



ZHENENG JINJIANG ENVIRONMENT HOLDING COMPANY LIMITED

浙能锦江环境控股有限公司

(Company Registration Number: 245144)

(Incorporated in the Cayman Islands on 8 September 2010)

**Unaudited Condensed Interim Financial Statements For The Fourth Quarter And Full Year Ended
31 December 2021**

Condensed Interim Consolidated Statement of Comprehensive Income

	Group 3 months ended 31 December 2021	Group 3 months ended 31 December 2020	Group 12 months ended 31 December 2021	Group 12 months ended 31 December 2020
Note	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	1,657,059	873,910	4,060,376	3,084,664
Cost of sales	(1,336,712)	(744,469)	(3,007,865)	(2,192,172)
Gross profit	320,347	129,441	1,052,511	892,492
Other income				
- Bank interest	8,329	6,794	11,702	19,727
- Others	39,716	73,366	132,523	136,790
(Loss allowance recognised on)/Reversal of loss allowance provided for financial assets	(16,817)	18,524	(16,817)	(24,406)
Other gains and (losses), net	27,426	36,750	41,167	97,927
Expenses				
- Administrative	(50,205)	(71,276)	(233,372)	(252,518)
- Finance	(67,250)	(33,944)	(361,676)	(355,490)
- Others	(30,203)	(4,243)	(30,273)	(37,518)
Share of loss of associates	(534)	(325)	(534)	(325)
Share of (loss)/profit of joint ventures	(10,973)	4,479	(11,931)	1,004
Profit before income tax	219,836	159,566	583,300	477,683
Income tax expense	(37,019)	(38,638)	(130,238)	(147,194)
Profit for the period	182,817	120,928	453,062	330,489
Other comprehensive loss				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation	(7,757)	(33,397)	(11,172)	(37,830)
Other comprehensive loss, net of tax	(7,757)	(33,397)	(11,172)	(37,830)
Total comprehensive income for the period	175,060	87,531	441,890	292,659
Profit/(Loss) for the period attributable to:				
- equity holders of the Company	178,713	129,306	438,024	326,934
- non-controlling interests	4,104	(8,378)	15,038	3,555
	182,817	120,928	453,062	330,489
Total comprehensive income/(loss) for the period attributable to:				
- equity holders of the Company	170,956	95,909	426,852	289,104
- non-controlling interests	4,104	(8,378)	15,038	3,555
	175,060	87,531	441,890	292,659
Earnings per share attributable to the equity holders of the Company: (RMB cents per share)				
Basic/Diluted earnings per share	12.29	8.89	30.12	22.48

Condensed Interim Statement of Financial Position

	Note	Group As at 31.12.21 RMB'000	Group As at 31.12.20 RMB'000	Company As at 31.12.21 RMB'000	Company As at 31.12.20 RMB'000
Assets					
Current assets					
Cash and cash equivalents		387,801	361,313	15,722	26,757
Pledged bank deposits		818,234	242,612	79,423	83,526
Trade and other receivables		2,438,221	1,715,195	-	-
Amounts due from non-controlling interests		25,896	32,114	-	-
Amounts due from related parties	5	718,976	649,489	2,258	-
Contract assets		17,832	81,540	-	-
Service concession receivables	6	63,976	49,359	-	-
Other tax recoverable		386,550	330,802	-	-
Inventories		62,216	56,784	-	-
Total current assets		4,919,702	3,519,208	97,403	110,283
Non-current assets					
Other receivables		152,448	167,659	-	1,155
Amount due from a related party		-	-	-	552
Amount due from subsidiaries		-	-	2,116,567	2,410,053
Service concession receivables	6	736,432	649,627	-	-
Property, plant and equipment	7	10,037,818	9,291,612	-	-
Investment in associates		15,613	16,147	-	-
Investment in joint ventures		204,765	213,606	5,039	5,039
Investment in subsidiaries		-	-	1,798,280	1,798,280
Investment property		24,875	26,276	-	-
Intangible assets	8	4,289,074	3,882,549	-	-
Total non-current assets		15,461,025	14,247,476	3,919,886	4,215,079
Total assets		20,380,727	17,766,684	4,017,289	4,325,362
Current liabilities					
Amounts due to non-controlling interests		4,507	-	-	-
Amounts due to related parties	5	55,680	91,056	-	-
Amount due to subsidiaries		-	-	85,884	85,885
Lease liabilities		5,035	39,194	-	-
Trade and other payables		2,077,756	1,690,636	10,505	8,969
Borrowings	9	4,706,413	2,588,705	2,014,633	913,486
Deferred grant		17,065	17,080	-	-
Other tax liabilities		61,096	78,870	-	-
Income tax liabilities		123,057	148,201	-	-
Total current liabilities		7,050,609	4,653,742	2,111,022	1,008,340
Net current liabilities		(2,130,907)	(1,134,534)	(2,013,619)	(898,057)
Non-current liabilities					
Borrowings	9	5,774,970	6,090,635	-	1,323,305
Lease liabilities		2,457	5,482	-	-
Deferred tax liabilities		618,953	542,392	-	-
Deferred grant		364,020	345,978	-	-
Provision for major overhauls		24,826	23,053	-	-
Provision for contingent liabilities		-	2,400	-	-
Total non-current liabilities		6,785,226	7,009,940	-	1,323,305
Total liabilities		13,835,835	11,663,682	2,111,022	2,331,645
NET ASSETS		6,544,892	6,103,002	1,906,267	1,993,717
Capital and reserves attributable to equity holders of the Company					
Share capital	10	96	96	96	96
Share premium		1,601,100	1,601,100	1,601,100	1,601,100
Reserves		515,890	491,107	1,057,112	1,057,112
Retained profits / (accumulated losses)		4,285,581	3,883,512	(752,041)	(664,591)
		6,402,667	5,975,815	1,906,267	1,993,717
Non-controlling interests		142,225	127,187	-	-
Total equity		6,544,892	6,103,002	1,906,267	1,993,717

Condensed Interim Consolidated Statement of Changes in Equity

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Merger reserve RMB'000	Statutory surplus reserve RMB'000	Foreign currency translation reserve RMB'000	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total Equity RMB'000
Group											
At 1 January 2021	96	1,601,100	393,694	(67,642)	155,288	(46,405)	56,172	3,883,512	5,975,815	127,187	6,103,002
Profit for the period	-	-	-	-	-	-	-	193,856	193,856	8,169	202,025
Other comprehensive income for the period	-	-	-	-	-	(12,315)	-	-	(12,315)	-	(12,315)
At 30 June 2021	96	1,601,100	393,694	(67,642)	155,288	(58,720)	56,172	4,077,368	6,157,356	135,356	6,292,712
At 1 July 2021	96	1,601,100	393,694	(67,642)	155,288	(58,720)	56,172	4,077,368	6,157,356	135,356	6,292,712
Profit for the period	-	-	-	-	-	-	-	65,455	65,455	2,765	68,220
Other comprehensive income for the period	-	-	-	-	-	8,900	-	-	8,900	-	8,900
At 30 September 2021	96	1,601,100	393,694	(67,642)	155,288	(49,820)	56,172	4,142,823	6,231,711	138,121	6,369,832
At 1 October 2021	96	1,601,100	393,694	(67,642)	155,288	(49,820)	56,172	4,142,823	6,231,711	138,121	6,369,832
Profit for the period	-	-	-	-	-	-	-	178,713	178,713	4,104	182,817
Other comprehensive income for the period	-	-	-	-	-	(7,757)	-	-	(7,757)	-	(7,757)
<u>Transactions with owners, recognised directly in equity</u>											
Appropriation to other reserves	-	-	-	-	35,955	-	-	(35,955)	-	-	-
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	5,265	5,265
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(5,265)	(5,265)
At 31 December 2021	96	1,601,100	393,694	(67,642)	191,243	(57,577)	56,172	4,285,581	6,402,667	142,225	6,544,892

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Merger reserve RMB'000	Statutory surplus reserve RMB'000	Foreign currency translation reserve RMB'000	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total Equity RMB'000
At 1 January 2020	96	1,601,100	393,694	(67,642)	118,271	(8,575)	56,172	3,593,595	5,686,711	127,958	5,814,669
Profit for the period	-	-	-	-	-	-	-	101,049	101,049	8,399	109,448
Other comprehensive income for the period	-	-	-	-	-	(12,738)	-	-	(12,738)	-	(12,738)
At 30 June 2020	96	1,601,100	393,694	(67,642)	118,271	(21,313)	56,172	3,694,644	5,775,022	136,357	5,911,379
At 1 July 2020	96	1,601,100	393,694	(67,642)	118,271	(21,313)	56,172	3,694,644	5,775,022	136,357	5,911,379
Profit for the period	-	-	-	-	-	-	-	96,579	96,579	3,534	100,113
Other comprehensive income for the period	-	-	-	-	-	8,305	-	-	8,305	-	8,305
At 30 September 2020	96	1,601,100	393,694	(67,642)	118,271	(13,008)	56,172	3,791,223	5,879,906	139,891	6,019,797
At 1 October 2020	96	1,601,100	393,694	(67,642)	118,271	(13,008)	56,172	3,791,223	5,879,906	139,891	6,019,797
Profit for the period	-	-	-	-	-	-	-	129,306	129,306	(8,378)	120,928
Other comprehensive income for the period	-	-	-	-	-	(33,397)	-	-	(33,397)	-	(33,397)
<u>Transactions with owners, recognised directly in equity</u>											
Appropriation to other reserves	-	-	-	-	37,017	-	-	(37,017)	-	-	-
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(4,326)	(4,326)
At 31 December 2020	96	1,601,100	393,694	(67,642)	155,288	(46,405)	56,172	3,883,512	5,975,815	127,187	6,103,002

