern after considering the following:

- (a) the Group is able to generate positive cash flows from its operations;
- (b) the Company has not received any notice for accelerated repayment from the Agents of the above US\$200 million term loan facility;
- (c) through its improved financial position as at 31 December 2020 and stable operating conditions throughout the COVID-19 pandemic, the Group has successfully reduced a substantial portion of the liquidity risk associated with the net current liabilities of RMB3,415 million as at 31 December 2019;
- (d) the Group secured additional borrowings in FY2021 amounting to RMB1,240 million;
- (e) the Group will continue to actively seek the support of, the Group's largest controlling 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 future fund-raising plans, so as to strengthen the working capital position of the Group; and
- (f) management is actively pursuing various proposals including obtaining working capital loans amounting to RMB 900 million from Zhejiang Provincial Energy Group Finance Co., Ltd., which is a subsidiary of Zhejiang Provincial Energy Group Co., Ltd.

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

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

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

Corporate Governance Report

Revenue recognition with respect to arrangement under the scope of IFRS Interpretations Committee ("IFRIC") 12: Service Concession Arrangements

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

Based on the discussion with the management and the external auditors in conjunction with the annual audit, the ARMC is satisfied that the revenue has been appropriately recognized in accordance with the Group's accounting policies and the gross profit margin is 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 at 31 December 2020, the carrying value of the Group's property, plant and equipment amounted to RMB9,292 million, accounting for 52% of the Group's total assets. These assets are predominantly made up of buildings which the Group's WTE plants operate in and the plant and machinery used in the day-to-day business. The Group has carried out impairment assessment on property, plant and equipment's carrying amounts to identify whether there are indicators for impairment. Where there are indicators of impairment, management assess the recoverable amount based on the higher of value in use and fair value less costs to sell.

The Group is continuing to follow up on the progress of the compensation work for the closure of the Old Kunming Wuhua WTE Facility in Kunming, Yunnan Province as disclosed in the Company's announcement in relation to its results for the full year ended 31 December 2020. The local government has engaged a third-party asset appraisal company to conduct an overall appraisal of the assets of the Old Kunming Wuhua WTE Facility. The Group has separately engaged another third-party asset appraisal company to provide a valuation report on the assets. Based on the valuation report, the Group does not expect any impairment arising from the closure of the Old Kunming Wuhua WTE Facility. In addition, in relation to the closure of the Kunshan Jinkangrui Resource Recycling Project, as disclosed in the Company's announcement in relation to its results for the half-year ended 30 June 2020, according to the signed compensation agreement, the Group will receive a total of RMB 19,997,000 in compensation. Compensation payments of RMB10 million were received in October 2020, and the remaining portion is expected to be received before the end of the first half of 2021.

Based on the impairment assessment carried out by management and the report of the independent professional valuer as at 31 December 2020, no impairment loss was recorded.

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

Corporate Governance Report

Interested Person Transactions

On 20 July 2016, the Company obtained shareholders' approval for the Company, its subsidiaries and its associated companies not listed on the SGX-ST or an approved exchange, over which the Company, its subsidiaries and /or interested persons have control, to enter into transactions within the categories of Interested Person Transactions set out in the Company's prospectus dated 25 July 2016, with such persons within the class or classes of Interested Persons as described in the said prospectus, provided that such transactions are entered into in accordance with the review procedures set out in the said prospectus (the **"IPT Mandate"**). 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.

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
Purchases of coal from:			
Hangjin International Trading Co., Ltd	Associate of Mr. Dou Zhenggang, a controlling shareholder of the Company (" Mr. Dou ")	–	15,284
Ningbo Daxie Development Zone Fuyuan Fuel Co., Ltd.	Associate of Zhejiang Energy Group Co., Ltd. (浙江省能源集团有限公司), a controlling shareholder of the Company (" Zheneng Group ")	–	4,041
Project technical and management services provided to:			
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd	Associate of Mr. Dou	–	7,830
Lianyungang Jinchi Bio-technology Co., Ltd	Associate of Mr. Dou	–	1,549

Corporate Governance Report

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) RMB'000
Energy management contracting services provided to:			
Xiaoyi Xing'an Chemical Engineering Co., Ltd.	Associate of Mr. Dou	–	58,763
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	Associate of Mr. Dou	–	9,860
Inner Mongolia Pulate Transport Energy Co., Ltd	Associate of Mr. Dou	–	1,257
Guangxi Tiandong Jinsheng Chemical Engineering Co., Ltd	Associate of Mr. Dou	–	505
Purchase of materials from:			
Zhejiang Water Conservancy and Electric Power Materials Co., Ltd.	Associate of Zheneng Group	–	2,056
Huzhou Sende High Tech Materials Co., Ltd.	Associate of Mr. Dou	–	5,000
Zhejiang Zheneng Xikemu Technology Co., Ltd	Associate of Zheneng Group	–	980
Zhejiang Jiyang Xielian Thermal Power Co., Ltd.	Associate of Mr. Dou	–	6,881
Beijing Tiandiren Environment Technology Co., Ltd	Associate of Mr. Dou	–	13,306
Technical services obtained from:			
Suzhou Jinrui Environmental Technology Co., Ltd.	Associate of Mr. Dou	4,830	
Zhejiang Tiandi Environmental Technology Co., Ltd.	Associate of Zheneng Group	1,684	
Purchase land from			
Zhongwei Jinrui Environmental Technology Co., Ltd.	Associate of Mr. Dou	2,270	

Corporate Governance Report

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		RMB'000	RMB'000
Interest paid to:			
Zhejiang Zheneng Finance Leasing Co., Ltd.	Associate of Zheneng Group	1,866	–
Shanghai Puneng Finance Leasing Co., Ltd.	Associate of Zheneng Group	52,807	–
Total		63,457	127,312

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

Material Contracts

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

Whistle-Blowing Policy

The Company has in place a whistle-blowing policy 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.

Corporate Governance Report

Internal Audit and Internal Controls

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

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

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

Shareholders Rights and Engagement

Principle 11: Shareholder Rights and Conduct of General Meetings

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

The Board provided shareholders with half-yearly and annual financial results in relation to FY2020. Results for the first, second and third quarter (where the Company announces its quarterly results) and the half-year (where the Company does not announce its quarterly results) are released to shareholders within 45 days of the end of each quarter and the annual results are released within 60 days from the financial year end. In presenting the Group's half-yearly and annual results, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's performance and financial position with a commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which it operates.

General meetings of the Company are one of the principal forums for dialogue with shareholders. At general meetings, shareholders are given the opportunity to communicate their views and to ask the Directors questions on the various matters affecting the Company. All Directors are usually present and available at general meetings to address any queries. The external auditors are present at general meetings to assist the Directors in answering questions from shareholders as well as attending to queries on the conduct of audit and the preparation and content of the auditors' report. All Directors were present at all such general meetings of the Company held during FY2020. The Directors' attendance at the general meetings of the Company held in 2020 is disclosed under principle 1 above.

Corporate Governance Report

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

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

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

The Company prepares minutes of general meetings, which record substantial comments and queries from shareholders relating to the agenda of such meetings. Save for the FY2019 AGM and the forthcoming FY2020 AGM, the Company generally does not publish its minutes of general meetings on its corporate website. However, the minutes are available to shareholders upon request. Presentation slides are made available on the SGXNET for the benefit of shareholders.

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, are allowed to appoint more than two proxies to attend and vote at general meetings. The proxy forms must be deposited with the Company's share registrar not less than seventy-two hours before the time set for the general meetings. However, the Company's Memorandum and Articles of Association do not permit voting in absentia by mail, facsimile or e-mail as such voting methods would need to be cautiously evaluated to ensure that the authenticity of the vote and shareholders' identities are not compromised.

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

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

Corporate Governance Report

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

The application duration of the Alternative Arrangements Order has been extended to allow entities to hold general meetings via electronic means up to 30 June 2021, even where entities are permitted under safe distancing regulations to hold physical meetings. In view of the current COVID-19 restriction orders in Singapore and the related safe distancing measures, the Company will be conducting its forthcoming FY2020 AGM via electronic means in accordance with the Checklist which was updated on 27 April 2020, 22 June 2020 and 1 October 2020.

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 2020, no dividend has been recommended as the Group is expanding its business operations, with a view of achieving sustainable and long-term growth of its business. These projects require considerable financial resources and the Group’s priority is to manage its cash flow prudently and responsibly so as to ensure that its financial commitments are met.

Principle 12: Engagement with Shareholders

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

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

Managing Stakeholders Relationships

Principle 13: Engagement with Stakeholders

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

Corporate Governance Report

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 49 to 74 of this Annual Report for further details.

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

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

Directors' Statement

The directors present their statement to the members together with the audited consolidated financial statements of the Group for the financial year ended 31 December 2020 and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2020.

In the opinion of the directors, the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group as set out on pages 116 to 201 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2020, the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Directors

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

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

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

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

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 31.12.2020	At 1.1.2020	At 31.12.2020	At 1.1.2020
Zheneng Jinjiang Environment Holding Company Limited				
<u>(No. of ordinary shares)</u>				
Wang Ruihong	2,100,000	2,100,000	-	-
Ang Swee Tian	80,000	80,000	-	-

- (b) The directors' interest in the ordinary shares and convertible securities of the Company as at 21 January 2021 were the same as those as at 31 December 2020.

Directors' Statement

Share Options and Performance Shares

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

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

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

During the current financial year, there were no shares have been granted under the Plan, in respect of performance of the Group for the financial year ended 31 December 2019. As at 31 December 2020, the Company has granted 23,394,700 shares under the Plan. All entitled employees are required to pay 30% of the closing market price of the shares awarded to them on the date of grant in cash as a condition for the vesting of the share awards. These shares were granted without a vesting period but will be subject to a moratorium on trading of 12 months from the date of issuance and allotment.

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

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

Name of directors	Granted in financial year ended 31.12.2020	Aggregate granted since commencement of scheme to 31.12.2020	Aggregate exercised since commencement of scheme to 31.12.2020	Aggregate outstanding as at 31.12.2020
Wang Ruihong	–	2,100,000	–	2,100,000

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

- (b) Options to take up unissued shares

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

- (c) Options exercised

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

- (d) Unissued shares under options

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

Directors' Statement

Audit and Risk Management Committee

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

Tan Huay Lim (Chairman)

Hee Theng Fong

Ang Swee Tian

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

The Audit and Risk Management Committee has reviewed the following:

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

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

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

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

Directors' Statement

Independent Auditor

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

On behalf of the directors

Wei Dongliang Director

Wang Ruihong Director

9 April 2021

Independent Auditor's Report

To the members of Zheneng Jinjiang Environment Holding Company Limited

Our opinion

In our opinion, the accompanying consolidated financial statements of Zheneng Jinjiang Environment Holding Company Limited ("the Company") and its subsidiaries ("the Group") and the statement of financial position and statement of changes in equity of the Company present fairly, in all material aspects, the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year then ended in accordance with the International Financial Reporting Standards ("IFRS").

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the year ended 31 December 2020;
- the consolidated statement of financial position of the Group as at 31 December 2020;
- the statement of financial position of the Company as at 31 December 2020;
- the consolidated statement of changes in equity of the Group and the statement of changes in equity of the Company for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.2 in the financial statements, which indicates that as of 31 December 2020, the current liabilities of the Group and of the Company exceeded the current assets by approximately RMB1,135 million and approximately RMB898 million respectively. As stated in Note 2.2, these events or conditions, along with other matters as set forth in Note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the ability of the Group and of the Company to continue as going concerns. Our opinion is not qualified in respect of this matter.

Independent Auditor's Report

To the members of Zheneng Jinjiang Environment Holding Company Limited

Our Audit Approach

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended 31 December 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

How our audit addressed the Key Audit Matter

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

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

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

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

The construction services revenue recognized for the year ended 31 December 2020 amounted to approximately RMB385 million, representing approximately 12% of the Group's total revenue.