Condensed Interim Statement of Changes in Equity

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Company					
At 1 January 2021	96	1,601,100	1,057,112	(664,591)	1,993,717
Loss and total comprehensive loss for the period	-	-	-	(45,600)	(45,600)
At 30 June 2021	96	1,601,100	1,057,112	(710,191)	1,948,117
At 1 July 2021	96	1,601,100	1,057,112	(710,191)	1,948,117
Loss and total comprehensive loss for the period	-	-	-	(18,337)	(18,337)
At 30 September 2021	96	1,601,100	1,057,112	(728,528)	1,929,780
At 1 October 2021	96	1,601,100	1,057,112	(728,528)	1,929,780
Loss and total comprehensive loss for the period	-	-	-	(23,513)	(23,513)
At 31 December 2021	96	1,601,100	1,057,112	(752,041)	1,906,267
At 1 January 2020	96	1,601,100	1,057,112	(527,859)	2,130,449
Loss and total comprehensive loss for the period	-	-	-	(76,198)	(76,198)
At 30 June 2020	96	1,601,100	1,057,112	(604,057)	2,054,251
At 1 July 2020	96	1,601,100	1,057,112	(604,057)	2,054,251
Loss and total comprehensive loss for the period	-	-	-	(28,224)	(28,224)
At 30 September 2020	96	1,601,100	1,057,112	(632,281)	2,026,027
At 1 October 2020	96	1,601,100	1,057,112	(632,281)	2,026,027
Loss and total comprehensive loss for the period	-	-	-	(32,310)	(32,310)
At 31 December 2020	96	1,601,100	1,057,112	(664,591)	1,993,717

Condensed Interim Consolidated Statement of Cash Flows

	Group 3 months ended 30 December 2021 RMB'000	Group 3 months ended 30 December 2020 RMB'000	Group 12 months ended 30 December 2021 RMB'000	Group 12 months ended 30 December 2020 RMB'000
Cash flows from operating activities				
Profit before tax	219,836	159,566	583,300	477,683
Adjustments for:				
- Amortisation of intangible assets	37,141	65,076	149,050	142,716
- Bank interest income	(8,329)	(6,794)	(11,702)	(19,727)
- BOT interest income	(8,793)	(12,698)	(42,601)	(44,193)
- Compensation income on closure of WTE plant	-	(21,026)	-	(21,026)
- Deferred grant recognised	(7,586)	(19,375)	(36,781)	(38,502)
- Depreciation of property, plant and equipment / right-of-use assets	141,334	137,223	456,743	413,146
- Depreciation of investment property	195	213	898	937
- Finance expenses	67,250	33,944	361,676	355,490
- Foreign exchange gains	(32,401)	(124,313)	(50,166)	(188,509)
- Impairment loss on intangible assets	30,202	-	30,202	-
- Impairment loss on prepayments	1	4,242	71	33,152
- Impairment loss on property, plant and equipment	-	-	-	4,366
- Loss allowance recognised on/(Reversal of loss allowance provided for) financial assets	16,817	(18,524)	16,817	24,406
- Loss on disposal of shares of joint venture	556	-	556	-
- Loss on disposal on property, plant and equipment	109	52,055	444	52,055
- Share of loss of an associate	534	325	534	325
- Share of loss/(profit) of joint ventures	10,973	(4,479)	11,931	(1,004)
- Write-off of property, plant and equipment upon closure of WTE plant	-	12,896	-	12,896
	467,839	258,331	1,470,972	1,204,211
Change in working capital				
- Trade and other receivables	(430,790)	109,214	(680,025)	(103,271)
- Service concession receivables	(94,369)	(5,101)	(101,422)	(20,404)
- Contract assets	64,674	(49,327)	63,708	(5,353)
- Other tax recoverable	(42,128)	(17,809)	(55,747)	(66,664)
- Inventories	(5,365)	2,905	(5,432)	(19,647)
- Intangible assets	(199,423)	(198,018)	(580,261)	(433,458)
- Trade and other payables	285,060	(134,642)	310,519	10,277
- Other tax liabilities	2,352	24,504	(17,773)	22,385
- Amount due from related parties	(29,778)	(7,046)	(69,487)	(100,739)
- Amount due from non-controlling interests	16	23,243	6,218	23,477
- Amount due to related parties	24,442	(21,488)	14,298	(46,713)
- Deferred grants	34,296	(11,268)	54,808	11,116
- Provision for contingent liabilities	-	2,400	(2,400)	2,400
Cash generated from operations	76,826	(24,102)	407,976	477,617
Income tax paid	(3,318)	(19,880)	(78,819)	(48,732)
Net cash generated from/(used in) operating activities	73,508	(43,982)	329,157	428,885
Cash flows from investing activities				
Interest received	2,738	5,128	6,111	18,061
Additions to property, plant and equipment	(188,471)	(341,464)	(1,097,656)	(1,490,591)
Additions to intangible assets - software	(2,958)	(1,844)	(2,958)	(1,844)
Investment in associates	-	-	-	(2,000)
Investment in joint ventures	(22,371)	-	(22,371)	-
Proceeds from disposal shares of JV	18,725	-	18,725	-
Bank deposits pledged	24,013	65,692	24,655	65,692
Proceed from closure of WTE plant	-	40,998	9,836	40,998
Proceed from disposal of property, plant and equipment	63	8,750	2,813	8,750
Net cash used in investing activities	(168,261)	(222,740)	(1,060,845)	(1,360,934)

	Group 3 months ended 30 December 2021 RMB'000	Group 3 months ended 30 December 2020 RMB'000	Group 12 months ended 30 December 2021 RMB'000	Group 12 months ended 30 December 2020 RMB'000
Cash flows from financing activities				
Proceeds from borrowings	1,009,543	1,127,416	5,115,390	6,557,765
Repayment of borrowings	(777,388)	(577,698)	(3,277,050)	(3,726,564)
Repayment of notes payables	-	-	-	(1,415,900)
Payment of finance costs	(136,442)	(79,488)	(439,559)	(459,048)
Pledged bank deposits for borrowings	(39,334)	(35,306)	(602,591)	263,140
Repayment of lease liabilities	(1,280)	(198,369)	(35,274)	(366,963)
Dividends paid to non-controlling interests	-	(5,723)	-	(5,723)
Net cash generated from financing activities	55,099	230,832	760,916	846,707
Net (decrease) / increase in cash and cash equivalents	(39,654)	(35,890)	29,228	(85,342)
Cash and cash equivalents				
Cash and cash equivalents at beginning of the period	426,506	389,652	361,313	442,123
Effect of exchange rate fluctuations on cash held	949	7,551	(2,740)	4,532
Cash and cash equivalents at the end of the period	387,801	361,313	387,801	361,313

Notes to the Condensed Interim Consolidated Financial Statements

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

1. General information

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

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

The single largest shareholder is Zhejiang Provincial Energy Group Co., Ltd. (“**Zheneng Group**”), which is 90% controlled by State-owned Assets Supervision and Administration Commission of the People’s Government of Zhejiang Province and the remaining 10% owned by Zhejiang Provincial Finance Development Co., Ltd.

These condensed interim consolidated financial statements as at and for the fourth quarter and full year ended 31 December 2021 comprise the Company and the Group. The principal activity of the Company is that of an investment holding company. The Group is mainly engaged in the generation and sales of electricity and steam, operation of waste-to-energy plants and project management, technical consulting and advisory services and energy management contracting business, principally in the People’s Republic of China (the “**PRC**”).

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

2. Basis of preparation

2.1 Statement of compliance

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

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

2.2 Basis of measurement

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

The condensed interim financial statements are presented in Renminbi (“**RMB**”), which is the Company’s functional currency. All financial information presented in RMB have been rounded to the nearest thousand, unless otherwise stated.

2.3 Going concern

As of 31 December 2021, the current liabilities of the Group exceeded the current assets by approximately RMB2,130.9 million. This is mainly due to the increase in short-term loans by RMB672 million drawn from the credit facilities secured in May 2021 to repay the US\$200 million syndicated term loan facility arranged by Standard Chartered Bank which was due in June 2021 (the outstanding amount as at 31 December 2020 was RMB913.5 million) and the reclassification of long-term loan of approximately RMB1,184 million to short-term loan as at 31 December 2021, owing to non-compliance of a Financial Covenant as explained in note 9 to the condensed interim financial statements.

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

- (A) the Board has reviewed the cashflow forecast prepared by management for the next 16 months up to 30 April 2023, which indicates that the Group has sufficient cash and cash equivalents and adequate bank facilities to support its operations and meet its payment obligations as and when they fall due, based on the following factors:
 - (i) the Group has generated positive cash flows from its operations of RMB322 million and RMB429 million for the years ended 31 December 2021 and 31 December 2020 respectively; and
 - (ii) as at the date of this announcement, the Group has RMB1,600 million of undrawn credit facilities;
- (B) the Group has reduced the amount of net current liabilities over the medium term, which decreased from RMB3,415 million as at 31 December 2019 to RMB2,131 million as at 31 December 2021, and taken steps to reduce liquidity risks through adjusting the financing structure, including increasing the proportion of long-term debt relative to total debt, and the Group's operating conditions are stable;
- (C) as of 31 December 2021, the Group has obtained loans of RMB840 million, comprising a working capital loan of RMB540 million (drawn down from the credit line of RMB900 million obtained from Zhejiang Provincial Energy Group Finance Co., Ltd., as announced by the Company on 24 May 2021), RMB100 million in project financing and factoring financing of RMB200 million from the Group's largest controlling shareholder Zheneng Group. Out of the total loans of RMB840 million obtained, RMB751 million has been included in current liabilities as at 31 December 2021;
- (D) the Group had fully repaid the US\$200 million syndicated term loan facility arranged by Standard Chartered Bank as announced by the Company on 14 June 2021. The repayment was partially funded from the working capital loan of RMB540 million drawn down by the Group as disclosed in (C) above;
- (E) the Company had on 20 October 2021 announced that it had submitted an application to the Shenzhen Stock Exchange ("SZSE") for the proposed issuance of up to RMB1 billion in aggregate principal amount of Asset-Backed Securities for the repayment of short-term borrowings. The application has been accepted by, and is currently under the review of, the SZSE;
- (F) management is exploring various proposals including but not limited to, issuing asset-backed products that meet the Company's needs to qualified investors in the PRC and introduction of strategic investors at the company project level; and
- (G) the credit assessment and credit approval process of the Group's bankers generally involves the relevant banks assessing the Group's credit based on their credit assessment of the Group's largest controlling shareholder Zheneng Group, and the relevant banks would typically earmark credit lines to be extended to the Group out of the overall credit lines and limits extended to Zheneng Group.

Management will continue to actively seek an even greater degree of support from Zheneng Group, which is a state-owned provincial energy enterprise with great financial strength and good credit standing that can enhance the stability of the Group's capital structure. This will help to improve broadening the Group's financing channels and reduce financing costs in relation to the Group's future fund-raising plans, so as to strengthen the working capital position of the Group.

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

2.4 New and amended standards adopted by the Group

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

2.5 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are included in the following notes:

- Note 3 – Service concession arrangements
- Note 8 – Impairment of property, plant and equipment

3. Revenue

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

Disaggregation of revenue from contracts with customers

	Group 3 months ended 31 December 2021 RMB'000	Group 3 months ended 31 December 2020 RMB'000	Group 12 months ended 31 December 2021 RMB'000	Group 12 months ended 31 December 2020 RMB'000
Waste-to-energy project construction and operation				
<u>Waste-to-energy business</u>				
- Sales of electricity	382,238	345,092	1,466,023	1,284,661
- Sales of steam	154,492	111,829	484,183	356,709
- Revenue from waste treatment	237,513	193,118	914,032	801,712
	<u>774,243</u>	<u>650,039</u>	<u>2,864,238</u>	<u>2,443,082</u>
<u>Construction services provided under BOT concession agreements</u>				
- Revenue from construction services provided under service concession agreements	531,605	149,637	692,461	384,999
- Financial income under service concession agreements	8,793	12,698	42,601	44,193
	<u>540,398</u>	<u>162,335</u>	<u>735,062</u>	<u>429,192</u>
Total	<u>1,314,641</u>	<u>812,374</u>	<u>3,599,300</u>	<u>2,872,274</u>
Project technical and management service, equipment selection and sale and EMC business				
	342,418	61,536	461,076	212,390
Total revenue	<u>1,657,059</u>	<u>873,910</u>	<u>4,060,376</u>	<u>3,084,664</u>

Timing of revenue recognition

	Group 3 months ended 31 December 2021 RMB'000	Group 3 months ended 31 December 2020 RMB'000	Group 12 months ended 31 December 2021 RMB'000	Group 12 months ended 31 December 2020 RMB'000
<u>At a point in time</u>				
- Sales of electricity	382,238	345,092	1,466,023	1,284,661
- Sales of steam	154,492	111,829	484,183	356,709
- Equipment selection and sale	290,782	54,937	378,006	106,805
	<u>827,512</u>	<u>511,858</u>	<u>2,328,212</u>	<u>1,748,175</u>
<u>Over time</u>				
- Revenue from waste treatment	237,513	193,118	914,032	801,712
- Revenue from construction services provided under service concession agreements	531,605	149,637	692,461	384,999
Project technical and management service and EMC business	51,636	6,599	83,070	105,585
	<u>820,754</u>	<u>349,354</u>	<u>1,689,563</u>	<u>1,292,296</u>
- Financial income under service concession agreements	8,793	12,698	42,601	44,193
Total revenue	<u>1,657,059</u>	<u>873,910</u>	<u>4,060,376</u>	<u>3,084,664</u>

A breakdown of sales and operating profit after tax as follows:-

	Group 31 Dec 2021 RMB '000	Group 31 Dec 2020 RMB '000	% Increase
(a) Sales reported for first half year	1,613,252	1,455,466	10.8
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	202,025	109,448	84.6
(c) Sales reported for second half year	2,447,124	1,629,198	50.2
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	251,037	221,041	13.6

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

4. Profit for the period

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

	Group 3 months ended 31 December 2021 RMB'000	Group 3 months ended 31 December 2020 RMB'000	Group 12 months ended 31 December 2021 RMB'000	Group 12 months ended 31 December 2020 RMB'000
Profit for the period has been arrived at after charging (crediting):				
Amortisation of intangible assets	37,141	65,076	149,050	142,716
Cost of inventories recognised as expense	543,789	178,931	924,549	504,975
Depreciation of investment property	195	213	898	937
Depreciation of property, plant and equipment / right-of-use assets	141,334	137,223	456,743	413,146
Employee compensation	98,250	103,764	366,365	352,598
Foreign exchange gains	(27,982)	(100,099)	(42,059)	(161,276)
Government grants	(7,586)	(19,375)	(36,781)	(38,502)
Government tax refund	(9,686)	(19,393)	(25,199)	(37,850)
Loss allowance recognised on/(Reversal of loss allowance provided for) financial assets	16,817	(18,524)	16,817	24,406
Loss on disposal on property, plant and equipment	109	52,055	444	52,055
Impairment loss on intangible assets	30,202	-	30,202	-
Impairment loss on prepayments	1	4,242	71	33,152
Impairment loss on property, plant and equipment	-	-	-	4,366
Under/(Over) provision of tax in prior years	1,320	15,304	1,008	(6,165)

5. Related party balances and transactions

Zheneng Group is the largest shareholder of the Group whilst Hangzhou Jinjiang Group Co., Ltd. (“Jinjiang Group”) is the second largest shareholder of the Group (collectively known as the “major shareholders”).

- (a) In addition to the information disclosed in Note 9 on borrowings from Zheneng Group, the following transactions took place between the Group and its related parties at terms agreed between the parties.

	Group 12 months ended 31 December 2021 RMB'000	Group 12 months ended 31 December 2020 RMB'000
Companies in which Zheneng Group has control over:		
- Purchases of materials	39,475	3,581
- Interest expense	29,248	10,591
	<hr/>	<hr/>
Companies in which Jinjiang Group has control over:		
- Purchases of materials	38,088	93,641
- Revenue from EMC business	(56,422)	(58,786)
- Rendering of technical and management services	(4,436)	(26,289)
	<hr/>	<hr/>
Joint ventures:		
- Interest income	(28,163)	(25,759)
	<hr/>	<hr/>

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

	Group 12 months ended 31 December 2021 RMB'000	Group 12 months ended 31 December 2020 RMB'000
Trade:		
Amounts due from companies in which major shareholders has control over	197,743	147,541
Amounts due from joint ventures	10,513	17,169
	<hr/>	<hr/>
Non-trade:		
Amounts due from companies in which second largest shareholder has control over	6,329	-
Amounts due from joint ventures	504,391	484,779
	<hr/>	<hr/>
	510,720	484,779
	<hr/>	<hr/>
	718,976	649,489
	<hr/>	<hr/>
Trade:		
Amounts due to companies in which major shareholders has control over	50,252	89,255
Amounts due to joint ventures	448	526
	<hr/>	<hr/>
	50,700	89,781
	<hr/>	<hr/>
Non-trade:		
Amounts due to companies in which major shareholders has control over	4,345	839
Amounts due to joint ventures	635	436
	<hr/>	<hr/>
	4,980	1,275
	<hr/>	<hr/>
	55,680	91,056
	<hr/>	<hr/>

The non-trade amounts due from joint ventures are the interest-bearing advances to the joint ventures, Zibo Green New Energy Co., Ltd. and Hohhot Jiasheng New Energy Co., Ltd., for financing the construction and operating costs of their WTE facilities.

6. Service concession receivables

	Group As at 31 December 2021 RMB'000	Group As at 31 December 2020 RMB'000
Service concession receivables	800,408	698,986
Less: Amount due within one year shown under current assets	(63,976)	(49,359)
Service concession receivables due after one year	<u>736,432</u>	<u>649,627</u>
Expected collection schedule is analysed as follows		
Within 1 year	63,976	49,359
Within 2 to 5 years	209,308	190,340
Over 5 years	527,124	459,287
	<u>800,408</u>	<u>698,986</u>

7. Property, plant and equipment

	Property, plant and equipment RMB'000	Right-of-use assets RMB'000	Total RMB'000
Group			
Cost			
At 1 January 2020	8,216,085	2,285,700	10,501,785
Additions	1,718,039	38,849	1,756,888
Disposals/Written off	(394,255)	(5,758)	(400,013)
Exchange difference	(1,693)	-	(1,693)
At 31 December 2020	<u>9,538,176</u>	<u>2,318,791</u>	<u>11,856,967</u>
Additions	1,220,994	7	1,221,001
Reclassification	(60,315)	60,315	-
Disposals/Written off	(103,207)	-	(103,207)
Exchange difference	(2,881)	(1,839)	(4,720)
At 31 December 2021	<u>10,592,767</u>	<u>2,377,274</u>	<u>12,970,041</u>
Accumulated depreciation			
At 1 January 2020	(1,524,713)	(683,307)	(2,208,020)
Depreciation for the year	(321,116)	(92,030)	(413,146)
Disposals/Written off	82,574	540	83,114
Exchange difference	187	-	187
At 31 December 2020	<u>(1,763,068)</u>	<u>(774,797)</u>	<u>(2,537,865)</u>
Depreciation for the year	(375,149)	(81,594)	(456,743)
Disposals/Written off	88,554	-	88,554
Exchange difference	1,321	-	1,321
At 31 December 2021	<u>(2,048,342)</u>	<u>(856,391)</u>	<u>(2,904,733)</u>
Accumulated impairment			
At 1 January 2020	(59,810)	-	(59,810)
Impairment losses	(4,366)	-	(4,366)
Impairment write-off	36,686	-	36,686
At 31 December 2020/31 December 2021	<u>(27,490)</u>	<u>-</u>	<u>(27,490)</u>
Carrying values			
At 31 December 2021	<u>8,516,935</u>	<u>1,520,883</u>	<u>10,037,818</u>
At 31 December 2020	<u>7,747,618</u>	<u>1,543,994</u>	<u>9,291,612</u>

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. 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.

Based on the impairment assessment carried out by management, no impairment loss was recognised for the full year ended 31 December 2021. For the full year ended 31 December 2020, an impairment of RMB4,366,000 was recognised on the capitalised initial expenses incurred in preparatory stages due to business strategy changes of the Group's Brazil subsidiaries.