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

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

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

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

Independent Auditor's Report

To the members of Zheneng Jinjiang Environment Holding Company Limited

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Impairment of property, plant and equipment</p> <p>(Refer to Notes 2.12(b), 3.1 (c) and 20 to the consolidated financial statements)</p> <p>As at 31 December 2020, the carrying amounts of the Group's property, plant and equipment amounted to approximately RMB9,292 million, representing approximately 52% of the Group's total assets.</p> <p>Property, plant and equipment are tested for impairment whenever there is an indication that these assets may be impaired. The Group regularly reviews whether there are any indications of impairment and recognizes an impairment loss if the carrying amount of an asset is higher than its recoverable amount (which is the higher of the fair value less costs of disposal and the value in use).</p> <p>In 2020, one WTE plant with carrying amounts of approximately RMB189 million was closed. Management has engaged a third-party valuer ("the external valuer") to provide a valuation report for these assets. Based on the valuation report, the Group does not expect any impairment arising from the closure of the plant.</p> <p>We focused on the impairment of property, plant and equipment due to the significant management's judgements, assumptions and estimates involved in the impairment assessment (including identification of the existence of impairment indicators). The inherent risk is considered significant due to the subjectivity of significant judgement and estimates used by management.</p>	<p>Our audit procedures in relation to impairment assessment of property, plant and equipment included:</p> <ul style="list-style-type: none"> • Understood and evaluated the management's internal control and process in assessing the impairment of property, plant and equipment (including the identification of the existence of impairment indicators) and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias; • Evaluated management's assessment on indicators of impairment; • Read the valuation report issued by the external valuer and evaluated their independence, competency, capability and objectivity; • Involved our internal valuation expert in assessing and challenging the appropriateness of the valuation methodologies or techniques used; • Validated the inputs used by external valuer, such as the physical condition of the assets and the remaining useful lives, by checking to the relevant underlying supporting documents and records. <p>Based on the audit procedures performed above, we found management's judgement and estimates in relation to the impairment assessment of property, plant and equipment to be supportable by the evidence obtained and procedures performed.</p>

Independent Auditor's Report

To the members of Zheneng Jinjiang Environment Holding Company Limited

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report

To the members of Zheneng Jinjiang Environment Holding Company Limited

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2020

	Note	2020 RMB'000	2019 RMB'000
Revenue	4	3,084,664	3,877,541
Cost of sales	5	(2,192,172)	(2,927,715)
Gross profit		892,492	949,826
Other income			
- Interest	7	19,727	38,947
- Others	7	136,790	303,374
Loss allowance recognised on financial assets	43(b)	(24,406)	(27,742)
Other gains and (losses), net	8	97,927	(314,520)
Expenses			
- Administrative	5	(252,518)	(276,644)
- Finance	9	(355,490)	(306,587)
- Others	10	(37,518)	(53,124)
Share of (loss)/profit of associates		(325)	836
Share of profit/(loss) of joint ventures		1,004	(8,169)
Profit before income tax		477,683	306,197
Income tax expense	11	(147,194)	(142,229)
Profit for the year		330,489	163,968
Other comprehensive (loss)/income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation	35	(37,830)	338
Other comprehensive (loss)/income, net of tax		(37,830)	338
Total comprehensive income		292,659	164,306
Profit attributable to:			
Equity holders of the Company		326,934	153,324
Non-controlling interests	15	3,555	10,644
		330,489	163,968
Total comprehensive income attributable to:			
Equity holders of the Company		289,104	153,662
Non-controlling interests	15	3,555	10,644
		292,659	164,306
Earnings per share attributable to the equity holders of the Company: (RMB cents per share)			
Basic/Diluted earnings per share	12	22.48	10.61

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

Statements of Financial Position

As at 31 December 2020

	Note	GROUP		COMPANY	
		2020	2019	2020	2019
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Current assets					
Bank balances and cash		361,313	442,123	26,757	85,803
Pledged bank deposits	13	242,612	571,445	83,526	59,874
Trade and other receivables	14	1,715,195	1,652,605	-	-
Amounts due from non-controlling interests	15	32,114	55,591	-	-
Amounts due from related parties	16	649,489	548,750	-	-
Contract assets	4	81,540	76,187	-	-
Service concession receivables	18	49,359	57,983	-	-
Other tax recoverable	19	330,802	264,138	-	-
Inventories	20	56,784	37,137	-	-
Total current assets		3,519,208	3,705,959	110,283	145,677
Non-current assets					
Other receivables	14	167,659	202,230	1,155	2,229
Amounts due from related parties	16	-	-	552	-
Amounts due from subsidiaries	17	-	-	2,410,053	3,011,330
Service concession receivables	18	649,627	628,378	-	-
Property, plant and equipment	21	9,291,612	8,233,955	-	-
Investments in associates	22	16,147	14,536	-	-
Investments in joint ventures	23	213,606	210,437	5,039	5,039
Investments in subsidiaries	24	-	-	1,798,280	1,790,879
Investment property	25	26,276	27,205	-	-
Intangible assets	28	3,882,549	3,585,943	-	-
Total non-current assets		14,247,476	12,902,684	4,215,079	4,809,477
Total assets		17,766,684	16,608,643	4,325,362	4,955,154

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

Statements of Financial Position

As at 31 December 2020

	Note	GROUP		COMPANY	
		2020	2019	2020	2019
		RMB'000	RMB'000	RMB'000	RMB'000
LIABILITIES					
Current liabilities					
Amounts due to related parties	16	91,056	154,180	-	-
Amounts due to subsidiaries	17	-	-	85,885	85,892
Lease liabilities	26	39,194	151,622	-	-
Trade and other payables	29	1,690,636	1,745,256	8,969	9,006
Dividends payable	30	-	1,397	-	-
Borrowings	31	2,588,705	3,472,771	913,486	1,306,595
Notes payable	32	-	1,423,212	-	1,423,212
Deferred grant	37	17,080	8,968	-	-
Other tax liabilities	38	78,870	53,827	-	-
Income tax liabilities		148,201	109,384	-	-
Total current liabilities		4,653,742	7,120,617	1,008,340	2,824,705
Net current liabilities		(1,134,534)	(3,414,658)	(898,057)	(2,679,028)
Non-current liabilities					
Borrowings	31	6,090,635	2,566,525	1,323,305	-
Lease liabilities	26	5,482	223,578	-	-
Deferred tax liabilities	33	542,392	482,746	-	-
Deferred grant	37	345,978	381,476	-	-
Provision for major overhauls	40	23,053	19,032	-	-
Provision for contingent liabilities	41	2,400	-	-	-
Total non-current liabilities		7,009,940	3,673,357	1,323,305	-
Total liabilities		11,663,682	10,793,974	2,331,645	2,824,705
NET ASSETS		6,103,002	5,814,669	1,993,717	2,130,449
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	34	96	96	96	96
Share premium		1,601,100	1,601,100	1,601,100	1,601,100
Other reserves	35	491,107	491,920	1,057,112	1,057,112
Retained profits/(accumulated losses)		3,883,512	3,593,595	(664,591)	(527,859)
		5,975,815	5,686,711	1,993,717	2,130,449
Non-controlling interests	15	127,187	127,958	-	-
Total equity		6,103,002	5,814,669	1,993,717	2,130,449

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2020

← Attributable to equity holders of the Company →

	Note	Share capital (Note 34) RMB'000	Share premium RMB'000	Other reserves (Note 35) RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling Interests (Note 15) RMB'000	Total equity RMB'000
GROUP								
2020								
Balance as at 1 January 2020	96	1,601,100		491,920	3,593,595	5,686,711	127,958	5,814,669
Profit for the year	-	-	-	-	326,934	326,934	3,555	330,489
Other comprehensive loss for the year	-	-	-	(37,830)	-	(37,830)	-	(37,830)
Total comprehensive income for the year	-	-	-	(37,830)	326,934	289,104	3,555	292,659
Transactions with owners, recognised directly in equity								
Appropriation to reserves	-	-	-	37,017	(37,017)	-	-	-
	-	-	-	37,017	(37,017)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	(4,326)	(4,326)
Balance as at 31 December 2020	96	1,601,100		491,107	3,883,512	5,975,815	127,187	6,103,002
2019								
Balance as at 1 January 2019	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
Transactions with owners, recognised directly in equity								
Issue of new shares	34	1	32,903	(23,301)	-	9,603	-	9,603
Share issue expenses	36	-	-	23,301	-	23,301	-	23,301
	1	32,903	-	-	-	32,904	-	32,904
Capital contribution from non-controlling interests	-	-	-	-	-	-	17,790	17,790
Capital contribution in a partially-owned subsidiary	-	-	-	14,334	-	14,334	(14,334)	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	(3,541)	(3,541)
Balance as at 31 December 2019	96	1,601,100		491,920	3,593,595	5,686,711	127,958	5,814,669

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

Statement of Changes in Equity

For the financial year ended 31 December 2020

		Attributable to equity holders of the Company				
	Note	Share capital (Note 34)	Share premium	Other reserves (Note 35)	Accumulated losses	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COMPANY						
2020						
Balance as at 1 January 2020		96	1,601,100	1,057,112	(527,859)	2,130,449
Loss for the year, representing total comprehensive loss for the year		-	-	-	(136,732)	(136,732)
Balance as at 31 December 2020		96	1,601,100	1,057,112	(664,591)	1,993,717
2019						
Balance as at 1 January 2019		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)
Transactions with owners, recognised directly in equity						
Issue of new shares	34	1	32,903	(23,301)	-	9,603
Share issue expenses	36	-	-	23,301	-	23,301
		1	32,903	-	-	32,904
Balance as at 31 December 2019		96	1,601,100	1,057,112	(527,859)	2,130,449

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2020

	2020 RMB'000	2019 RMB'000
Cash flows from operating activities		
Profit before tax	477,683	306,197
Adjustments for:		
- Finance expenses	355,490	306,587
- Interest income	(63,920)	(80,940)
- Depreciation of property, plant and equipment	321,116	303,326
- Depreciation of right-of-use assets	92,030	89,676
- Depreciation of investment property	937	966
- Amortisation of intangible assets	142,716	91,201
- Property, plant and equipment written off	-	78,966
- Loss on disposal of property, plant and equipment	52,055	-
- Compensation income on closure of a WTE plant	(21,026)	(225,011)
- Write-off of property, plant and equipment upon closure of a WTE plant	12,896	161,196
- Loss allowance on trade receivables	11,090	11,993
- Loss allowance on other receivables	13,316	15,749
- Impairment loss on prepayments	33,152	-
- Impairment loss on property, plant and equipment	4,366	53,124
- Deferred grant recognised	(38,502)	(19,590)
- Share award expense	-	23,301
- Foreign exchange (gains)/ losses	(188,509)	42,635
- Share of loss/(profit) of an associate	325	(836)
- Share of (profit)/loss of joint ventures	(1,004)	8,169
	1,204,211	1,166,709
Change in working capital		
- Trade and other receivables	(103,271)	(102,668)
- Service concession receivables	(20,404)	(120,719)
- Contract assets	(5,353)	(76,187)
- Contract costs	-	10,847
- Other tax recoverable	(66,664)	(121,646)
- Inventories	(19,647)	16,214
- Intangible assets	(433,458)	(1,226,516)
- Trade and other payables	10,277	172,752
- Other tax liabilities	22,385	(7,043)
- Amounts due from related parties	(100,739)	112,886
- Amounts due from non-controlling interests	23,477	(5,238)
- Amounts due to related parties	(46,713)	26,660
- Deferred grants	11,116	238,939
- Provision for contingent liabilities	2,400	-
Cash generated from operations	477,617	84,990
Income tax paid	(48,732)	(111,093)
Net cash generated from/(used in) operating activities	428,885	(26,103)
Cash flows from investing activities		
Interest received	18,061	32,102
Additions to property, plant and equipment	(1,490,591)	(996,320)
Additions to intangible assets - software	(1,844)	(4,001)
Investments in associates	(2,000)	(1,500)
Investments in joint ventures	-	(26,751)
Bank deposits pledged	65,692	(144,351)
Proceeds from closure of a WTE plant	40,998	-
Proceeds from disposal of PPE	8,750	-
Net cash used in investing activities	(1,360,934)	(1,140,821)

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2020

	2020	2019
	RMB'000	RMB'000
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	–	9,603
Proceeds from borrowings	6,557,765	3,012,564
Repayment of borrowings	(3,726,564)	(1,535,430)
Repayment of notes payables	(1,415,900)	–
Payment of finance costs	(459,048)	(433,982)
Pledged bank deposits for borrowings	263,140	93,044
Repayment of lease liabilities	(366,963)	(545,189)
Dividends paid to non-controlling interests	(5,723)	(3,541)
Capital contributions from non-controlling interests	–	17,790
Repayments from non-controlling interests	–	24,454
Advances from related parties	–	8,739
Repayment from related parties	–	98,517
Net cash generated from financing activities	846,707	746,569
Net decrease in cash and cash equivalents	(85,342)	(420,355)
Cash and cash equivalents		
Beginning of financial year	442,123	857,487
Effects of currency translation on cash and cash equivalents	4,532	4,991
End of financial year	361,313	442,123

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

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

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

1. General information

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

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

2. Significant accounting policies

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2020

On 1 January 2020, the Group has adopted the new or amended IFRS and Interpretations of IFRS (“INT IFRS”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS and INT IFRS.

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

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2020 (continued)

The following are the new or amended Standards and Interpretations (issued by the ASC up to 30 September 2020) that are not yet applicable, but may be early adopted for the current financial year.

Annual periods commencing on	Description
1 June 2020	Amendments to: <ul style="list-style-type: none"> - IFRS 16 Leases (Covid-19-Related Rent Concessions)
1 January 2022	Amendments to: <ul style="list-style-type: none"> - IFRS 3 Business Combinations (Reference to the Conceptual Framework) - IAS 16 Property, Plant and Equipment (Proceeds before Intended Use) - IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract) Annual improvements to IFRSs 2018 - 2020
1 January 2023	Amendments to: <ul style="list-style-type: none"> - IFRS 1 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)
To be determined	Amendments to: <ul style="list-style-type: none"> - IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)

The new or amended accounting Standards and interpretations listed above are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.2 Going concern

As at 31 December 2020, the current liabilities of the Group and the Company exceeded the current assets by approximately RMB1,135 million and approximately RMB898 million respectively. Furthermore, as disclosed in Note 31 to the financial statements, following the breach of financial covenants for two guaranteed borrowings, the banks are contractually entitled to request for immediate repayment of the outstanding borrowing amount from the Group of RMB958,846,000 and from the Company of RMB913,486,000. These conditions indicate that a material uncertainty exists that may cast significant doubt on the ability of the Group and of the Company to continue as going concerns.