8. Intangible assets

	Group As at 31 December 2021 RMB'000	Group As at 31 December 2020 RMB'000
Software	8,993	7,861
Service concession arrangement (Note (a))	4,280,081	3,874,688
	<u>4,289,074</u>	<u>3,882,549</u>
 (a) Service concession arrangement		
Cost		
At 1 January	4,294,085	3,856,607
Additions	582,034	437,478
At 31 December	<u>4,876,119</u>	<u>4,294,085</u>
Accumulated amortisation		
At 1 January	(419,397)	(281,088)
Amortisation	(146,439)	(138,309)
At 31 December	<u>(565,836)</u>	<u>(419,397)</u>
Accumulated impairment		
At 1 January	-	-
Impairment losses	(30,202)	-
At 31 December	<u>(30,202)</u>	<u>-</u>
Net book value	<u>4,280,081</u>	<u>3,874,688</u>

The Group entered into service concession agreements with the local government authorities, 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 3) recorded in 2021 and 2020 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.

In end-2020, the Group had made a commercial decision to cease operations of the Gwalior Project in India due to the long-term negative cash flow arising from the small scale of operations in the Gwalior region, the back-loading of waste treatment fees to after commencement of operations of the waste treatment facility, the high cost of waste collection and transportation and certain cash deductions made by the local government due to inadequate coverage of waste collection, which resulted in the local government taking over the waste collection and transportation operations and project assets and later enforcing the deposit for performance bond relating to the Gwalior project. As the Group was unable to reach mutual agreement with the local government regarding compensation for the cessation of the project, the Group had in late-2021 notified the local government of its intention to initiate arbitration proceedings in connection therewith and has applied to the High Court of Delhi to appoint arbitrators. Accordingly, given the uncertainty in terms of the timeline and outcome of such arbitration proceedings, for the financial year ended 31 December 2021, an impairment of RMB30.2 million was recognised on the assets relating to the Gwalior BOT project. In addition, an impairment loss of RMB10.9 million was recognised in connection with the enforcement of the deposit for performance bond relating to Gwalior project (refer to page 28).

9. Bank borrowings

	Group As at 31 December 2021 RMB'000	Group As at 31 December 2020 RMB'000
Amount repayable within one year or less, or on demand		
- Secured borrowings	4,678,388	2,588,705
- Unsecured borrowings	28,025	-
	<u>4,706,413</u>	<u>2,588,705</u>
Amount repayable after one year		
- Secured borrowings	5,533,145	6,090,635
- Unsecured borrowings	241,825	-
	<u>5,774,970</u>	<u>2,588,705</u>
Total borrowings net of transaction costs	<u>10,481,383</u>	<u>8,679,340</u>

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

Included in the above are borrowings with an aggregate principal amount of RMB840 million (31 December 2020: RMB100 million) from subsidiaries of Zheneng Group, namely Zhejiang Provincial Energy Group Finance Co., Ltd. and Shanghai Puneng Finance Leasing Co., Ltd.

Included in the borrowings as at 31 December 2021 are outstanding borrowings (including under a syndicated term loan facility arranged by Standard Chartered Bank of up to US\$270 million (the “**Facility**”) in 2020) amounting to RMB3,706.9 million (31 December 2020: RMB2,323.7 million) containing change-of-control covenants which require that Zheneng Group has control over the Company, make reference to the shareholding interests of Zheneng Group and/or place restrictions on any change in the control of the Company.

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

Due to the non-compliance of the Financial Covenant, the banks are contractually entitled to request for immediate repayment of the outstanding borrowing amount from the Group of RMB1,395.5 million (31 December 2020: RMB958.8 million). Accordingly, the non-current portion of the borrowings of the Group amounting to RMB1,184.0 million (31 December 2020: RMB15.0 million) which are only due for repayment in 2023 has been classified from non-current liabilities to current liabilities. Under the terms of the Facility, the agent of the Facility may, at its discretion and if so directed by lenders representing two-thirds of the total commitments under the Facility, by notice call for repayment ahead of the stipulated repayment dates. As of the date of this announcement, the Group has not received any notice for the accelerated repayment from the agent.

10. Share capital

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

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

There were no changes in the share capital of the Company in the fourth quarter ended 31 December ("4Q") 2021.

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

The Company had no convertibles, treasury shares or subsidiary holdings as at 31 December 2021 and 31 December 2020.

11. Earnings per share

	Group 12 months ended 31 December 2021	Group 12 months ended 31 December 2020
Basic and fully diluted earnings per share (RMB cents)	30.12	22.48
Weighted average number of shares	1,454,024,700	1,454,024,700

The earnings per share was computed based on the weighted average number of shares for the period.

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

12. Net asset value

	Group As at 31 December 2021	Group As at 31 December 2020	Company As at 31 December 2021	Company As at 31 December 2020
Assets				
Net asset value per Share (RMB cents)	450.12	419.73	131.10	137.12
Number of Shares in issue at the end of the period	1,454,024,700	1,454,024,700	1,454,024,700	1,454,024,700

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

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

13. Fair value measurements

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

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

14. Commitments

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

	Group As at 31 December 2021 RMB'000	Group As at 31 December 2020 RMB'000
Property, plant and equipment	816,755	1,475,812

15. Segment information

The Group's reportable and operating segments are as follows:

- (1) Waste-to-energy project construction and operation
- Comprise sales of electricity and steam, waste treatment and provision of construction services and financial income under service concession arrangements.
- (2) Project technical and management service, equipment selection and sale and EMC business
- Comprise of service income

	Waste-to-energy project construction and operation RMB '000	Project technical and management service, equipment selection and sale and EMC business RMB '000	Total RMB '000
1 January 2021 to 31 December 2021			
Segment revenue			
External revenue	3,599,300	461,076	4,060,376
Inter-segment revenue	-	503,858	503,858
	3,599,300	964,934	4,564,234
Elimination	-	(503,858)	(503,858)
Revenue	3,599,300	461,076	4,060,376

	Waste-to-energy project construction and operation RMB '000	Project technical and management service, equipment selection and sale and EMC business RMB '000	Total RMB '000
1 January 2021 to 31 December 2021			
Segment profit	974,408	78,103	1,052,511
Government grants and VAT refund	60,264	1,716	61,980
Loss on disposal on property, plant and equipment	(444)	-	(444)
Other gains relating to closure of WTE plant			2,750
Loss on disposal of shares of joint venture			(556)
Impairment loss on intangible assets			(30,202)
Impairment loss on prepayment			(71)
Loss allowance recognised on financial assets			(16,817)
Foreign exchange gains			42,059
Other income			79,603
Administrative expenses			(233,372)
Finance costs			(361,676)
Share of loss of associates			(534)
Share of loss of joint ventures			(11,931)
Profit before tax			<u>583,300</u>
As at 31 December 2021			
Assets and Liabilities			
Segment assets	16,543,333	1,593,395	18,136,728
Unallocated			2,243,999
Consolidated total assets			<u>20,380,727</u>
Segment liabilities	11,938,893	1,046,589	12,985,482
Unallocated			850,353
Consolidated total liabilities			<u>13,835,835</u>
1 January 2021 to 31 December 2021			
Other segment information			
Depreciation and amortisation	574,828	31,863	606,691
Additions to non-current assets	1,796,374	10,404	1,806,778
1 January 2020 to 31 December 2020			
Segment revenue			
External revenue	2,872,274	212,390	3,084,664
Inter-segment revenue	-	190,643	190,643
	<u>2,872,274</u>	<u>403,033</u>	<u>3,275,307</u>
Elimination	-	(190,643)	(190,643)
Revenue	<u>2,872,274</u>	<u>212,390</u>	<u>3,084,664</u>

	Waste-to-energy project construction and operation RMB '000	Project technical and management service, equipment selection and sale and EMC business RMB '000	Total RMB '000
1 January 2020 to 31 December 2020			
Segment profit	809,500	82,992	892,492
Government grants and VAT refund	74,986	1,366	76,352
Loss on disposal on property, plant and equipment	(52,055)	-	(52,055)
Compensation income on closure of WTE plant	21,026	-	21,026
Write-off of property, plant and equipment upon closure of WTE plant	(12,896)	-	(12,896)
Other gains relating to closure of WTE plant	4,155	-	4,155
Impairment loss on property, plant and equipment	(4,366)	-	(4,366)
Impairment loss on prepayment	(33,152)	-	(33,152)
Loss allowance on trade and other receivables			(24,406)
Foreign exchange gains			161,276
Other losses			(2,553)
Other income			59,139
Administrative expenses			(252,518)
Finance costs			(355,490)
Share of loss of associates			(325)
Share of profit of joint ventures			1,004
Profit before tax			<u><u>477,683</u></u>

As at 31 December 2020

Assets and Liabilities

Segment assets	15,033,801	1,099,278	16,133,079
Unallocated			1,633,605
Consolidated total assets			<u><u>17,766,684</u></u>
Segment liabilities	10,246,973	628,891	10,875,864
Unallocated			787,818
Consolidated total liabilities			<u><u>11,663,682</u></u>

1 January 2020 to 31 December 2020

Other segment information

Depreciation and amortisation	520,963	35,837	556,800
Additions to non-current assets	2,262,635	9,473	2,272,108

Geographical information

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

Information about major customers

In 2021 and 2020, there was no single customer that accounted for 10% or more of the Group's revenue for the two reportable and operating segments.