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

- (A) the lenders of the guaranteed borrowings have not called on the repayment of the borrowings mentioned above;
- (B) the Group's ability to finalise and obtain additional credit facilities from financial institutions subsequent to year-end;
- (C) the Group's ability to generate positive cash flows from its operations; and

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.2 Going concern (continued)

- (D) the Group will continue to seek financial support from its single largest shareholder, Zhejiang Provincial Energy Group Co., Ltd., which is a state-owned provincial energy enterprise.

The directors have reviewed the Group's cash flow projection prepared by management, which covers a period of at least 12 months from 31 December 2020. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient funds to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2020. Accordingly, the directors are satisfied that it is appropriate to prepare the accompanying financial statements on a going concern basis.

Notwithstanding the plans and measures taken by management, material uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

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

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

2.3 Revenue

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

- (a) Sale of goods

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

- (b) Rendering of services

- (i) Project technical and management service and Energy Management Contracting ("EMC") business

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

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.3 Revenue (continued)

(b) Rendering of services (continued)

(ii) Equipment selection and sale

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

(iii) Revenue from waste treatment

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

(c) Interest income

Interest income is recognised using the effective interest rate method.

(d) Construction services

(i) Construction contracts

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

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

(ii) Contract costs

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

(iii) Contract assets and contract liabilities

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

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

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.4 Government grants

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

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

2.5 Accounting for common control transactions

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

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

Assets and liabilities of the businesses transferred are measured initially at their book values on the date of transfer.

Differences between the consideration given and the aggregate book value of the assets and liabilities (as of the date of transfer) of the businesses transferred are recorded as an adjustment to equity within the capital reserve. No additional goodwill is created by the transaction.

2.6 Group accounting

(a) Subsidiaries

(i) Consolidation

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

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

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

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.6 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

(iii) Disposal

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

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

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

(b) Transactions with non-controlling interests

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

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.6 Group accounting (continued)

(c) Associates and joint ventures

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

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

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

(i) Acquisition

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

(ii) Equity method of accounting

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

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

(iii) Disposals

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

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

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.7 Property, plant and equipment

(a) Measurement

(i) Buildings

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

(ii) Other property, plant and equipment

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

(iii) Components of costs

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

(b) Depreciation

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

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

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

(c) Subsequent expenditure

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

(d) Disposal

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

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.8 Intangible assets

(a) Goodwill

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisitions of joint ventures and associates represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associates and joint ventures is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, joint ventures and associates include the carrying amount of goodwill relating to the entity sold.

(b) Acquired computer software licences

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

(c) Service concession arrangements

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

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

2.9 Borrowing costs

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

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

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.10 Investment property

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

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

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

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

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

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

2.11 Investments in subsidiaries and joint ventures

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

2.12 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less costs of disposal and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.12 Impairment of non-financial assets (continued)

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

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

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

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

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

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

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

2.13 Financial assets

- (a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss (FVPL).

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

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

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

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.13 Financial assets (continued)

(a) Classification and measurement (continued)

At initial recognition

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

At subsequent measurement

(i) Debt instruments

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

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

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or Fair value through other comprehensive income (FVOCI) are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "Other gains and (losses), net".

(ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "Other gains and losses, net".

(b) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 43 details how the Group determines whether there has been a significant increase in credit risk.

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

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

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.13 Financial assets (continued)

(c) Recognition and derecognition

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

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

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

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

2.14 Service concession arrangements

Consideration given by the grantor

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

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

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

Construction of service concession related infrastructure

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

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.14 Service concession arrangements (continued)

Operating services

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

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

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

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

2.15 Offsetting of financial instruments

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

2.16 Borrowings

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

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

2.17 Trade and other payables

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

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

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.18 Leases

When the Group is the lessee:

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

- Right-of-use assets

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

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

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

- Lease liabilities

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

Lease payments include the following:

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

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

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

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

- Short term and low value leases

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

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.18 Leases (continued)

When the Group is the lessor:

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

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

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

2.19 Inventories

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

2.20 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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

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

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

Deferred income tax is measured:

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

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

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.21 Provisions

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

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

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

2.22 Employee compensation

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

(a) Defined contribution plans

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

(b) Share-based compensation

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

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

(c) Employee leave entitlement

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

2.23 Currency translation

(a) Functional and presentation currency

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

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.23 Currency translation (continued)

(b) Transactions and balances

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

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

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

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

(c) Translation of Group entities' financial statements

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

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

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

2.24 Segment reporting

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

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

2.25 Cash and cash equivalents

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

2.26 Share capital and treasury shares

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

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

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

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

2.27 Dividends to Company's shareholders

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

3. Critical accounting estimates, assumptions and judgements

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

3.1 Critical accounting estimates and assumptions

(a) Service concession arrangements

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

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

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

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

3.1 Critical accounting estimates and assumptions (continued)

(a) Service concession arrangements (continued)

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

The assumptions used and estimates made can materially affect the fair value estimates. The carrying amount of the Group's financial receivables and intangible assets arising from service concession arrangements at the end of the reporting period is disclosed in Notes 18 and 28 to the consolidated financial statements respectively.

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

Revenue from construction services provided under service concession arrangements is disclosed in Note 4 to the consolidated financial statements. The gross profit margins recognised for third party constructed infrastructure in relation to service concession arrangement are estimated by management based on prevailing market rate applicable to construction services rendered by comparable companies.

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

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

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

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

(c) Impairment of property, plant and equipment

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

In 2020, one of the WTE plant was closed. Management has engaged a third-party asset appraisal company to provide a valuation report on the assets. Based on the valuation report, the Group does not expect any impairment arising from the closure of the plant. The carrying amount of this WTE plant is RMB189,000,000.

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

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

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

3.1 Critical accounting estimates and assumptions (continued)

(d) Loss allowance for trade and other receivables

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

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

3.2 Critical judgements in applying the entity's accounting policies

(a) Service concession arrangements

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

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

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

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

(b) Investments in joint ventures

The Group holds 34.88% and 30% equity interest in Zibo Green New Energy Co., Ltd and Hohhot Jiasheng New Energy Co., Ltd respectively. The board of directors of the investees comprises 1 representative from the Group and 2 representatives from the other shareholder. However, management considers the contractual arrangement on the investees and determined that decisions on the relevant activities of the investees will require unanimous consent of both the Group and the other shareholder. Accordingly, management classified these as investments in joint ventures (Note 23).

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

4. Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

	2020 RMB'000	2019 RMB'000
Waste-to-energy project construction and operation		
Sales of electricity	1,284,661	1,085,311
Sales of steam	356,709	391,874
Revenue from waste treatment ⁽¹⁾	801,712	732,005
Revenue from construction services provided under service concession arrangements (Notes 18 and 28)	384,999	1,311,377
Financial income under service concession arrangements ⁽²⁾ (Note 18)	44,193	41,993
	<u>2,872,274</u>	<u>3,562,560</u>
Project technical and management service, equipment selection and sale and EMC business		
Service income - non-related parties	127,315	182,739
Service income - related parties (Note 16(a))	85,075	132,242
	<u>212,390</u>	<u>314,981</u>
Total	<u>3,084,664</u>	<u>3,877,541</u>

(1) Included in the revenue from waste treatment are operating services under service concession arrangements amounting to RMB724,707,000 (2019: RMB436,599,000).

(2) Effective interest applied ranges from 5.9% to 11% (2019: from 5.9% to 7.55%).

Timing of revenue recognition

	2020 RMB'000	2019 RMB'000
<u>At a point in time</u>		
Sales of electricity	1,284,661	1,085,311
Sales of steam	356,709	391,874
Equipment selection and sale	106,805	142,043
	<u>1,748,175</u>	<u>1,619,228</u>
<u>Over time</u>		
Revenue from waste treatment	801,712	732,005
Revenue from construction services provided under service concession arrangements (Notes 18 and 28)	384,999	1,311,377
Project technical and management service and EMC business	105,585	172,938
	<u>1,292,296</u>	<u>2,216,320</u>
Financial income under service concession arrangements (Note 18)	44,193	41,993
Total	<u>3,084,664</u>	<u>3,877,541</u>

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

4. Revenue from contracts with customers (continued)

(b) Contract assets and liabilities

	31 December		1 January
	2020	2019	2019
	RMB'000	RMB'000	RMB'000
Contract assets			
- Equipment sale and selection	81,540	76,187	-
Less: Loss allowance	-	-	-
Total contract assets	81,540	76,187	-
Contract liabilities			
- Service concession arrangements	55,997	17,545	18,066
- Service contracts	89,313	57,032	150,120
Total contract liabilities	145,310	74,577	168,186

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

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

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

(i) Revenue recognised in relation to contract liabilities

	2020	2019
	RMB'000	RMB'000
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period		
- Service concession arrangements	17,545	18,066
- Service contracts	57,032	102,688
	74,577	120,754

(ii) Unsatisfied performance obligations

	31 December	
	2020	2019
	RMB'000	RMB'000
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 31 December		
- Service concession arrangements	760,710	565,132
- Service contracts	416,884	465,641

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

4. Revenue from contracts with customers (continued)

(b) Contract assets and liabilities (continued)

Management expects that 93% of the transaction price allocated to unsatisfied performance obligations as of 31 December 2020 will be recognised as revenue during the next reporting period (RMB1,093,707,000). The remaining 7% (RMB83,887,000) will be recognised in the 2022 financial year. The amount disclosed above does not include variable consideration which is constrained.

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

(c) Trade receivables from contracts with customers

	Note	31 December 2020 RMB'000	2019 RMB'000	1 January 2019 RMB'000
Group				
Current assets				
Trade receivables from contracts with customers	14	1,238,015	1,096,249	751,666
Loss allowance	14	(24,990)	(13,900)	(1,907)
		<u>1,213,025</u>	<u>1,082,349</u>	<u>749,759</u>

5. Expenses by nature

	Group 2020 RMB'000	2019 RMB'000
Cost of inventories recognised as expense	504,975	563,675
Construction cost	332,114	1,129,904
Fly ash solidification fee	218,426	188,717
Depreciation of property, plant and equipment	321,116	303,326
Depreciation of right-of-use assets	92,030	89,676
Depreciation of investment property	937	966
Amortisation of intangible assets	142,716	91,201
Employee compensation (Note 6)	352,598	350,707
Audit fees:		
- paid to auditors of the Company	1,000	3,525
- paid to member firms of the auditors of the Company	3,121	3,150
- paid to other auditors	642	205
Non-audit fees:		
- paid to auditors of the Company	-	25
- paid to other auditors	375	332
Repair and maintenance	92,390	64,691
Transportation	46,302	34,532
Utilities	46,306	34,215
Outsourcing labour cost	81,001	60,951
Others	208,641	284,561
Total cost of sales and administrative expenses	<u>2,444,690</u>	<u>3,204,359</u>

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

6. Employee compensation

	Group	
	2020	2019
	RMB'000	RMB'000
Wages and salaries	348,125	307,461
Employer's contribution to defined contribution plans	4,473	19,945
Share award expense	–	23,301
	<u>352,598</u>	<u>350,707</u>

7. Other income

	Group	
	2020	2019
	RMB'000	RMB'000
Government grant (Note (i))	38,502	28,941
Value added tax refund	37,850	14,983
Bank interest income	19,727	38,947
Compensation income on closure of a WTE plant	21,026	225,011
Sales of waste materials	13,653	12,625
Others	25,759	21,814
	<u>156,517</u>	<u>342,321</u>

Notes:

- (i) The government grants represented the government incentive funds and government subsidies of different nature received from the local government by the PRC operating entities of the Group, among them are grants in relation to environmental initiatives, waste management and technological output transformation. During the year ended 31 December 2020, government grants included: (a) the incentive primarily in relation to waste-to-energy business development to enterprises established in the PRC which amounted to RMB15,107,000 (2019: RMB9,351,000); and (b) the subsidies received on acquisition of properties, plant and equipment amortised to profit or loss which amounted to RMB23,395,000 (2019: RMB19,590,000). There were no unfulfilled conditions and other contingencies attached to the receipt of those grants.

8. Other gains and losses, net

	Group	
	2020	2019
	RMB'000	RMB'000
Write-off of property, plant and equipment upon closure of a WTE plant	(12,896)	(161,196)
Other gains/(losses) relating to closure of a WTE plant	4,155	(41,862)
Write-off of property, plant and equipment	–	(78,966)
Loss on disposal of property, plant and equipment	(52,055)	–
Foreign exchange gains/ (losses)	161,276	(32,496)
Others	(2,553)	–
	<u>97,927</u>	<u>(314,520)</u>

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

9. Finance expenses

	Group	
	2020	2019
	RMB'000	RMB'000
Interest expenses		
- Bank borrowings	378,360	303,147
- Notes payable	56,613	94,817
- Lease liabilities	26,025	44,766
- Others	2,324	-
	463,322	442,730
Less: capitalised interest	(107,832)	(136,143)
	355,490	306,587

Finance expenses on general borrowings were capitalised at a rate of 5.43% per annum (2019: 5.86% per annum).

10. Other expenses

	Group	
	2020	2019
	RMB'000	RMB'000
Impairment loss on property, plant and equipment	4,366	53,124
Impairment loss on prepayments	33,152	-
	37,518	53,124

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

During the financial year ended 31 December 2019, an impairment on certain plant and machinery amounting to RMB36,689,000 was recorded in profit or loss as the WTE plant was closed and management estimated the net recoverable amount of the building, plant and machinery (Note 21) 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 (Note 21) under construction resulting in the equipment not able to operate to its normal function.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

11. Income taxes

(a) Income tax expense

	Group	
	2020	2019
	RMB'000	RMB'000
Current tax:		
- PRC enterprise income tax	90,898	92,362
- Overprovision in the prior years	(6,165)	(8,664)
- Taxes in other jurisdictions	2,815	1,061
	<u>87,548</u>	<u>84,759</u>
Deferred tax (Note 33):		
- Current year charges	59,646	57,432
- Withholding tax	-	38
	<u>59,646</u>	<u>57,470</u>
	<u>147,194</u>	<u>142,229</u>

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

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

	Group	
	2020	2019
	RMB'000	RMB'000
Profit before tax	477,683	306,197
Tax calculated at tax rate of 25% (2019: 25%)	119,421	76,549
Effects of:		
- different tax rates in other countries	3,403	503
- tax exemptions granted to PRC subsidiaries	(76,400)	(12,569)
- expenses not deductible for tax purposes	8,566	11,012
- withholding tax	-	38
- utilisation of tax losses/ deductible temporary differences previously not recognised	(16,787)	(13,920)
- tax losses/ deductible temporary differences not recognised	115,156	89,280
- over-provision of tax in prior financial years	(6,165)	(8,664)
Tax charge	<u>147,194</u>	<u>142,229</u>

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

12. Earnings per share

Basic/diluted earnings per share

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

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

	2020	2019
Earnings (RMB'000)		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	326,934	153,324
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,454,025	1,445,107
Basic and diluted earnings per share (RMB cents)	22.48	10.61

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 2020 and 2019.

13. Pledged bank deposits

The Group's and Company's pledged bank deposits are for borrowings (Note 31) and projects tendering.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

14. Trade and other receivables

	Group		Company	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	1,238,015	1,096,249	-	-
Less: Loss allowance	(24,990)	(13,900)	-	-
Bills receivables	29,464	34,748	-	-
Total trade and bills receivables	1,242,489	1,117,097	-	-
Advances to suppliers (Note (i))	256,664	300,933	-	-
Other receivables:				
- Staff advances	8,075	9,910	-	-
- Refundable deposits	48,422	58,215	-	-
- Compensation receivable on closure of a WTE plant	208,239	225,011	-	-
- Amount receivable for disposal of subsidiaries	114,254	114,254	-	-
- Others	17,114	3,556	-	-
Less: Loss allowance	(31,457)	(18,141)	-	-
Sub-total of other receivables	364,647	392,805	-	-
Prepayments	19,054	44,000	1,155	2,229
Total trade and other receivables	1,882,854	1,854,835	1,155	2,229
Analysed for reporting purposes as:				
- Current assets	1,715,195	1,652,605	-	-
- Non-current assets	167,659	202,230	1,155	2,229
	1,882,854	1,854,835	1,155	2,229

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.

Certain of the Group's borrowings were secured by certain of the Group's receivables amounting to RMB14,537,000 (2019: RMB15,541,000).

The credit terms granted by the Group on the sale of electricity, steam, waste treatment and rendering of services is 60 to 120 days (2019: 60 to 120 days).

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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	
		2020	2019	2020	2019	2020	2019
		%	%	RMB'000	RMB'000	RMB'000	RMB'000
Kunming Jinjiang ⁽¹⁾	Kunming, the PRC	1.67	1.67	978	4,301	14,003	13,025
Jilin Xinxiang ⁽²⁾	Changchun, the PRC	20.00	20.00	3,879	(40)	32,740	28,861
Yunnan Energy ⁽³⁾	Yunnan, the PRC	11.00	11.00	4,750	6,114	23,141	22,718
Individually immaterial subsidiaries with non-controlling interests				(6,052)	269	57,303	63,354
				3,555	10,644	127,187	127,958

(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.

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15. Non-controlling interests (continued)

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

Kunming Jinjiang

	2020	2019
	RMB'000	RMB'000
<i>Summarised balance sheet</i>		
Current assets	380,382	233,338
Non-current assets	1,218,717	1,280,714
Current liabilities	(116,795)	(512,425)
Non-current liabilities	(643,780)	(221,683)
Equity attributable to owners of the Company	824,521	766,919
Non-controlling interests	14,003	13,025
<i>Summarised statement of comprehensive income</i>		
Revenue	193,088	937,944
Expenses	(134,508)	(824,247)
Profit for the year	58,580	113,697
Profit attributable to owner of the Company	57,602	109,396
Profit attributable to non-controlling interests	978	4,301
<i>Summarised statement of cash flow</i>		
Net cash inflow from operating activities	110,336	404,580
Net cash outflow from investing activities	(70,561)	(680,494)
Net cash (outflow)/inflow from financing activities	(81,070)	314,600
Net cash (outflow)/inflow	(41,295)	38,686

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15. Non-controlling interests (continued)

Jilin Xinxiang

	2020	2019
	RMB'000	RMB'000
<i>Summarised balance sheet</i>		
Current assets	34,888	32,412
Non-current assets	705,020	621,786
Current liabilities	(419,154)	(431,914)
Non-current liabilities	(131,173)	(52,100)
Equity attributable to owners of the Company	156,841	141,323
Non-controlling interests	32,740	28,861
<i>Summarised statement of comprehensive income</i>		
Revenue	147,061	109,019
Expenses	(127,664)	(109,219)
Profit/ (loss) for the year	19,397	(200)
Profit/ (loss) attributable to owner of the Company	15,518	(160)
Profit/ (loss) attributable to non-controlling interests	3,879	(40)
<i>Summarised statement of cash flow</i>		
Net cash inflow from operating activities	90,931	174,414
Net cash outflow from investing activities	(77,909)	(133,675)
Net cash outflow from financing activities	(13,718)	(41,704)
Net cash outflow	(696)	(965)

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15. Non-controlling interests (continued)

Yunnan Energy

	2020	2019
	RMB'000	RMB'000
<i>Summarised balance sheet</i>		
Current assets	175,888	62,985
Non-current assets	288,670	293,480
Current liabilities	(59,449)	(114,848)
Non-current liabilities	(194,741)	(35,097)
Equity attributable to owners of the Company	187,227	183,802
Non-controlling interests	23,141	22,718
<i>Summarised statement of comprehensive income</i>		
Revenue	121,690	114,222
Expenses	(78,511)	(58,642)
Profit for the year	43,179	55,580
Profit attributable to owner of the Company	38,429	49,466
Profit attributable to non-controlling interests	4,750	6,114
Dividends paid to owner of the Company	35,005	100,405
Dividends paid to non-controlling interests	4,326	3,541
<i>Summarised statement of cash flow</i>		
Net cash inflow from operating activities	49,379	58,779
Net cash outflow from investing activities	(3,277)	(20,759)
Net cash outflow from financing activities	(46,252)	(38,905)
Net cash outflow	(150)	(885)

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

	Group	
	2020	2019
	RMB'000	RMB'000
Trade related	21,084	44,661
Non-trade related	11,030	10,930
	32,114	55,591

The trade related balance are unsecured, interest free and with a credit period of 120 days (2019: 120 days) from the invoice date and are not past due as at the end of the reporting period.

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

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

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16. Related party balances and transactions

In FY2019, there was a disposal of controlling stake in the Company by Jinjiang Green Energy Limited (formerly known as 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 Jinjiang Green Energy Limited became the second largest shareholder of the Group (collectively known as the "major shareholders").

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

	2020	2019
	RMB'000	RMB'000
Companies in which Zheneng Group has control over:		
- Purchases of materials	3,581	3,602
- Interest expense	10,591	13,900
Joint ventures:		
- Interest income	(25,759)	(17,487)
Companies in which the second largest shareholder has control over:		
- Purchases of materials	93,641	223,113
- Revenue from EMC business	(58,786)	(82,823)
- Rendering of technical and management services	(26,289)	(49,419)

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

	2020	2019
	RMB'000	RMB'000
Group		
Trade:		
Amounts due from companies in which the major shareholders has control over	147,541	138,907
Amounts due from joint ventures	17,169	9,559
	164,710	148,466
Non-trade:		
Amounts due from joint ventures	484,779	400,284
	484,779	400,284
	649,489	548,750

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16. Related party balances and transactions (continued)

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

	2020 RMB'000	2019 RMB'000
Company		
Non-trade:		
Amounts due from joint ventures	552	-
	<u>552</u>	<u>-</u>
	2020 RMB'000	2019 RMB'000
Group		
Trade:		
Amounts due to companies in which the second largest shareholder has control over	89,255	145,441
Amounts due to joint ventures	526	-
	<u>89,781</u>	<u>145,441</u>
Non-trade:		
Amounts due to companies in which the second largest shareholder has control over	839	8,739
Amounts due to joint ventures	436	-
	<u>1,275</u>	<u>8,739</u>
	<u>91,056</u>	<u>154,180</u>

Trade balances

The trade related balances are unsecured, interest-free and with an average credit period of 6 months (2019: 6 months).

Non-trade balances

The non-trade related balances are unsecured, interest-free and repayable on demand except for the amounts due from joint ventures which bear interest at 7% (2019: 7%) per annum and are due within one year from the end of the reporting period.

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

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

	Group	
	2020 RMB'000	2019 RMB'000
Short-term employee benefits	10,493	7,402
Post-employment benefits	250	420
Share award expense	-	13,887
	<u>10,743</u>	<u>21,709</u>

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17. Amounts due from/to subsidiaries

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

As at 31 December 2020 and 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.

18. Service concession receivables

	Group	
	2020	2019
	RMB'000	RMB'000
Service concession receivables	698,986	686,361
Less: Amounts due within one year shown under current assets	(49,359)	(57,983)
Service concession receivables due after one year	649,627	628,378
Expected collection schedule is analysed as follows:		
Within 1 year	49,359	57,983
Within 2 to 5 years	190,340	188,474
Over 5 years	459,287	439,904
	698,986	686,361

As at 31 December 2020, certain of the Group's borrowings were secured by the Group's service concession receivables with aggregate carrying amount RMB513,650,302 (2019: RMB461,488,000) (Note 31).

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.

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19. Other tax recoverable

	Group	
	2020	2019
	RMB'000	RMB'000
Value added tax	328,362	264,135
Others	2,440	3
	<u>330,802</u>	<u>264,138</u>

20. Inventories

	Group	
	2020	2019
	RMB'000	RMB'000
Coal	20,408	9,617
Spare parts and other raw materials	36,376	27,520
	<u>56,784</u>	<u>37,137</u>

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21. Property, plant and equipment

	Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Right-of-use assets Leasehold land	Right-of-use assets Buildings	Right-of-use assets Plant and machinery	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group									
Cost									
At 1 January 2019	1,925,706	3,227,732	43,805	74,683	1,978,157	421,481	130,521	1,652,829	9,454,914
Additions	5,002	99,406	4,446	14,908	1,303,447	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)	-	-	(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	130,521	1,652,829	10,501,785
Additions	6,311	19,921	32,058	28,063	1,631,686	27,906	10,943	-	1,756,888
Transfer	103,066	361,395	32	-	(464,493)	-	-	-	-
Disposals/Written off	(37,637)	(350,936)	(190)	(1,251)	(4,241)	-	-	(5,758)	(400,013)
Exchange difference	-	-	(572)	-	(1,121)	-	-	-	(1,693)
At 31 December 2020	2,216,403	4,584,862	79,236	110,096	2,547,579	530,256	141,464	1,647,071	11,856,967
Accumulated depreciation									
At 1 January 2019	(470,910)	(943,443)	(21,272)	(17,678)	-	(80,418)	(35,674)	(483,621)	(2,053,016)
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)
Depreciation for the year	(66,195)	(237,501)	(8,000)	(9,420)	-	(11,065)	(9,567)	(71,398)	(413,146)
Disposals/Written off	3,646	77,614	142	1,172	-	-	-	540	83,114
Exchange difference	-	-	187	-	-	-	-	-	187
At 31 December 2020	(562,166)	(1,132,571)	(34,458)	(33,873)	-	(98,684)	(49,539)	(626,574)	(2,537,865)
Accumulated impairment									
At 1 January 2019	-	(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)
Impairment losses	-	(4,366)	-	-	-	-	-	-	(4,366)
Impairment write-off	33,991	2,695	-	-	-	-	-	-	36,686
At 31 December 2020	-	(11,052)	-	(3)	(16,435)	-	-	-	(27,490)
Carrying values									
At 31 December 2020	1,654,237	3,441,239	44,778	76,220	2,531,144	431,572	91,925	1,020,497	9,291,612
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

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21. Property, plant and equipment (continued)

Certain of the Group's interest-bearing bank and other borrowings were secured by certain of the Group's buildings and machinery, which had an aggregate carrying amount of RMB2,251,557,000 as at 31 December 2020 (2019: RMB1,188,393,000) (Note 31).

As at 31 December 2020, property certificates in respect of certain buildings with a carrying amount of RMB107,828,632 (2019: RMB311,061,000) of the Group in the PRC have not been obtained. As advised by the Group's PRC legal advisor, management is of the opinion that the Group legally owns the rights to use these properties.

During the financial year ended 31 December 2020, an impairment of RMB4,366,000 was recognised on certain plant and machinery in preparatory stages (Note 10) due to business strategy changes of the Group's Brazil subsidiaries. An impairment of RMB33,152,000 was recognised on certain prepayments of the Group's India subsidiaries, as they were deemed to be uncollectible due to cancellation or adjustment of contracts for project design modification.