Other Information Required Under Appendix 7.2 of the Listing Manual of the SGX-ST

1. Review of performance of the Group

Consolidated Statement of Comprehensive Income

4Q2021 vs 4Q2020

Revenue

	3 months ended 31 December 2021		3 months ended 31 December 2020		Change
	RMB'000	%	RMB'000	%	%
Waste-to-energy project construction and operation					
<u>Waste-to-energy business</u>					
- Sales of electricity	382,238	23.1	345,092	39.5	10.8
- Sales of steam	154,492	9.3	111,829	12.8	38.2
- Revenue from waste treatment	<u>237,513</u>	14.3	<u>193,118</u>	22.1	23.0
	<u>774,243</u>	46.7	<u>650,039</u>	74.4	19.1
<u>Construction services provided under BOT concession agreements</u>					
- Revenue from construction services provided under service concession agreements	531,605	32.1	149,637	17.1	255.3
- Financial income under service concession agreements	<u>8,793</u>	0.5	<u>12,698</u>	1.5	(30.8)
	<u>540,398</u>	32.6	<u>162,335</u>	18.6	232.9
Total	<u>1,314,641</u>	79.3	<u>812,374</u>	93.0	61.8
Project technical and management service, equipment selection and sale and EMC business	<u>342,418</u>	20.7	<u>61,536</u>	7.0	456.5
Total revenue	<u>1,657,059</u>	100.0	<u>873,910</u>	100.0	89.6

Details of the electricity generated and supplied, steam supplied and waste treated for 4Q2021 and 4Q2020 are as follows:

	Group 3 months ended 31 December 2021	Group 3 months ended 31 December 2020	Change %
Electricity generated ('000 KWh)	841,223	849,239	(0.9)
On-grid electricity supplied ('000 KWh)	636,804	645,526	(1.4)
Steam supplied ('000 tonnes)	781	835	(6.5)
Waste treated ('000 tonnes)	2,885	2,702	6.8

Gross profit and gross profit margin

	Gross Profit (RMB '000)		Gross Profit Margin	
	3 months ended 31 December 2021	3 months ended 31 December 2020	3 months ended 31 December 2021	3 months ended 31 December 2020
WTE business (excluding gross profit from construction services provided under BOT concession agreements)	196,379	78,025	25.36%	12.00%
Construction services provided under BOT concession agreements	72,660	20,782	13.67%	13.89%
Financial income under service concession agreements	8,793	12,698	N.A	N.A
Project technical and management service and EMC business	42,515	17,936	12.42%	29.15%
Total	320,347	129,441	19.33%	14.81%

The increase in gross profit by RMB190.9 million from RMB129.4 million in 4Q2020 to RMB320.3 million in 4Q2021 and the increase in gross profit margin by 4.5% are mainly attributable to:

WTE business (excluding gross profit from construction services provided under BOT concession agreements)

Revenue from our WTE business (excluding revenue from construction services provided under BOT concession agreements) increased RMB124.2 million or 19.1% from RMB650.0 million in 4Q2020 to RMB774.2 million in 4Q2021. This was mainly contributed by (i) waste treated (including waste collection and transportation operations in India) increased 6.8% and excluding waste collection and transportation operations in India, waste treated increased by 4.1% in 4Q2021 as compared to 4Q2020. This was mainly due to the commencement of operations of the second phase of Tangshan Jiasheng WTE Facility and some of the areas are no longer materially affected by the Coronavirus Disease 2019 (“COVID-19”) pandemic situation, the increase in contribution per waste treatment unit and increase in waste treatment capacity after the optimization of the power plant management and hence resulted in revenue from waste treatment increasing by RMB44.4 million; (ii) the unit price of heat supply at Zhuji Bafang WTE Facility was increased due to higher coal prices and the expansion of the steam supplied at Zhengzhou Xingjin WTE Facility also led to an increase in sales of steam by a total of RMB42.7 million; and (iii) Wuhan Jinjiang WTE Facility and Hankou Jinjiang WTE Facility received additional government subsidies totaling approximately RMB26.6 million for the sales of electricity for previous year in 4Q2021.

The gross profit of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) increased by RMB118.4 million or 151.7% from RMB78.0 million in 4Q2020 to RMB196.4 million in 4Q2021, which is mainly due to:

1. Except for the New Kunming Wuhua WTE Facility (the “Kunming Wuhua Reconstruction Project”), Tangshan Jiasheng WTE Facility and Zhuji Bafang WTE Facility, the gross profit of the other WTE facilities increased by RMB132.2 million. The increase is due to (i) an increase in gross profit of RMB29.9 million due to the increase in contribution per waste treatment unit and increase in waste treatment capacity after the optimization of the power plant management and upgrading of the WTE facilities; (ii) an increase in gross profit of RMB41.3 million in 4Q2021 due to the increase in the volume of waste treated as the production in most areas are no longer materially affected by the COVID-19 pandemic situation; (iii) an increase in gross profit of RMB16.4 million due to the year end bonuses and major overhaul costs are accrued on a monthly basis in FY2021, but such costs were accrued in 4Q2020 for FY2020; (iv) an increase in gross profit of RMB18.2 million due to the decrease in fly ash treatment at Xiaoshan Jinjiang WTE facility in 4Q2021 and additional environmental protection expenses of other power plants in 4Q2020; and (v) an increase in gross profit of RMB26.6 million due to the additional government subsidies for power supply obtained for previous years and recognised in 4Q2021 for Wuhan Jinjiang WTE Facility and Hankou Jinjiang WTE Facility.
2. The New Kunming Wuhua WTE Facility operated smoothly in 4Q2021, and its gross profit changes is not material as compared to 4Q2020. For Tangshan Jiasheng WTE Facility, the costs increased due to investment on leachate disposal and sewage treatment in response to the enhanced environmental protection regulatory requirements and the method of fly ash disposal overall resulted in a decrease of RMB8.11 million in gross profit in 4Q2021 as compared to 4Q2020.

3. The Zhuji Bafang WTE Facility generates its revenue mainly from the supply of steam, which in turn is generated using coal. The gross profit decreased RMB5.3 million in 4Q2021 as compared to 4Q2020 due to an increase in raw material expenses arising from increases in the unit price of coal. The company has actively sought for the increase in unit price of steam supplied and adjusted part of the production of steam from coal stove to waste incineration. In 4Q2021, the gross profit decreased by RMB16.6 million and RMB5.9 million due to the rise in coal prices and the increase of coal consumption. This was offset by the increase in sales of steam by RMB39.2 million.

As the power supply of waste furnaces was adjusted for the steam supply, the sales of electricity decreased by RMB16.5 million as compared to 4Q2020 and due to the increased in environmental protection investment, the gross profit decreased by RMB5.5 million.

The gross profit margin increased from 12.0% in 4Q2020 to 25.4% in 4Q2021. As mentioned above, this is mainly due to (i) the year end bonuses and major overhaul costs are accrued on a monthly basis in FY2021, but such costs were accrued in 4Q2020 for the FY2020, which resulted in lower expenses in 4Q2021, (ii) the receipt of additional government subsidies for previous years and recognised in 4Q2021 for Wuhan Jinjiang WTE Facility and Hankou Jinjiang WTE Facility and (iii) the increase of waste treatment capacity and contribution of waste treatment capacity after the optimization of the power plant management and management optimization of stock power plants.

Construction services provided under BOT concession agreements

The gross profit from construction services provided under BOT concession agreements (includes financial income) increased RMB48.0 million from RMB33.5 million in 4Q2020 to RMB81.5 million in 4Q2021. The gross profit from the construction services provided under BOT concession agreements increased RMB51.9 million in 4Q2021 as compared to 4Q2020 and the gross profit from financial income under service concession agreements decreased by RMB3.9 million. Due to the decreased in financial income, the gross profit margin including financial income has decreased from 20.6% in 4Q2020 to 15.1% in 4Q2021. In 4Q2021, BOT revenue was recorded for Zhongwei WTE Project, Linzhou Jiasheng WTE Facility and Expansion Project of Yunan Green Energy WTE Facility. The BOT revenue in 4Q2021, based on the construction investment amount and progress of the aforesaid projects, is higher than in 4Q2020.

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

The gross profit from project technical and management services, equipment selection and sale and EMC business increased 137.0% or RMB24.6 million from RMB17.9 million in 4Q2020 to RMB42.5 million in 4Q2021. The gross profit margin decreased from 29.2% to 12.4% mainly due to the decrease in the proportion of EMC business in 4Q2021 and the increase in revenue from project technical and management services.

The revenue from project technical and management services, equipment selection and sale and EMC business increased RMB280.9 million from RMB61.5 million in 4Q2020 to RMB342.4 million in 4Q2021. This is mainly due to (i) increase in revenue of RMB235.8 million from the technical service, equipment selection and procurement services provided by our subsidiary, Hangzhou Zhenghui Construction Engineering Co., Ltd., and (ii) in 4Q2021, the Company and subsidiaries of Jinjiang Group agreed a one-time buyout settlement of the future service benefits of five energy management service contracts with contracted values totaling RMB51.0 million. The income excluding value added tax recognized in 4Q2021 was RMB38.6 million, giving rise to a buyout gross profit of RMB7.6 million after deducting other costs.

Other income

	Group 3 months ended 31 December 2021	Group 3 months ended 31 December 2020	Increase / (Decrease)	Change
	RMB'000	RMB'000	RMB'000	+ / (-) %
Bank interest income	8,329	6,794	1,535	22.6
Government grants	7,586	19,375	(11,789)	(60.8)
Value added tax refund	9,686	19,393	(9,707)	(50.1)
Compensation income on closure of WTE plant	-	21,026	(21,026)	N.A.
Gain on sales of scrap materials	16,914	8,273	8,641	104.4
Interest income from joint ventures	5,530	5,299	231	4.4
Other income	48,045	80,160	(32,115)	(40.1)

Other income decreased RMB32.1 million or 40.1% from RMB80.2 million in 4Q2020 to RMB48.1 million in 4Q2021, mainly due to (i) decrease of RMB11.8 million in government grants, (ii) decrease of RMB9.7 million in value added tax refund due to receive the refunds of previous years in 4Q2020, and (iii) the compensation income on closure of a WTE plant, Kunshan Jinkangrui Resource Recycling Project from local government of RMB21.0 million in 4Q2020, but there was no such income in 4Q2021 and (iv) this was partially offset by the increase of RMB8.6 million in gain on sales of scrap materials in 4Q2021 due to the Group strengthening the recycling of scrap metal and other materials, as the well increasing the sales of scrap materials through bidding.