During the financial year ended 31 December 2019, an impairment on certain plant and machinery amounting to RMB36,689,000 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 (Note 10) to be lower than the carrying amount. The remaining impairment loss of RMB 16,435,000 recorded in profit or loss was due to technical defects in an equipment (Note 10) 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.

22. Investments in associates

The Group's interest in the associates is accounted for using the equity method in the consolidated financial statements. As at 31 December 2020 and 2019, there is no material interest in the associates.

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

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

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Net (loss)/profit and total comprehensive (loss)/income	(325)	836
	2020	2019
	RMB'000	RMB'000
Group		
Carrying value of individually immaterial associates, in aggregate	16,147	14,536

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23. Investments in joint ventures

Set out below is the joint ventures of the Group as at 31 December 2020, which is material to the Group.

Name of entity ⁽¹⁾	Place of business/country of incorporation	Principal activities	% of ownership interest	
			31 December 2020	2019
Zibo Green New Energy Co., Ltd. 淄博绿能新能源有限公司	Zibo, the PRC	Operation of waste- to-energy plant	34.88	34.88
Hohhot Jiasheng New Energy Co., Ltd. 呼和浩特嘉盛新能源有限公司	Hohhot, the PRC	Operation of waste- to-energy plant	30	30

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

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

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

Summarised financial information for joint venture

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

Summarised balance sheet

	Zibo Green New Energy Co., Ltd.	
	31 December 2020	2019
	RMB'000	RMB'000
Current assets	158,580	178,066
Includes:		
- Cash and cash equivalents	1,568	2,317
Current liabilities	(649,990)	(627,883)
Includes:		
- Financial liabilities (excluding trade payables)	(394,600)	(253,175)
Non-current assets	1,500,085	1,552,391
Non-current liabilities	(626,020)	(727,210)
Includes:		
- Financial liabilities (excluding trade payables)	(394,600)	(253,175)

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23. Investments in joint ventures (continued)

Summarised financial information for joint venture (continued)

Summarised balance sheet (continued)

		Hohhot Jiasheng New Energy Co.,Ltd.	
		31 December	
		2020	2019
		RMB'000	RMB'000
Current assets		93,140	60,134
Includes:			
- Cash and cash equivalents		1,568	2,317
Current liabilities		(221,639)	(197,341)
Includes:			
- Financial liabilities (excluding trade payables)		(143,136)	(104,140)
Non-current assets		426,913	448,258
Non-current liabilities		(163,603)	(186,055)
Includes:			
- Financial liabilities (excluding trade payables)		(143,136)	(104,140)

Summarised statement of comprehensive income

	Zibo Green New Energy Co., Ltd.		Hohhot Jiasheng New Energy Co.,Ltd.	
	31 December		31 December	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	157,120	138,606	72,307	66,441
Interest income	37	18	6	5
Expenses				
Includes:				
- Depreciation and amortisation	51,107	51,409	19,519	18,076
- Interest expense	35,680	27,220	15,759	14,787
Net (loss)/profit and total comprehensive (loss)/income	(5,743)	(26,975)	7,176	(6,685)

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

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23. Investments in joint ventures (continued)

Summarised statement of comprehensive income (continued)

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

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Net (loss)/profit and total comprehensive (loss)/income	(429)	25,491

Reconciliation of summarised financial information

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

	Zibo Green New Energy Co., Ltd. 31 December		Hohhot Jiasheng New Energy Co., Ltd. 31 December		Total 31 December	
	2020	2019	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net Assets	382,655	375,364	134,811	124,996	517,466	500,360
Group's equity interest	34.88%	34.88%	30.00%	30.00%	-	-
Group's share of net assets	133,470	130,927	40,443	37,499	173,913	168,426
Fair value adjustments	13,875	14,646	-	-	13,875	14,646
Carrying value	147,345	145,573	40,443	37,499	187,788	183,072
	2020		2019			
	RMB'000		RMB'000			
Add: Carrying value of individually immaterial joint ventures, in aggregate	25,818		27,365			
Carrying value Group's interest in joint ventures	213,606		210,437			

24. Investments in subsidiaries

	Company	
	2020	2019
	RMB'000	RMB'000
Beginning of financial year	1,790,879	1,790,879
Additions	7,401	-
End of financial year	1,798,280	1,790,879

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24. Investments in subsidiaries (continued)

The Group has the following significant subsidiaries as at 31 December 2020 and 2019:

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

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24. Investments in subsidiaries (continued)

Name ⁽¹⁾	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent %	Proportion of ordinary shares held by the Group %	Proportion of ordinary shares held by non-controlling interests %
Tianjin Sunrise Environmental Protection Science and Technology Development Co., Ltd. ("Tianjin Sunrise") 天津市晨兴力克环保科技发展有限公司	Operation of waste- to-energy plant and sales of steam.	Tianjin, the PRC	100	100	–
Wuhan Green Energy Co., Ltd. ("Wuhan Jinjiang") 武汉市绿色环保能源有限公司	Operation of waste- to-energy plant and sales of steam.	Wuhan, the PRC	100	100	–
Wuhan Hankou Green Energy Co., Ltd. ("Hankou Jinjiang") 武汉汉口绿色能源有限公司	Operation of waste- to-energy plant and sales of steam	Wuhan, the PRC	100	100	–
Wuhu Lüzhou Environment Energy Co., Ltd. ("Wuhu Jinjiang") 芜湖绿洲环保能源有限公司	Operation of waste- to-energy plant and sales of steam.	Wuhu, the PRC	100	100	–
Zhengzhou Xingjin Green Environment Energy Co., Ltd. ("Zhengzhou Xingjin") 郑州荣锦绿色环保能源有限公司	Operation of waste- to-energy plant and sales of steam	Zhengzhou, the PRC	100	100	–
Zibo Green Energy Co., Ltd. ("Zibo Green Energy") 淄博绿能环保能源有限公司	Operation of waste- to-energy plant and sales of steam	Zibo, the PRC	100	100	–
Gaomi Lilangmingde Co. Ltd ("Gaomi Energy") 高密利朗明德环保科技有限公司	Operation of waste-to-energy plant	Gaomi, the PRC	100	100	–
Hangzhou Xiaoshan Jinjiang Green Energy Co., Ltd. ("Xiaoshan Jinjiang") 杭州萧山锦江绿色能源有限公司	Operation of waste- to-energy plant.	Hangzhou, the PRC	90	90	10
Qitaihe Green New Energy Co., Ltd. ("Qitaihe New Energy") 七台河绿能新能源有限公司	Operation of waste- to-energy plant.	Qitaihe, the PRC	100	100	–
Songyuan Xinxiang New Energy Co., Ltd. ("Songyuan Xinxiang") 松原鑫祥新能源有限公司	Operation of waste- to-energy plant.	Songyuan, the PRC	95	95	5

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24. Investments in subsidiaries (continued)

Name ⁽¹⁾	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent	Proportion of ordinary shares held by the Group	Proportion of ordinary shares held by non-controlling interests
			%	%	%
Suihua Green New Energy Co., Ltd. ("Suihua New Energy") 绥化市绿能新能源有限公司	Operation of waste- to-energy plant.	Suihua, the PRC	100	100	–
Wenling Green New Energy Co., Ltd. ("Wenling Green Energy") 温岭绿能新能源有限公司	Operation of waste- to-energy plant	Wenling, the PRC	100	100	–
Wenling Solid Waste Treatment Co., Ltd. ("Wenling Solid") 温岭绿能固废处理有限公司	Operation of solid waste treatment plant	Wenling, the PRC	51	51	49
Yinchuan Zhongke Environmental Electrical Co., Ltd. ("Yinchuan Zhongke") 银川中科环保电力有限公司	Operation of waste- to-energy plant.	Yinchuan, the PRC	100	100	–
Yunnan Green Energy Co., Ltd. ("Yunnan Energy") 云南绿色能源有限公司	Operation of waste- to-energy plant	Kunming, the PRC	89	89	11
Zhejiang Zhuji Bafang Thermal Power Co. Ltd. ("Zhuji Bafang") 浙江诸暨八方热电有限责任公司	Operation of thermal power plant.	Zhuji, the PRC	100	100	–
Kunshan Jinkangrui Environmental Protection Technology Co., Ltd. ("Jinkangrui Technology") 昆山锦康瑞环保技术有限公司	Waste resource recycling projects	Kunshan, the PRC	100	100	–
Ecogreen Energy Gurgaon Faridabad Private Limited	Operation of waste- to-energy plant	Gurgaon, India	99.99	99.99	0.01
Ecogreen Energy Gwalior Private Limited	Operation of waste- to-energy plant	Gwalior, India	99.99	99.99	0.01
Ecogreen Energy Lucknow Private Limited	Operation of waste- to-energy plant	Lucknow, India	99.99	99.99	0.01

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

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25. Investment property

	2020	2019
	RMB'000	RMB'000
Group		
Cost		
Beginning of financial year	28,976	28,037
Exchange difference	(1,358)	939
End of financial year	27,618	28,976
Accumulated depreciation		
Beginning of financial year	(1,771)	(779)
Depreciation for the year	(937)	(966)
Exchange difference	1,366	(26)
End of financial year	(1,342)	(1,771)
Carrying amount		
End of financial year	26,276	27,205

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

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

The property rental income from the Group's investment property leased out under operating lease amounted to approximately RMB266,000 (2019: RMB455,000). Direct operating expenses (including repairs and maintenance) arising from rental-generating investment property amounted to approximately RMB39,000 (2019: RMB111,000).

As at 31 December 2020 and 2019, certain of the Group's borrowings were secured by the Group's investment property (Note 31).

The fair value of the investment property is assessed to be RMB26,630,000 (2019: RMB27,900,000).

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 2020, the fair value measurements of the Group's investment property is classified within Level 3 (2019: Level 3) of the fair value hierarchy. There were no transfers between different levels during the year.

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For the financial year ended 31 December 2020

25. Investment property (continued)

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	RMB113,000 - RMB138,000 (2019: 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.

26. Leases – The Group as a lessee

Nature of the Group's leasing activities

Leasehold land

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

There are no externally imposed covenant on these lease arrangements.

Buildings

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

Plant and machinery

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

(a) Carrying amounts

ROU assets classified within Property, plant and equipment

	2020	2019
	RMB'000	RMB'000
Leasehold land	431,572	414,731
Buildings	91,925	90,549
Plant and machinery	1,020,497	1,097,113
	<u>1,543,994</u>	<u>1,602,393</u>

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

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

(b) Depreciation charge during the year

	2020	2019
	RMB'000	RMB'000
Leasehold land	11,065	13,283
Buildings	9,567	4,298
Plant and machinery	71,398	72,095
Total	92,030	89,676

(c) Interest expense
Interest expense on lease liabilities

26,025	44,766
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(d) Lease expense not capitalised in lease liabilities
Lease expense – short-term leases

17,784	31,707
--------	--------

(e) Total cash outflow for all the leases in 2020 was RMB366,963,000.

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

Lease liabilities

	Group	
	2020	2019
	RMB'000	RMB'000
<i>Current</i>		
Lease liabilities	39,194	151,622
<i>Non-current</i>		
Lease liabilities	5,482	223,578
	44,676	375,200

	Group	
	2020	2019
	RMB'000	RMB'000
Maturity analysis:		
Year 1	40,617	175,549
Year 2	4,013	118,109
Year 3	1,663	61,273
Year 4	–	54,219
Year 5	–	14,229
	46,293	423,379
Less: Unearned Interest	(1,617)	(48,179)
	44,676	375,200

Following the adoption of IFRS 16 on 1 January 2019, the liabilities arising from sales and leaseback contracts are presented within Borrowings in Note 31.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

27. Leases – The Group as a lessor

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

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

Rental income from investment property are disclosed in Note 25.

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

	2020	2019
	RMB'000	RMB'000
Less than one year	130	194
One to two years	130	–
Two to three years	54	–
Total undiscounted lease payment	314	194

28. Intangible assets

	Group 31 December	
	2020	2019
	RMB'000	RMB'000
Software (Note (a))	7,861	10,424
Service concession arrangement (Note (b))	3,874,688	3,575,519
	3,882,549	3,585,943

(a) Software

	Group	
	2020	2019
	RMB'000	RMB'000
<i>Cost</i>		
Beginning of financial year	23,761	19,760
Additions	1,844	4,001
End of financial year	25,605	23,761
<i>Accumulated amortisation</i>		
Beginning of financial year	(13,337)	(9,126)
Amortisation	(4,407)	(4,211)
End of financial year	(17,744)	(13,337)
Net book value	7,861	10,424

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

28. Intangible assets (continued)

(b) Service concession arrangement

	Group	
	2020	2019
	RMB'000	RMB'000
<i>Cost</i>		
Beginning of financial year	3,856,607	2,629,342
Additions	437,478	1,227,265
End of financial year	4,294,085	3,856,607
<i>Accumulated amortisation</i>		
Beginning of financial year	(281,088)	(194,098)
Amortisation	(138,309)	(86,990)
End of financial year	(419,397)	(281,088)
Net book value	3,874,688	3,575,519

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

Service concession construction revenue (as detailed in Note 4) recorded in 2020 and 2019 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 RMB2,464,435,173 as at 31 December 2020 (2019: RMB1,878,704,000) were pledged as collaterals against general loan facilities granted to the Group (Note 31).

As at 31 December 2020, the Group has RMB254,838,000 (2019: RMB565,132,000) 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

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29. Trade and other payables

	Group		Company	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	579,936	650,972	-	-
Bills payables	106,786	80,217	-	-
Construction and equipment payables	658,217	742,515	-	-
Deposits received from customers	146,406	74,655	-	-
Accrued payroll and welfare	88,327	41,706	-	-
Accrued expenses	5,086	10,469	-	-
Others	105,878	144,722	8,969	9,006
Total trade and other payables	1,690,636	1,745,256	8,969	9,006

The credit period on purchases is 90 to 120 days (2019: 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 RMB145,310,000 (2019: RMB74,577,000).

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 RMB17,545,000 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 RMB57,032,000 that was included in the contract liability balance at the beginning of the period.

30. Dividends Payable

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

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31. Borrowings

	Group		Company	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Guaranteed borrowings	2,575,438	2,393,217	2,236,791	1,306,595
Secured and guaranteed bank borrowings	3,735,436	2,193,461	-	-
Secured bank borrowings	117,863	419,597	-	-
Secured and guaranteed other borrowings	1,578,539	524,059	-	-
Secured other borrowings	672,064	309,132	-	-
Entrusted loan	-	197,750	-	-
Unsecured other borrowings	-	2,080	-	-
	<u>8,679,340</u>	<u>6,039,296</u>	<u>2,236,791</u>	<u>1,306,595</u>
The borrowings comprise:				
- Fixed-rate borrowings	836,843	1,912,569	-	-
- Variable-rate borrowings	7,842,497	4,126,727	2,236,791	1,306,595
	<u>8,679,340</u>	<u>6,039,296</u>	<u>2,236,791</u>	<u>1,306,595</u>
Total borrowings	8,679,340	6,039,296	2,236,791	1,306,595
Less: Amount due within one year shown under current liabilities	(2,588,705)	(3,472,771)	(913,486)	(1,306,595)
Amounts shown under non-current liabilities	<u>6,090,635</u>	<u>2,566,525</u>	<u>1,323,305</u>	<u>-</u>

As at 31 December 2020, the Group and Company breached financial covenant in respect of two guaranteed borrowings from financial institutions. Accordingly, the non-current portion of the guaranteed borrowings of the Group and Company amounting to RMB15,000,000 (2019: RMB1,265,469,000) and RMB Nil (2019: RMB1,180,298,000) respectively were classified as current liabilities.

Due to the breach of the covenants clause, the banks are contractually entitled to request for immediate repayment of the outstanding borrowing amount from the Group of RMB958,846,000 (2019: RMB1,499,718,000) and from the Company of RMB 913,486,000 (2019: RMB1,306,595,000) respectively (Note 2.2).

Subsequent to the year end, the Group has repaid a borrowing in breach of loan covenant amounting of RMB45,360,000 in accordance with the Group's ongoing financing plans.

As at 31 December 2020, the entrusted loan from the single largest shareholder has been repaid in full at a fixed interest rate of 4.35% per annum.

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31. Borrowings (continued)

Group

Type of borrowings	Guaranteed/secured by	2020 RMB'000	2019 RMB'000
Guaranteed borrowings	Guarantees mainly from companies in which the single largest shareholder has control over	2,575,438	2,393,217
		2,575,438	2,393,217
Secured and guaranteed bank borrowings	Guarantees mainly from companies in which the single largest shareholder has control over and the following:		
	Certain property, plant and equipment (Note 21)	499,790	397,000
	Certain trade receivables (Note 14)	445,189	237,300
	Certain trade receivables (Note 14), property, plant and equipment (Note 21)	1,198,085	879,202
	Certain service concession receivables (Note 18) and intangible assets (Note 28)	195,000	419,459
	Certain service concession receivables (Note 18), intangible assets (Note 28) and receivables (Note 14)	1,237,372	260,500
	Certain shares of a subsidiary with carrying value of RMB1,620,230,000	160,000	–
		3,735,436	2,193,461
Secured bank borrowings	Certain bank deposits held by the Group (Note 13)	100,000	300,000
	Certain trade receivables (Note 14)	–	100,000
	Group's investment property (Note 25)	17,863	19,597
		117,863	419,597
Secured and guaranteed other borrowings	Guarantees mainly from companies in which the single largest shareholder has control over and the following:		
	Certain property, plant and equipment (Note 21)	1,289,501	505,399
	Certain trade receivables (Note 14)	289,038	18,660
		1,578,539	524,059
Secured other borrowings	Property, plant and equipment (Note 21)	658,564	309,132
	Pledge of certain electricity tariffs receivables (Note 14)	13,500	–
		672,064	309,132

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31. Borrowings (continued)

Company

Type of borrowings	Guaranteed/secured by	2020	2019
		RMB'000	RMB'000
Guaranteed borrowings	Guarantees mainly from companies in which the single largest shareholder has control over	2,236,791	1,306,595
		2,236,791	1,306,595

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

	Group		Company	
	2020	2019	2020	2019
Effective interest rate:				
- Fixed-rate borrowings	2.25% to 10.75%	3.96% to 10.75%	NA	NA
- Variable-rate borrowings	2.05% to 8.54%	1.98% to 9.88%	2.90% to 4.86%	4.24% to 4.44%

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

	1 January 2019	Financing cash flows	New lease liabilities	Other changes ⁽¹⁾	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
	6,755,915	931,945	94,115	(9,948)	65,681	7,837,708

(1) Other changes include interest accruals and payments

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

The carrying amount of borrowings approximate their fair value.

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32. 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 matured in July 2020. The notes payable has been repaid during 2020. The effective interest rate for the year was 6.98% (2019: 6.98%) per annum.

The notes payable was unsecured and listed on SGX-ST.

	Group and Company	
	2020	2019
	RMB'000	RMB'000
At 1 January	1,423,212	1,387,866
Amortisation of interest	(84,334)	(81,520)
Interest accrued	56,613	94,817
Repayment	(1,415,900)	-
Exchange difference	20,409	22,049
At 31 December	-	1,423,212

Management estimated the fair value of the notes payable at 31 December 2019 to be approximately US\$197 million (RMB1,379.0 million). The fair value is based on the bid price extracted from Bloomberg as at 31 December 2019 and management determined the notes payable to be under Level 2 fair value hierarchy.

There are no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year.

33. Deferred income taxes

	Undistributed earnings of PRC subsidiaries	Fair value adjustment on acquisition of subsidiaries	Accelerated tax depreciation	Profit recognised on construction services provided under service concession arrangements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019	59,939	4,596	242,954	117,825	425,314
Charge/(credit) to profit or loss (Note 11)	-	(389)	6,412	51,409	57,432
At 31 December 2019	59,939	4,207	249,366	169,234	482,746
Charge/(credit) to profit or loss (Note 11)	(208)	(325)	14,984	45,195	59,646
At 31 December 2020	59,731	3,882	264,350	214,429	542,392

At 31 December 2020, the Group has unused tax losses of approximately RMB657,029,000 (2019: RMB331,463,000), 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.

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33. Deferred income taxes (continued)

The unrecognised tax losses will expire in the following years:

	Group	
	2020	2019
	RMB'000	RMB'000
2020	–	3,111
2021	19,242	22,845
2022	20,514	20,834
2023	95,834	113,692
2024	156,362	170,981
2025	365,077	–
	<u>657,029</u>	<u>331,463</u>

At 31 December 2020, the Group has deductible temporary differences of RMB138,743,000 (2019: RMB43,197,000). 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 2020, temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised are RMB4,535,903,000 (2019: RMB4,140,926,000). 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.

34. Share capital

	Group and Company	
	Number of ordinary shares	Share capital
	'000	RMB'000
As at 1 January 2019	1,443,247	95
Issued during the year	10,778	1
At 31 December 2019	<u>1,454,025</u>	<u>96</u>
Issued during the year	–	–
At 31 December 2020	<u>1,454,025</u>	<u>96</u>

Fully paid ordinary shares have a par value of US\$0.00001 (2019: US\$0.00001), carry one vote per share and carry a right to dividend, amounting to equivalent RMB96,000 (2019: RMB96,000).

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35. Other reserves

	Group 31 December		Company 31 December	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Capital reserve (i)	393,694	393,694	1,057,112	1,057,112
Merger reserve (ii)	(67,642)	(67,642)	-	-
Statutory surplus reserve (iii)	155,288	118,271	-	-
Share award reserve (iv)	-	-	-	-
Foreign currency translation reserve (v)	(46,405)	(8,575)	-	-
Other reserve (vi)	56,172	56,172	-	-
	<u>491,107</u>	<u>491,920</u>	<u>1,057,112</u>	<u>1,057,112</u>

(i) Capital reserve

	Group		Company	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January and 31 December	<u>393,694</u>	<u>393,694</u>	<u>1,057,112</u>	<u>1,057,112</u>

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

(ii) Merger reserve

	Group	
	2020	2019
	RMB'000	RMB'000
At 1 January and 31 December	<u>(67,642)</u>	<u>(67,642)</u>

Merger reserves represents the differences between the existing book values of the net assets of the subsidiaries under common control and the consideration paid when the Group acquired subsidiaries from the then ultimate holding company or ultimate shareholder using the merger accounting method.

(iii) Statutory surplus reserve

	Group	
	2020	2019
	RMB'000	RMB'000
At 1 January	118,271	118,271
Appropriation to reserves	37,017	-
At 31 December	<u>155,288</u>	<u>118,271</u>

Pursuant to the relevant laws and regulations in the People's Republic of China ("PRC") and the Articles of Association of the subsidiaries established in PRC, the PRC subsidiaries are required to make appropriation from profit after tax to a statutory surplus reserve at rate determined by their respective Board of Directors before distributing dividends to equity holders.

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35. Other reserves (continued)

(iv) Share award reserve

	Group		Company	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	-	-	-	-
Share award expense	-	23,301	-	23,301
Issue of new shares	-	(23,301)	-	(23,301)
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 36).

(v) Foreign currency translation reserve

	Group	
	2020	2019
	RMB'000	RMB'000
At 1 January	(8,575)	(8,913)
Other comprehensive income	(37,830)	338
At 31 December	(46,405)	(8,575)

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.

(vi) Other reserve

	Group	
	2020	2019
	RMB'000	RMB'000
At 1 January	56,172	41,838
Increase in partial equity interest in a subsidiary	-	14,334
At 31 December	56,172	56,172

Other reserve represents the difference between the carrying amount of the non-controlling interest and the consideration arising from equity transactions with the non-controlling shareholders without loss of control in the subsidiaries by the Group.

Notes to the Consolidated Financial Statements

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36. Share Award Expense

Performance Share Plan

The Jinjiang Environment Performance Share Plan ("Plan") was approved by shareholders on 29 June 2016. The Plan was subsequently amended and approved by shareholders at an Extraordinary General Meeting held on 25 April 2017. The Plan is administered by the Remuneration Committee comprising the Independent Directors Hee Theng Fong, Ang Swee Tian and Ni Mingjiang. The maximum period of the Performance Share Plan is 10 years commencing on the date on which it is adopted by the Company.

The participants of the Performance Share Plan will receive partially paid shares of the Company and are required to pay 30% of the closing market price of the shares awarded to them on the date of grant in cash as a condition for the vesting of the share awards. The aggregate number of shares available under the Plan shall not exceed 15% of the issued share capital of the Company.

On September 2019, the Company granted 10,906,500 shares under the Plan.

The fair values of the performance shares are estimated to be S\$0.42 (RMB2.17 equivalent) in 2019 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).

The movements of the number of shares for the Plan during the financial year were as follows:

	Group and Company	
	2020	2019
	No. of awarded shares	
	'000	
Granted during the year	-	10,907
Cancelled, expired or lapsed	-	(129)
Vested ⁽¹⁾ during the year	-	(10,778)
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 related to equity-settled share-based payment transactions in 2019.

37. Deferred Grant

	Group	
	2020	2019
	RMB'000	RMB'000
Grant received in advance	363,058	390,444
Analysed as:		
- Current liabilities	17,080	8,968
- Non-current liabilities	345,978	381,476
	363,058	390,444

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

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38. Other Tax Liabilities

	Group	
	2020	2019
	RMB'000	RMB'000
Value added tax	59,803	36,978
Others	19,067	16,849
	<u>78,870</u>	<u>53,827</u>

39. Dividends

No dividends have been proposed in respect of the financial years ended 31 December 2020 and 2019.

40. Provision for major overhauls

Pursuant to the service concession agreements, the Group has contractual obligations to maintain the facilities to a specified level of serviceability and/or to restore the plants to a specified condition before they are handed over to the grantors at the end of the service concession periods. These contractual obligations except for any upgrade element, are recognised and measured at the best estimate of the expenditure that would be required to settle the present obligation at the end of the reporting period. The future expenditure on these maintenance and restoration costs is collectively referred to as "major overhauls". The estimation basis is reviewed on an ongoing basis, and revised where appropriate.