Other gains and (losses), net

	Group 3 months ended 31 December 2021 RMB'000	Group 3 months ended 31 December 2020 RMB'000	Increase / (Decrease) RMB'000	Change +/(-) %
Write-off of property, plant and equipment upon closure of WTE plant	-	(12,896)	12,896	N.A.
Other gains relating to closure of WTE plant	2,750	4,155	(1,405)	(33.8)
Foreign exchange gain	27,982	100,099	(72,117)	(72.0)
Loss on disposal of property, plant and equipment	(109)	(52,055)	51,946	N.A.
Loss on disposal of shares of joint venture	(556)	-	(556)	N.A.
Others	(2,641)	(2,553)	(88)	3.4
Other gains and (losses), net	<u>27,426</u>	<u>36,750</u>	<u>(9,324)</u>	<u>(25.4)</u>

Net other gains decreased RMB9.3 million from RMB36.8 million in 4Q2020 to RMB27.4 million in 4Q2021, mainly due to foreign exchange gains decreasing by RMB72.1 million to RMB28.0 million in 4Q2021 resulting from the greater depreciation of the United States Dollar against the Chinese Renminbi. This was partially offset by (i) loss on disposal of property, plant and equipment decreased RMB51.9 million from RMB52.1 million in 4Q2020 to RMB0.1 million in 4Q2021 as there was disposal of plant and equipment with carrying values totaling RMB52.1 million in 4Q2020 in connection with the expansion of the Lianyungang Sunrise WTE Facility; and (ii) the net loss on closure of WTE plant decreased RMB11.5 million from loss of RMB8.7 million in 4Q2020 to gains of RMB2.8 million in 4Q2021 due to the gains relating to closure of Zibo Jinjiang WTE Facility of RMB2.8 million in 4Q2021 and write-off of property, plant and equipment upon closure of Kunshan Jinkangrui and Zibo Jinjiang WTE Facilities of RMB8.7 million in 4Q2020.

Administrative expenses

Administrative expenses decreased RMB21.1 million from RMB71.3 million in 4Q2020 to RMB50.2 million in 4Q2021, mainly due to the impact of the monthly accrual of the year-end bonus in 2021 and the adjustment of the company's engineering management model, including the optimization on relevant personnel.

Finance costs

Finance costs increased RMB33.3 million from RMB33.9 million in 4Q2020 to RMB67.3 million in 4Q2021, mainly due to the adjustment of syndicated loans according to the effective interest rate method in 4Q2020 and the increase of loan scale in 4Q2021.

Profit before tax

As a result of the foregoing, profit before tax increased RMB60.3 million or 37.8% from RMB159.6 million in 4Q2020 to RMB219.8 million in 4Q2021.

Income tax expense

Income tax expense decreased RMB1.6 million or 4.2% from RMB38.6 million in 4Q2020 to RMB37.0 million in 4Q2021. The effective tax rate was lower than the statutory tax rate of 25% and this is due to some of the Group's high-tech enterprises enjoying tax incentives and some power plants still enjoying preferential tax rates during the exemptions period.

Total comprehensive income for the period

As a result of the foregoing, total comprehensive income for the period increased from RMB87.5 million in 4Q2020 to RMB175.1 million in 4Q2021.

Full year ended 31 December (“FY”) 2021 vs FY2020

Revenue

	12 months ended 31 December 2021		12 months ended 31 December 2020		Change
	RMB'000	%	RMB'000	%	%
Waste-to-energy project construction and operation					
<u>Waste-to-energy business</u>					
- Sales of electricity	1,466,023	36.1	1,284,661	41.6	14.1
- Sales of steam	484,183	11.9	356,709	11.6	35.7
- Revenue from waste treatment	914,032	22.5	801,712	26.0	14.0
	<u>2,864,238</u>	70.5	<u>2,443,082</u>	79.2	17.2
<u>Construction services provided under BOT concession agreements</u>					
- Revenue from construction services provided under service concession agreements	692,461	17.1	384,999	12.5	79.9
- Financial income under service concession agreements	42,601	1.0	44,193	1.4	-3.6
	<u>735,062</u>	18.1	<u>429,192</u>	13.9	71.3
Total	<u>3,599,300</u>	88.6	<u>2,872,274</u>	93.1	25.3
Project technical and management service, equipment selection and sale and EMC business					
	<u>461,076</u>	11.4	<u>212,390</u>	6.9	117.1
Total revenue	<u>4,060,376</u>	100.0	<u>3,084,664</u>	100.0	31.6

Details of the electricity generated and supplied, steam supplied and waste treated for FY2021 and FY2020 are as follows:

	Group	Group	Change
	12 months ended 31 December 2021	12 months ended 31 December 2020	%
Electricity generated ('000 KWh)	3,429,963	3,081,622	11.3
On-grid electricity supplied ('000 KWh)	2,586,226	2,298,994	12.5
Steam supplied ('000 tonnes)	2,936	2,639	11.3
Waste treated ('000 tonnes)	11,384	10,661	6.8

Gross profit and gross profit margin

	Gross Profit (RMB '000)		Gross Profit Margin	
	12 months ended 31 December 2021	12 months ended 31 December 2020	12 months ended 31 December 2021	12 months ended 31 December 2020
WTE business (excluding gross profit from construction services provided under BOT concession agreements)	837,206	712,421	29.23%	29.16%
Construction services provided under BOT concession agreements	94,601	52,885	13.66%	13.74%
Financial income under service concession agreements	42,601	44,193	N.A	N.A
Project technical and management service and EMC business	78,103	82,993	16.94%	39.08%
Total	<u>1,052,511</u>	<u>892,492</u>	<u>25.92%</u>	<u>28.93%</u>

The increase of gross profit by RMB160.0 million from RMB892.5 million in FY2020 to RMB1,052.5 million in FY2021 and the decrease in gross profit margin by 3.0% are mainly attributable to:

WTE business (excluding gross profit from construction services provided under BOT concession agreements)

Revenue from our WTE business (excluding revenue from construction services provided under BOT concession agreements) increased RMB421.2 million or 17.2% from RMB2,443.1 million in FY2020 to RMB2,864.2 million in FY2021, which is consistent with the increase of business volume. On-grid electricity supplied and waste treated (including waste collection and transportation operations in India) increased 12.5% and 6.8% respectively in FY2021 as compared to FY2020. Excluding waste collection and transportation operations in India, waste treated increased by 6.4% in FY2021 as compared to FY2020. This was mainly due to commencement of operations of the Tangshan Jiasheng WTE Facility and the New Kunming Wuhua WTE Facility in second half of 2020, the increase in contribution per waste treatment unit and increase in waste treatment capacity after the optimization of the power plant management and upgrading of the WTE facilities and the full resumption of operation and production in most areas (except for Suihua and certain other areas) which are no longer materially affected by the COVID-19 pandemic situation, and hence resulted in a higher amount of waste treated and electricity generated. The increase of 11.3% in steam supplied is due to the increase in the number of customers purchasing steam generated by the Zhuji Bafang WTE Facility and Zhengzhou Xingjin WTE Facility as a result of the recovery from the COVID-19 pandemic.

The gross profit of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) increased by RMB124.8 million or 17.5% from RMB712.4 million in FY2020 to RMB837.2 million in FY2021, which is mainly due to:

1. The commencement of operations of the New Kunming Wuhua WTE Facility and Tangshan Jiasheng WTE Facility in the second half of 2020 resulted in a steady increase in the waste treatment capacity and power generation, which contributed to an increase of RMB28.1 million in gross profit of New Kunming Wuhua WTE Facility in FY2021 as compared to FY2020 and the disposal cost of fly ash in Tangshan Jiasheng WTE Facility decreased by RMB29.7 million as compared to FY2020.
2. Except for the New Kunming Wuhua WTE Facility, Tangshan Jiasheng WTE Facility and Zhuji Bafang WTE Facility, the gross profit of the other WTE facilities increased by RMB1,626.0 million. The increase is due to (i) an increase in gross profit of RMB67.8 million due to the increase in contribution per waste treatment unit and increase in waste treatment capacity after the optimization of the power plant management and upgrading of the WTE facilities, (ii) an increase in gross profit of RMB6.7 million in Zhengzhou Xingjin WTE Facility due to the increase of RMB15.7 million (equivalent amount of steam such as power generation can be converted into 19.57 million KWh equivalent electricity revenue of about RMB9 million) in sales of steam; (iii) an increase in gross profit of RMB94.8 million due to the increase in the volume of waste treated, resulting from the full resumption of operation and production in most areas (except for Suihua and certain other areas) which are no longer materially affected by the COVID-19 pandemic situation; and (iv) an increase in gross profit of RMB26.6 million due to the additional government subsidies for power supply obtained for previous years and recognised in FY2021 for Wuhan Jinjiang WTE Facility and Hankou Jinjiang WTE Facility. The increase was partially offset by (i) decrease in gross profit of RMB14.1 million due to reduction in social security exemptions; and (ii) decrease in gross profit of RMB31.7 million due to investment on leachate disposal and sewage treatment in response to the enhanced environmental protection regulatory requirements and the method of fly ash disposal in the Wuhu area being changed from landfilling in FY2020 to treatment by third party contractors in FY2021. However, this has been offset by the increase in gross profit of RMB12.4 million generated from centralized disposal of fly ash at Xiaoshan Jinjiang WTE Facility in FY2020.
3. The Zhuji Bafang WTE Facility generates its revenue mainly from the supply of steam, which in turn is generated using coal. In FY2021, coal prices increased significantly, and the Group started to adjust the production method from the third quarter of 2021, part of the steam supply was adjusted from coal machines to waste generating units in order to reduce the negative impact of the increase in coal prices on gross profit. The gross profit decreased RMB36.2 million in FY2021 as compared to FY2020 due to (i) decrease of RMB95.8 million in raw material expenses arising from increases in the unit price of coal, (ii) decrease of RMB22.8 million in raw material costs arising from increased coal consumption, (iii) decrease of RMB3.5 million in power supply income, (iv) decrease of RMB5.4 million in waste disposal income of Zhuji Bafang WTE Facility and (v) enhanced environmental protection investment and depreciation expenses of RMB9.9 million. The decrease was partially offset by the (i) increase of RMB76.5 million arising from a higher unit price of steam supplied, (ii) increase of RMB21.3 million in sales of steam, and (iii) an increase of RMB3.5 million in sales of steam.