Movements in provision and the balances of the liabilities for major overhauls are as follows:

	Group	
	2020	2019
	RMB'000	RMB'000
At beginning of the year	19,032	17,975
Provision made during the year	4,021	1,057
At end of the year	<u>23,053</u>	<u>19,032</u>

41. Contingencies

Contingent liabilities

Legal claims were lodged by certain third parties against the Group's subsidiaries, in relation to alleged non-performance under sales or service contracts. As at 31 December 2020, the contingent liabilities of RMB2,400,000 (2019: nil) was provided, as management assessed that the probability of litigation settlement for relevant cases was not remote with reference to the preliminary decision the court made. For the remaining cases, the Group has disclaimed liabilities and is defending the action. It is not practical to estimate the potential effect of these claim and legal advice indicates that it is not probable that a significant liability will arise.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

42. Commitments

Capital commitments

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

	Group 31 December	
	2020	2019
	RMB'000	RMB'000
Property, plant and equipment	1,475,812	1,256,099

43. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as currency forwards, interest rate swaps and foreign currency borrowings to hedge certain financial risk exposures.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Financial Risk Management Committee ("FRMC") then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

Financial risk management is carried out by a central treasury department ("Group Treasury") in accordance with the policies set by the FRMC. The dealing team of Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The reporting team of Group Treasury measures actual exposures against the limits set and prepares daily reports for review by the Heads of Group Treasury and each operating unit. Regular reports are also submitted to the FRMC and the Board of Directors.

(a) Market risk

(i) 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.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

43. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
USD	414,727	508,864	109,917	53,047
EUR	9,852	485	-	-
Financial liabilities				
USD	2,236,791	2,855,378	2,236,791	2,729,807

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	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
USD	182,206	234,651	212,687	267,676
EUR	(985)	(49)	-	-

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

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to fair value interest rate risk related primarily to its fixed-rate borrowings (Note 31), notes payable (Note 32) and lease liabilities. The Group's exposure to cash flow interest rate risk relates primarily to its variable-rate borrowings (Note 31).

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.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

43. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

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

Sensitivity analysis

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

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

	Group		Company	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Profit before tax	39,212	20,634	11,184	6,533

(b) Credit risk

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

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

As at 31 December 2020, the Group has trade balances due from 4 customers (2019: 4) who individually accounted for 5% or more of the total balance of trade receivables amounted to RMB367,104,000 (2019: RMB270,230,000).

As at 31 December 2020, the Group has trade balances due from 2 related parties (2019: 3) who individually accounted for 5% or more of the total balance of trade receivables amounted to RMB142,992,000 (2019: RMB112,810,000).

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except that the Company has significant non-trade receivables from 8 subsidiaries (2019: 6 subsidiaries) amounting to RMB2,406,240,000 (2019: RMB3,009,632,000) as at 31 December 2020. 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 2020 and 2019.

Notes to the Consolidated Financial Statements

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43. Financial risk management (continued)

(b) Credit risk (continued)

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

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

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

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

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

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

None of the trade receivables that have been written off 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	
	2020	2019
	RMB'000	RMB'000
Current	941,681	582,576
Within 60 days	72,329	191,139
60 days to 90 days	29,273	59,844
90 days to 120 days	27,323	49,583
Over 120 days	171,883	233,955
	<u>1,242,489</u>	<u>1,117,097</u>

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

43. Financial risk management (continued)

(b) Credit risk (continued)

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

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

	2020	2019
	RMB'000	RMB'000
Current	34,524	36,314
0 to 90 days	11,858	21,944
91 to 120 days	7,729	8,576
Over 120 days	110,599	81,632
	<u>164,710</u>	<u>148,466</u>

For the financial year ended 31 December 2020 and 2019, the trade receivables have been assessed based on lifetime ECL individually and loss allowance was recognised for trade receivables that are credit impaired.

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

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

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

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

For the financial year ended 31 December 2020 and 2019, other receivables and non-trade related amounts due from related parties and non-controlling interests have been assessed based on 12-month ECL individually and are not credit impaired.

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 2020

43. Financial risk management (continued)

(b) Credit risk (continued)

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

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

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

The movements in credit loss allowance are as follows:

	Trade receivables RMB,000	Other receivables RMB,000	Total RMB,000
Group			
2020			
Balance at 1 January 2020	13,900	18,141	32,041
Loss allowance recognised in profit or loss during the year	11,090	13,316	24,406
Balance at 31 December 2020	<u>24,990</u>	<u>31,457</u>	<u>56,447</u>
2019			
Balance at 1 January 2019	1,907	2,392	4,299
Loss allowance recognised in profit or loss during the year	11,993	15,749	27,742
Balance 31 December 2019	<u>13,900</u>	<u>18,141</u>	<u>32,041</u>

Notes to the Consolidated Financial Statements

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43. Financial risk management (continued)

(b) Credit risk (continued)

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

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

43. Financial risk management (continued)

(b) Credit risk (continued)

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
<u>Group</u>						
<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	4, 28	(i)	Lifetime ECL (simplified approach)	641,319	-	641,319
Service concession receivables	18	Performing	12-month ECL	686,361	-	686,361
					(32,041)	
<u>Company</u>						
<u>2019</u>						
Amount due from subsidiaries	17	Performing	12-month ECL	3,011,330	-	3,011,330
					-	

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43. Financial risk management (continued)

(b) Credit risk (continued)

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

(c) Liquidity risk

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

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.

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For the financial year ended 31 December 2020

43. Financial risk management (continued)

(c) Liquidity risk (continued)

	Weighted average effective interest rate	On demand, or less than 1 year	1 - 5 years	>5 years	Undiscounted cash flows	Carrying amount closing balance
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group						
2020						
Non-derivative financial liabilities						
Trade and other payables	-	1,544,230	-	-	1,544,230	1,544,230
Amounts due to related parties	-	91,056	-	-	91,056	91,056
Borrowings	4.89	2,908,725	5,057,728	1,996,236	9,962,689	8,679,340
Lease liabilities	5.56	40,617	5,676	-	46,293	44,676
		4,584,628	5,063,404	1,996,236	11,644,268	10,359,302
2019						
Non-derivative financial liabilities						
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
		7,239,984	2,428,922	796,392	10,465,298	9,663,886
Company						
2020						
Non-derivative financial liabilities						
Trade and other payables	-	8,969	-	-	8,969	8,969
Amounts due to subsidiaries	-	85,885	-	-	85,885	85,885
Borrowings	3.65	953,193	1,395,829	-	2,349,022	2,236,791
		1,048,047	1,395,829	-	2,443,876	2,331,645
2019						
Non-derivative financial liabilities						
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
		2,934,017	-	-	2,934,017	2,824,705

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43. Financial risk management (continued)

(d) Capital risk

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

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

	Group 31 December		Company 31 December	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Net debt	8,075,415	6,448,940	2,126,508	2,584,130
Total equity	6,103,002	5,814,669	1,993,717	2,130,449
Net debt to equity ratio	132%	111%	107%	121%

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

- Net debt to equity ratio shall not at any time exceed 145%;
- Earnings before interest and tax expense, depreciation and amortisation to interest expense ratio shall not less than 3 times;
- Asset-liability ratio shall not be higher than 68%; and
- Tangible net worth shall not be less than RMB 3,500,000,000.

Except for the borrowing facilities which require the fulfilment of covenants relating to certain of the Group's financial ratios as disclosed in Note 31, the Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2020 and 2019.

(e) Fair value measurements

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

Other than the fair value of notes payable as disclosed in Note 32 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.

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

43. Financial risk management (continued)

(f) Financial instruments by category

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

	Group 31 December		Company 31 December	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at amortised cost	3,673,190	3,814,172	2,522,043	3,157,007
Financial liabilities at amortised cost	10,438,172	9,663,886	2,245,760	2,824,705

44. Immediate and ultimate holding corporations

The Company's immediate holding corporation is Zhejiang Energy Hong Kong Holding Limited, incorporated in Hong Kong. The ultimate holding corporation is Zhejiang Provincial Energy Group Co., Ltd., incorporated in the PRC.

45. Segment information

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

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

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

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

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

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

Comprise service income.

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45. Segment information (continued)

(a) Segment revenue and profit

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

	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
2020			
Segment revenue			
External revenue - non-related parties	2,870,756	127,315	2,998,071
External revenue - related parties (Note 4)	1,518	85,075	86,593
Inter-segment revenue	-	190,643	190,643
	2,872,274	403,033	3,275,307
Elimination	-	(190,643)	(190,643)
Revenue	2,872,274	212,390	3,084,664
Segment profit	809,500	82,992	892,492
Government grants and value added tax refund	74,986	1,366	76,352
Loss on disposal of property, plant and equipment	(52,055)	-	(52,055)
Compensation income on closure of a WTE plant	21,026	-	21,026
Write-off of property, plant and equipment upon closure of a WTE plant	(12,896)	-	(12,896)
Other gains relating to closure of a WTE plant	4,155	-	4,155
Impairment loss on property, plant and equipment	(4,366)	-	(4,366)
Impairment loss on prepayments	(33,152)	-	(33,152)
Administrative expenses			(252,518)
Other gains, net			158,723
Other income			59,139
Loss allowance recognised on financial assets			(24,406)
Finance costs			(355,490)
Share of loss of associates			(325)
Share of profit of joint ventures			1,004
Profit before tax			477,683

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

45. Segment information (continued)

(a) Segment revenue and profit (continued)

	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
2019			
Segment revenue			
External revenue - non-related parties	3,562,560	182,739	3,745,299
External revenue - related parties (Note 4)	–	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
Segment profit	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 losses relating to closure of a WTE plant	(41,862)	–	(41,862)
Write-off of property, plant and equipment	(78,966)	–	(78,966)
Impairment loss on property, plant and equipment	(53,124)	–	(53,124)
Administrative expenses			(276,644)
Other income			73,386
Other losses			(32,496)
Loss allowance recognised on financial assets			(27,742)
Finance costs			(306,587)
Share of profit of associates			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 2020

45. Segment information (continued)

(b) Segment assets

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

	Waste-to-energy project construction and operation	Project technical and management service, equipment selection and sale and EMC business	Total
	RMB'000	RMB'000	RMB'000
<u>2020</u>			
Segment assets	15,033,801	1,099,278	16,133,079
Unallocated			1,633,605
Consolidated total assets			<u>17,766,684</u>
<u>2019</u>			
Segment assets	14,069,424	625,326	14,694,750
Unallocated			1,913,893
Consolidated total assets			<u>16,608,643</u>

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.

(c) Segment liabilities

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

	Waste-to-energy project construction and operation	Project technical and management service, equipment selection and sale and EMC business	Total
	RMB'000	RMB'000	RMB'000
<u>2020</u>			
Segment liabilities	10,246,973	628,891	10,875,864
Unallocated			787,818
Consolidated total liabilities			<u>11,663,682</u>
<u>2019</u>			
Segment liabilities	9,606,179	531,702	10,137,881
Unallocated			656,093
Consolidated total liabilities			<u>10,793,974</u>

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

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

45. Segment information (continued)

(d) Geographical information

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

	Revenue from external customers (including related parties) 2020	Non-current assets 2020
	RMB'000	RMB'000
<u>Based on location of customer</u>		
PRC	2,988,856	13,569,716
India	84,856	257,254
Others	10,952	190,753
	<u>3,084,664</u>	<u>14,017,723</u>
	Revenue from external customers (including related parties) 2019	Non-current assets 2019
	RMB'000	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>

(e) Information about major customers

Waste-to-energy project construction and services

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

In 2020 and 2019, 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 2020 no single customer accounted for 10% or more of the Group's revenue. In 2019, 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 2020

46. Events occurring after balance sheet date

Subsequent to year end, the Group refinanced short-term borrowings amounting RMB400 million by renewing the maturity date to another 12 months at the loan prime rate plus 0.35% per annum.

The Group has also secured additional credit facilities amounting to RMB1,240 million with tenure ranging from 1 to 18 years, inclusive of RMB300 million and RMB350 million for finance leases and project financing respectively.

The Group has repaid a borrowing in breach of loan covenant as disclosed in Note 31 amounting RMB45.36 million in accordance with the Group's ongoing financing plans.

47. Business impact and financial implications of the Coronavirus Disease 2019 ("COVID-19") Pandemic

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

Currently, the COVID-19 situation in the PRC continues to improve. The resumption of work, production, business and market activities has been accelerated. The Group's WTE and other facilities in the PRC are essential services and have remained operational in 2020.

While impacted by the COVID-19 pandemic, the amount of waste treated and electricity generated and supplied increased 9.2% and 15.7% in 2020 as compared with the prior year. The steam supply business was affected to a certain extent, resulting in a 5.9% year-on-year decrease in steam supplied in 2020. However, the relevant enterprises are actively liaising with customers in order to restore the steam supply business to its pre-pandemic level as soon as possible.

In addition, the Group has been actively seeking to rely on the safeguards and support measures introduced by the government in response to the pandemic. In 2020, the Group had obtained RMB19.29 million social security relief and RMB3.54 million in various subsidies. While the prices of certain raw materials have increased, the Group has not experienced any significant disruptions with regard to the supply of its raw materials.

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

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

48. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2021 and which the Group has not early adopted.

Amendments to IFRS 1 Presentation of Financial Statements:

Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

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

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

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

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

Amendments IFRS16 Property, Plant and Equipment: Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2020

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

Phase 2 amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures and IFRS 16 Leases are applicable for periods beginning on or after 1 January 2021 ("Phase 2 amendments")

The phase 2 amendments provide further reliefs for hedge accounting as well as practical expedients for modifications of debts instruments and lease liabilities for lessees with IBOR based terms. The Group has not early adopted the Phase 2 amendments.

Management is currently assessing the impact of the Phase 2 amendments on the Group which could impact the IBOR based borrowings of RMB2,270,013,000.

49. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Zheneng Jinjiang Environment Holding Company Limited and its Subsidiaries on 9 April 2021.

Statistics of Shareholdings

As at 19 March 2021

Class of shares	: Ordinary shares of US\$0.00001 each
Authorised share capital	: US\$50,000.00 divided into 5,000,000,000 ordinary shares of par value US\$0.00001 each
Issued and fully paid-up capital	: Aggregate of US\$10,000, RMB748,000,000 and S\$1,510,857,322
Number of Ordinary Shares issued	: 1,454,024,700
Voting rights	: One vote per share

The Company has no treasury shares and subsidiary holdings.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1- 99	-	-	-	-
100 - 1,000	106	19.70	92,100	0.01
1,001 - 10,000	186	34.57	1,080,600	0.07
10,001 - 1,000,000	232	43.13	19,183,681	1.32
1,000,001 and above	14	2.60	1,433,668,319	98.60
	538	100.00	1,454,024,700	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 19 MARCH 2021

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest ⁽²⁾	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Zhejiang Energy Hong Kong Holding Limited ⁽³⁾	-	-	430,000,000	29.57
Zheneng Capital Holdings Co., Ltd. ⁽⁴⁾	-	-	430,000,000	29.57
Zhejiang Energy International Limited ⁽⁴⁾	-	-	430,000,000	29.57
Zhejiang Provincial Energy Group Co., Ltd. ⁽⁴⁾⁽⁵⁾	-	-	802,560,575	55.20
Zhejiang Zheneng Electric Power Co., Ltd. ⁽⁵⁾	-	-	372,560,575	25.62
Zhejiang Zheneng Electric Power Investment (Hong Kong) Limited ⁽⁵⁾	-	-	372,560,575	25.62
Win Charm Limited ⁽⁶⁾	-	-	372,560,575	25.62
Hangzhou Zhengcai ⁽⁷⁾	-	-	372,560,575	25.62
Jinjiang Group ⁽⁸⁾	-	-	372,560,575	25.62
Dou Zhenggang ⁽⁹⁾	-	-	372,560,575	25.62
Wei Xuefeng ⁽¹⁰⁾	-	-	372,560,575	25.62
Zhejiang Hengjia ⁽¹¹⁾	-	-	372,560,575	25.62
Harvest Global Dynamic Fund SPC acting on behalf of and for the account of Harvest Environmental Investment Fund SP ⁽¹²⁾	214,000,000	14.72	-	-
Kung Chak Ming ⁽¹²⁾	2,487,300	0.172	214,000,000	14.72
Yun Sheng Capital Cayman ⁽¹²⁾	-	-	214,000,000	14.72
Yun Sheng Capital Company Limited ⁽¹²⁾	-	-	214,000,000	14.72
Shenzhen Sidaoke Investment Co., Ltd. ⁽¹²⁾	-	-	214,000,000	14.72

Statistics of Shareholdings

As at 19 March 2021

	Direct Interest		Deemed Interest ⁽²⁾	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Shenzhen Ping An Evergreen Investment Development Holding Co., Ltd. ⁽¹²⁾	–	–	214,000,000	14.72
Shenzhen Ping'an Financial Technology Consulting Co., Ltd. ⁽¹²⁾	–	–	214,000,000	14.72
Ping An Insurance (Group) Company of China, Ltd. ⁽¹²⁾	–	–	214,000,000	14.72
Whitel Management Company Limited ⁽¹³⁾	180,620,574	12.42		
Whitel International Management Holding Limited ⁽¹³⁾	–	–	180,620,574	12.42
HOPU USD Master Fund III, L.P. ⁽¹³⁾	–	–	180,620,574	12.42
HOPU Investments Co. III Ltd ⁽¹³⁾	–	–	180,620,574	12.42
Fang Fenglei ⁽¹³⁾	–	–	180,620,574	12.42
Lau Teck Sien ⁽¹³⁾	–	–	180,620,574	12.42
AEP Investments (Mauritius) Limited ⁽¹⁴⁾	81,478,351	5.60	–	–

Notes:

- (1) Based on 1,454,024,700 Shares in issue as at 19 March 2021.
- (2) Deemed interests refer to interests determined pursuant to Section 4 of the Securities and Futures Act ("SFA").
- (3) Zhejiang Energy Hong Kong Holding Limited (浙江能源香港控股有限公司) is deemed to have an interest in 430,000,000 Shares held by Raffles Nominees (Pte.) Limited.
- (4) Zhejiang Energy International Limited (浙江能源国际有限公司) owns the entire issued and paid-up share capital of Zhejiang Energy Hong Kong Holding Limited (浙江能源香港控股有限公司). Zhejiang Provincial Energy Group Co., Ltd. (浙江省能源集团有限公司) and Zheneng Capital Holdings Co., Ltd. (浙能资本控股有限公司) own 60% and 40% of the equity interests in Zhejiang Energy International Limited (浙江能源国际有限公司), respectively. Zheneng Capital Holdings Co., Ltd. (浙能资本控股有限公司) is 100% controlled by Zhejiang Provincial Energy Group Co., Ltd. (浙江省能源集团有限公司). Zhejiang Provincial Energy Group Co., Ltd. (浙江省能源集团有限公司) is 100% controlled by the State-owned Assets Supervision and Administration Commission of the People's Government of Zhejiang Province (浙江省人民政府国有资产监督管理委员会). Accordingly, each of Zhejiang Energy International Limited (浙江能源国际有限公司), Zheneng Capital Holdings Co., Ltd. (浙能资本控股有限公司) and Zhejiang Provincial Energy Group Co., Ltd. (浙江省能源集团有限公司) are deemed to have an interest in the Shares in which Zhejiang Energy Hong Kong Holding Limited (浙江能源香港控股有限公司) has an interest by virtue of Section 4 of the SFA.
- (5) Zhejiang Zheneng Electric Power Investment (Hong Kong) Limited (the "Purchaser") has entered into a conditional share purchase agreement dated 12 October 2020 (the "SPA") with, among others, Jin Jiang Green Energy Limited ("Jin Jiang Green Energy") and Win Charm Limited ("Win Charm", and together with Jin Jiang Green Energy, the "Sellers"), where the Purchaser has agreed to purchase, and the Sellers have agreed to sell, an aggregate of 372,560,575 ordinary shares ("Shares") in the capital of Zheneng Jinjiang Environment Holding Company Limited, for an aggregate cash consideration of S\$289,889,383.40, being S\$0.7781 for each Share, in accordance with the terms of the SPA. Completion under the SPA is to take place upon the fulfillment (or waiver in accordance with the SPA) of certain conditions set out in the SPA. The Purchaser is deemed to have an interest in the 372,560,575 Shares pursuant to Section 4(7)(a) of the SFA.

Zhejiang Zheneng Electric Power Co., Ltd. is a subsidiary of Zhejiang Provincial Energy Group Co., Ltd. and the sole shareholder of the Purchaser and is therefore deemed interested in the 372,560,575 Shares that the Purchaser is deemed to be interested in by virtue of Section 4 of the SFA.

The Purchaser is an indirect subsidiary of Zhejiang Provincial Energy Group Co., Ltd. and Zhejiang Provincial Energy Group Co., Ltd. is therefore deemed interested in the 372,560,575 Shares that the Purchaser is deemed to be interested in by virtue of Section 4 of the SFA.
- (6) 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.

Statistics of Shareholdings

As at 19 March 2021

- (7) 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.
- (8) 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.
- (9) 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 the Shares in which Jinjiang Green Energy and Win Charm have an interest by virtue of Section 4 of the SFA.
- (10) 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.
- (11) 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.
- (12) 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.
- (13) 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.
- (14) 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).

Statistics of Shareholdings

As at 19 March 2021

TWENTY LARGEST SHAREHOLDERS AS AT 19 MARCH 2021

No.	Name of Shareholders	Number of Shares	%
1.	RAFFLES NOMINEES (PTE.) LIMITED	556,643,851	38.28
2.	UOB KAY HIAN PRIVATE LIMITED	441,765,575	30.38
3.	CITIBANK NOMINEES SINGAPORE PTE LTD	222,073,619	15.27
4.	DBS NOMINEES (PRIVATE) LIMITED	192,743,674	13.26
5.	WANG YUANLUO	5,140,000	0.35
6.	LIM & TAN SECURITIES PTE LTD	2,958,200	0.20
7.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,224,200	0.15
8.	WANG RUIHONG	2,100,000	0.14
9.	WANG WUZHONG	1,993,300	0.14
10.	PHILLIP SECURITIES PTE LTD	1,314,900	0.09
11.	E HONGBIAO	1,260,000	0.09
12.	XU YONGQIANG	1,260,000	0.09
13.	LIM PUAY TIANG	1,141,000	0.08
14.	ZHANG CHAO	1,050,000	0.07
15.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	617,881	0.04
16.	ZHOU RONGQIN	530,000	0.04
17.	GOH BEE LAN	491,400	0.03
18.	MERRILL LYNCH (SINGAPORE) PTE. LTD.	434,900	0.03
19.	SIM SOO CHANG	430,000	0.03
20.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	417,000	0.03
Total		1,436,589,500	98.79

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

11.64% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Notice of Annual General Meeting

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the “AGM” or “Meeting”) of Zheneng Jinjiang Environment Holding Company Limited 浙能锦江环境控股有限公司 (the “Company”) will be held at 1 Yinxiu Road, Level 19, Meeting Room 1930, Tower A, Hangyue Commercial Center, Gongshu District, Hangzhou City, Zhejiang Province, People's Republic of China 310011 (浙江省杭州市拱墅区隐秀路1号杭悦商业中心写字楼A座19楼1930会议室 (邮编: 310011)) on Monday, 26 April 2021 at 3:00 p.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 2020 together with the Auditors' Report thereon.
(Resolution 1)
2. To re-elect the following Directors of the Company retiring pursuant to Article 127 of the Company's Articles of Association.

Mr Ang Swee Tian
Mr Ni Mingjiang
[See Explanatory Note (i)]
(Resolution 2)
(Resolution 3)
3. To approve the payment of Directors' fees of S\$420,000 for the financial year ended 31 December 2020.
(Resolution 4)
4. To re-appoint Messrs PricewaterhouseCoopers LLP as the Company's auditors and to authorise the Directors to fix their remuneration.
(Resolution 5)
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. “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 April 2021 (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

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

[See Explanatory Note (ii)]

(Resolution 6)

By Order of the Board of Directors

Wei Dongliang
Executive Chairman
9 April 2021

Explanatory Notes:-

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

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

The profile of Mr Ang Swee Tian and Mr Ni Mingjiang 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 2020 ("**Annual Report 2020**").

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

Notes:-

- In respect of the AGM of the Company to be held on Monday, 26 April 2021 at 3.00 p.m. (Singapore time) at 1 Yinxiu Road, Level 19, Meeting Room 1930, Tower A, Hangyue Commercial Center, Gongshu District, Hangzhou City, Zhejiang Province, People's Republic of China 310011 (浙江省杭州市拱墅区隐秀路1号杭悦商业中心写字楼A座19楼1930会议室 (邮编: 310011)) (and any adjournment thereof), notwithstanding the place in which the AGM is to be physically held, other than in respect of the Chairman, Directors and/or representatives of the Company present at such location, the AGM is being convened, and will be held, by way of electronic means pursuant to the Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation and checklist jointly issued by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and Singapore Exchange Regulation on 13 April 2020 and updated on 27 April 2020, 22 June 2020 and 1 October 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. 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.
- 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 <http://smartagm.sg/ZhenengjinjiangAGM2021> (the "**Pre-registration Website**") no later than 3.00 p.m. on Friday, 23 April 2021 ("**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 on Saturday, 24 April 2021. Members and CPF/SRS investors who do not receive any email by 3.00 p.m. on Sunday, 25 April 2021, but have registered by the Registration Cut-Off Time, should contact the Company at AGM.TeamE@boardroomlimited.com.

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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 the Pre-registration Website for the “live” broadcast of the AGM. An Investor (other than CPF/SRS investors) who wishes to participate in the “live” broadcast of the AGM should instead approach his/her relevant intermediary as soon as possible in order for the relevant intermediary to make the necessary arrangements to pre-register. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/passport number) to the Company’s Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., via email to AGM.TeamE@boardroomlimited.com no later 3.00 p.m. on Friday, 23 April 2021.

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.znjhj.com/info.html> and on the SGXNet.

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

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

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 3.00 p.m. Friday, 23 April 2021:**
 - (a) via the Pre-registration Website <http://smartagm.sg/ZhenengJinjiangAGM2021>; or
 - (b) by email to AGM.TeamE@boardroomlimited.com or
 - (c) by post to the Company’s Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 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.

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8. All documents (including the Annual Report 2020, 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.znjhj.com/info.html>. **Printed copies of the documents will not be despatched to members.** Members and CPF/SRS investors are advised to check SGXNet and/or the Company's website regularly for updates.

Personal data privacy:-

By pre-registering for the Live Webcast, submitting a Proxy Form appointing the Chairman of the Meeting as proxy to vote at the AGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, a member of the Company: (i) consents to the collection, use and disclosure of such member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where such member discloses the personal data of such member's proxy(ies) and/or representative(s) to the Company (or its agents), such member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that such member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of such member's breach of warranty.



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



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