The gross profit margin remained consistent at 29.23% in FY2021 as compared to 29.16% in FY2020. As mentioned above, the coal price in FY2021 increased significantly as compared to FY2020 and with the increased investment required in response to more stringent environmental protection regulatory requirements, the waste treatment capacity has increased after the optimization of the power plant management and upgrading of the WTE facilities and the increase in the steam price of Zhuji Bafang WTE facility.

Construction services provided under BOT concession agreements

The gross profit from construction services provided under BOT concession agreements (includes financial income) increased RMB40.1 million from RMB97.1 million in FY2020 to RMB137.2 million in FY2021. The gross profit from the construction services provided under BOT concession agreements increased RMB41.7 million in FY2021 as compared to FY2020. The gross profit from financial income under service concession agreements decreased by RMB1.6 million in FY2021. Due to the decrease in financial income, the gross profit margin including financial income has decreased from 22.6% in FY2020 to 18.7% in FY2021.

In FY2021, BOT revenue was recorded for Zhongwei WTE Project, Linzhou Jiasheng WTE Facility and Expansion Project of Yunnan Green Energy WTE Facility while the BOT revenue recorded in FY2020 was largely contributed by Kunming Wuhua Reconstruction Project.

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

The gross profit from project technical and management services, equipment selection and sale and EMC business decreased RMB4.9 million or 5.9% from RMB83.0 million in FY2020 to RMB78.1 million in FY2021. The gross profit margin of project technical and management services and our EMC business decreased from 39.1% in FY2020 to 16.9% in FY2021, mainly due to the decrease in the portion of EMC business in FY2021 compared to FY2020.

The revenue from project technical and management services, equipment selection and sale and EMC business increased 117.1% from RMB212.4 million in FY2020 to RMB461.1 million in FY2021 due to: (i) increase in revenue of RMB271.2 million from the technical services, equipment selection and procurement services provided by our subsidiary Hangzhou Zhenghui Construction Engineering Co., Ltd.; (ii) in FY2021, the Company and subsidiaries of Jinjiang Group agreed a one-time buyout settlement of the future service benefits of five energy management service contracts with contract values totaling RMB51.0 million. The income excluding value added tax recognized in FY2021 was RMB38.6 million, giving rise to a buyout gross profit of RMB7.6 million after deducting other costs; and (iii) this was partially offset by the reduction in profit-sharing ratio in the later stages of most of the EMC contracts of our subsidiary Hangzhou Kesheng Energy Technology Co., Ltd.

Other income

	Group 12 months ended 31 December 2021 RMB'000	Group 12 months ended 31 December 2020 RMB'000	Increase / (Decrease) RMB'000	Change + / (-) %
Bank interest income	11,702	19,727	(8,025)	(40.7)
Government grants	36,781	38,502	(1,721)	(4.5)
Value added tax refund	25,199	37,850	(12,651)	(33.4)
Compensation income on closure of WTE plant	-	21,026	(21,026)	N.A.
Gain on sales of scrap materials	42,163	13,653	28,510	208.8
Interest income from joint ventures	28,380	25,759	2,621	10.2
Other income	144,225	156,517	(12,292)	(7.9)

Other income decreased RMB12.3 million or 7.9% from RMB156.5 million in FY2020 to RMB144.2 million in FY2021, mainly due to (i) decrease of RMB12.7 million in value added tax refund due to receive the refunds of previous years in FY2020, (ii) decrease of RMB8.0 million in bank interest income and (iii) the compensation income on closure of a WTE plant, Kunshan Jinkangrui Resource Recycling Project from local government of RMB21.0 million in FY2020, but there was no such income in FY2021; and (iv) this was partially offset by an increase of RMB28.5 million in gain on sales of scrap materials due to the Group strengthening the recycling of scrap metal and other materials, as well as increasing the sales of scrap materials through bidding.

Loss allowance recognised on financial assets

Loss allowance recognised on financial assets of RMB16.8 million in FY2021 mainly due to (i) loss allowance on trade receivables of RMB5.9 million based on expected credit losses; and (ii) impairment loss for deposit for performance bond of RMB10.9 million due to the cessation of operations of the Gwalior Project in India (refer to note 8 of the condensed interim financial statements).

Other gains and (losses), net

	Group 12 months ended 31 December 2021 RMB'000	Group 12 months ended 31 December 2020 RMB'000	Increase / (Decrease) RMB'000	Change +/(-) %
Write-off of property, plant and equipment upon closure of WTE plant	-	(12,896)	12,896	N.A.
Other gains relating to closure of WTE plant	2,750	4,155	(1,405)	(33.8)
Foreign exchange gain	42,059	161,276	(119,217)	(73.9)
Loss on disposal of property, plant and equipment	(444)	(52,055)	51,611	(99.1)
Loss on disposal of shares of joint venture	(556)	-	(556)	N.A.
Others	(2,642)	(2,553)	(89)	3.5
Other gains and (losses), net	41,167	97,927	(56,760)	(58.0)

Net other gains decreased RMB56.8 million from RMB97.9 million in FY2020 to RMB41.2 million in FY2021, mainly due to foreign exchange gains decreasing by RMB119.2 million to RMB42.1 million in FY2021 resulting from the greater depreciation of the United States Dollar against the Chinese Renminbi. This was partially offset by (i) loss on disposal of property, plant and equipment decreased RMB51.6 million from RMB52.1 million in FY2020 to RMB0.4 million in FY2021 as there was disposal of plant and equipment with carrying values totaling RMB52.1 million in FY2020 in connection with the expansion of the Lianyungang Sunrise WTE Facility; and (ii) the net loss on closure of WTE plant decreased RMB11.5 million from loss of RMB8.7 million in 4Q2020 to gains of RMB2.8 million in FY2021 due to the gains relating to closure of Zibo Jinjiang WTE Facility of RMB2.8 million in FY2021 and write-off of property, plant and equipment upon closure of Kunshan Jinkangrui Resource Recycling Project of RMB8.7 million in FY2020.

Administrative expenses

Administrative expenses decreased 7.6% from RMB252.5 million in FY2020 to RMB233.4 million in FY2021, mainly due to (i) the decrease of RMB17 million as the adjustment of the company's engineering management model, including the optimization on relevant personnel; and (ii) in FY2020, Zibo Jinjiang WTE Facility was shut down and employees' severance allowance, etc. have been paid, hence resulted the reduction of expenses in FY2021.

Finance costs

Finance costs increased RMB6.2 million from RMB355.5 million in FY2020 to RMB361.7 million in FY2021, mainly due to the increase of RMB65.3 million in financial expenses caused by the increase of loan scale. However, this has been offset by the overall decrease in average financing cost of the group due to the good credit standing of Zheneng Group, the largest controlling shareholder of the Company, which has been an important point of support when negotiating with financial institutions to reduce the higher interest rate loans.

Expenses – others

In 2021, an impairment of RMB30.2 million was recognised on the assets relating to Gwalior BOT project (refer to note 8 of the condensed interim financial statements).

Profit before tax

As a result of the foregoing, profit before tax increased RMB105.6 million or 22.1% from RMB477.7 million in FY2020 to RMB583.3 million in FY2021.

Income tax expense

Income tax expense decreased RMB17.0 million or 11.5% from RMB147.2 million in FY2020 to RMB130.2 million in FY2021. The effective tax rate was lower than the statutory tax rate of 25% and this is due to some of the Group's high-tech enterprises enjoying tax incentives and some power plants still enjoying preferential tax rates during the exemptions period.

Total comprehensive income for the period

As a result of the foregoing, total comprehensive income for the period increased 51.0% from RMB292.6 million in FY2020 to RMB441.9 million in FY2021.

Statement of Financial Position

	31 December 2021	31 December 2020	Increase / (Decrease)	Increase / (Decrease)
	RMB Million	RMB Million	RMB Million	%
Current assets	4,919.7	3,519.2	1,400.5	39.8
Non-current assets	15,461.0	14,247.5	1,213.5	8.5
Total assets	20,380.7	17,766.7	2,614.0	14.7
Current liabilities	7,050.6	4,653.7	2,396.9	51.5
Non-current liabilities	6,785.2	7,009.9	(224.7)	(3.2)
Total liabilities	13,835.8	11,663.7	2,172.1	18.6
Capital and reserves	6,544.9	6,103.0	441.9	7.2

Current assets

The increase is due to (i) pledged bank deposits increasing 237.3% by RMB575.6 million from RMB242.6 million as at 31 December 2020 to RMB818.2 million as at 31 December 2021, mainly due to the deposits amounting to RMB672.2 million placed with banks in accordance with the terms of the respective credit facilities, the proceeds of which were used to repay the 2018 syndicated loan facility arranged by Standard Chartered Bank. This was offset by the release of deposits amounting to RMB100.6 million as the aforesaid syndicated loan facility was fully repaid in FY2021, (ii) trade and other receivables and contract assets increasing 36.7% by RMB659.3 million from RMB1,796.7 million as at 31 December 2020 to RMB2,456.1 million as at 31 December 2021 due to increase in revenue from the WTE business and more prepayments made, (iii) the amount due from related parties and joint ventures, which includes interest-bearing advances to joint ventures increasing 10.7% by RMB69.5 million from RMB649.5 million as at 31 December 2020 to RMB719.0 million as at 31 December 2021 and (iv) cash and cash equivalents increasing 7.3% by RMB26.5 million from RMB361.3 million as at 31 December 2020 to RMB387.8 million as at 31 December 2021.

Non-current assets

The increase is attributable to an increase in property, plant and equipment and intangible assets recognized according to the construction progress of new and BOT projects. In particular, (i) property, plant and equipment increased RMB746.2 million or 8.0% from RMB9,291.6 million as at 31 December 2020 to RMB10,037.8 million as at 31 December 2021 due to the new, upgraded and expanded facilities, (ii) intangible assets increased 10.5% by RMB406.5 million from RMB3,882.5 million as at 31 December 2020 to RMB4,289.1 million as at 31 December 2021, arising from the Linzhou Jiasheng WTE Project, Zhongwei WTE Project and Expansion Project of Yunnan Green Energy WTE Facility (iii) service concession receivables increased RMB86.8 million from RMB649.6 million as at 31 December 2020 to RMB736.4 million as at 31 December 2021 due to the confirmation of the receivables of Zhongwei WTE Project in 2021 and (iv) other receivables decreased RMB15.1 million from RMB167.7 million as at 31 December 2020 to RMB152.4 million as at 31 December 2021 due to the reversal of prepayments after the receipt of equipment and the completion of projects.

Current liabilities

The increase is mainly due to (i) current borrowings and current portion of lease liabilities increasing RMB2,083.5 million or 79.3% from RMB2,627.9 million as at 31 December 2020 to RMB4,711.4 million as at 31 December 2021 due to the reclassification of RMB1,184.0 million non-current loans into current loans, and the new credit facilities amounting to RMB672.0 million secured in June 2021 to repay the US\$200 million syndicated term loan facility arranged by Standard Chartered Bank, and increase in financial lease liabilities and (ii) trade and other payables increasing RMB387.1 million or 22.9% from RMB1,690.6 million as at 31 December 2020 to RMB2,077.8 million as at 31 December 2021 due to more payables recorded in accordance with contractual payment terms. This was partially offset by (i) income tax liabilities decreasing from RMB227.1 million as at 31 December 2020 to RMB184.2 million as at 31 December 2021 and (ii) amounts due to related parties decreasing 33.9% from RMB91.1 million as at 31 December 2020 to RMB60.2 million as at 31 December 2021 due to the settlement of project funds.

Non-current liabilities

The decrease is mainly due to non-current borrowings decreasing RMB315.6 million or 5.2% from RMB6,090.6 million as at 31 December 2020 to RMB5,775.0 million as at 31 December 2021 due to the reclassification of the outstanding amounts under the new syndicated loan facility secured in 2020 under short-term loans, the increase of financial lease payment of WTE facilities such as Jilin Xinxiang, Lianyungang Sunrise and Tianjin Sunrise, and the replacement of some current loans into long-term loans.

Capital and reserves

The increase from RMB441.9 million or 7.2% from RMB6,103.0 million as at 31 December 2020 to RMB6,544.9 million as at 31 December 2021 is due to the retained earnings for FY2021.

Consolidated Statement of Cashflows

	Group 3 months ended 31 December 2021 RMB Million	Group 12 months ended 31 December 2021 RMB Million
Net cash from operating activities	73.5	329.2
Net cash used in investing activities	(168.3)	(1,060.8)
Net cash from financing activities	55.1	760.9
Cash and cash equivalents at beginning of the period	426.5	361.3
Effect of exchange rate fluctuations on cash held	0.9	(2.7)
Cash and cash equivalents at the end of the period	387.8	387.8

In 4Q2021, operating cash inflow was RMB73.5 million. This is due to (i) operating cash flow before movements in working capital of RMB467.8 million after deducting abnormal gains and losses without cash flow, (ii) reduced collections from trade and other receivables and from related parties and payments made for trade and other payables, (iii) increase in activities for the construction of BOT projects (which includes, Linzhou Jiasheng WTE Facility, Zhongwei WTE Project, Expansion Project of Yunan Green Energy WTE Facility and other projects) into operating cash flow, resulting in operating cash outflow of RMB223.1 million, and (iv) payment of income tax resulting a cash outflow of RMB3.3 million.

In FY2021, operating cash inflow was RMB329.2 million. This is due to (i) operating cash flow before movements in working capital of RMB1,471.0 million after deducting abnormal gains and losses without cash flow, (ii) reduced collections from trade and other receivables and from related parties and payments made for trade and other payables, (iii) increase in activities for the construction of BOT projects (which includes, Linzhou Jiasheng WTE Facility, Zhongwei WTE Project, Expansion Project of Yunan Green Energy WTE Facility and other projects) into operating cash flow, resulting in operating cash outflow of RMB630.0 million, and (iv) payment of income tax resulting a cash outflow of RMB78.8 million.

In 4Q2021, investing cash outflow was RMB168.3 million. This is due to investments in both property, plant and equipment and intangible assets which includes the payment for equipment and construction for the Wuhan Jinjiang WTE Facility, Leting Jinhuan New Energy WTE Facility, Jilin Xinxiang WTE Facility, Zhuji Bafang WTE Facility, Shijiazhuang Jinhuan WTE Facility and Wuhu Jinjiang WTE Facility.

In FY2021, investing cash outflow was RMB1,060.8 million. This is due to investments in both property, plant and equipment which includes the payment for equipment and construction for the Wuhan Jinjiang WTE Facility, Leting Jinhuan New Energy WTE Facility, Jilin Xinxiang WTE Facility, Zhuji Bafang WTE Facility, Shijiazhuang Jinhuan WTE Facility and Wuhu Jinjiang WTE Facility.

In 4Q2021, financing cash inflow was RMB55.1 million. This is due to new borrowings amounting to RMB1,009.5 million, including new borrowings for Green Energy (Hangzhou) Corporate Management Co, Ltd, Lianyungang Sunrise WTE Facility, project financing for Zhongwei Green Energy and Yunan Green Energy, Xishan and leases for Zhuji Bafang WTE Facility. However, this was offset by the decreased in pledged bank deposits for borrowings of RMB39.3 million and repayment of borrowings and interest of RMB915.1 million.

In FY2021, financing cash inflow was RMB760.9 million. This is due to new borrowings amounting to RMB5,115.4 million, including new borrowings for the Jilin Xinxiang, Zibo Green Energy, Lianyungang Sunrise, Tianjin Sunrise, Zhuji Bafang WTE Facilities, project financing for Leting Jinhuan, Shijiazhuang Jiasheng, Zhongwei Green Energy, Yunan Green Energy, etc. and new credit facilities secured in June 2021 to repay the US\$200 million syndicated term loan facility arranged by Standard Chartered Bank. However, this was offset by the decreased in pledged bank deposits for borrowings of RMB602.6 million and repayment of borrowings and interest of RMB3,751.9 million.

Bank balances and cash as at 31 December 2021 was RMB387.8 million.

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

Not applicable.

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

(A) Economic Outlook and Environmental Policies in the PRC

In 2021, in the face of multiple challenges such as complex and severe international environments and domestic COVID-19 outbreaks, the Chinese government has coordinated an epidemic control and economic development strategy, and the national economy has continued to resume its development. On the whole, the national economy in 2021 has been on a steady recovery trend and new achievements has been made in high-quality development, which represents a good start for the 14th Five-Year Plan. In 2021, the nominal gross domestic product of the PRC has increased by 8.1% year-on-year and the long-term economic fundamentals of China continue to be positive. However, with the current increasing uncertainties in the international environment and the pressures and challenges faced by the domestic economic development, it is still necessary to continue promoting economic stability and recovery.

During the 75th Session of the United Nations General Assembly, China commented that it will increase its national independent contributions by adopting more effective policies and measures, strive to reach the carbon dioxide emissions peak by 2030, and strive to achieve carbon neutrality by 2060.

2021 is the first year of China's "14th Five-Year Plan". Ecological and environmental protection is still an important part of the "14th Five-Year Plan" and longer-term development. The government encourages proper management for pollution prevention and control to achieve synergistic effects of pollution reduction and carbon reduction. The government's policy to encourage the development of the WTE industry and the entire environmental protection industry remains stable.

In October 2021, the "Opinions of the Central Committee of the Communist Party of China and the State Council on Completely, Accurately and Comprehensively Implementing the New Development Concept and Doing a Good Job in Carbon Peaking and Carbon Neutralization" (referred to as the "Opinions") was issued, making systematic plans and overall deployment for carbon peaking and carbon neutralization. The Opinions put forward five main goals, including building a green, low-carbon and circular development economic system, improving energy utilization efficiency, increasing the proportion of non-fossil energy consumption, reducing carbon dioxide emissions, and improving the carbon sink capacity of the ecosystem, and clarified the roadmap and construction drawings for carbon peaking and carbon neutralization work.

In December 2021, 18 departments including the Ministry of Ecology and Environment jointly issued the "Work Plan for the Construction of "Waste-Free Cities" during the "14th Five-Year Plan" Period" (Huan Gutu [2021] No. 114), which put forward the overall goal of promoting the construction of "waste-free cities" in about 100 prefecture-level and above cities during the "14th Five-Year Plan" period based on summarizing the reform experience of 11 pilot cities and 5 pilot regions, clarifying the direction of regional layout and business layout for solid waste enterprises.

In February 2022, the General Office of the State Council forwarded the "Guiding Opinions on Accelerating the Construction of Urban Environmental Infrastructure" (Guobanhan [2022] No. 7) issued by the NDRC and other departments, which will help promote synergies in reducing pollution and carbon, continuously improve the quality of the ecological environment and help achieve carbon peaking and carbon neutrality.

(B) Operational Matters

The Group's operating companies maintain normal operations and actively strived for subsidies in accordance with national policies in 4Q2021. In particular, the first phase of Tangshan Jiasheng WTE Facility in Hebei Province was included in the National Renewable Energy Subsidy Listing in 4Q2021. Currently, 17 of the Group's WTE facilities have been included in the National Renewable Energy Subsidy List. Three of the Group's WTE facilities which had commenced operations before 2006 need not be included in the aforesaid list to enjoy the relevant subsidies, and five of the Group's newly commissioned WTE facilities (including expansion and reconstruction project) are in the process of applying for such subsidy.

At the same time, the Group's project construction is proceeding on schedule in an orderly manner. The first phase of Zhongwei WTE Project (BOT) in Ningxia Hui Autonomous Region, the Baishan Green Energy WTE Facility (BOO) in Jilin Province, the Reconstruction Project of Wuhu Jinjiang WTE Facility Reconstruction Project (BOO) in Anhui Province and one boiler and the Shijiazhuang Jinhuan Resource Recycling Project (BOO) in Hebei Province were put into operation in 4Q2021, adding an additional 1,100 tons/day in operational waste treatment capacity.

As of 31 December 2021, the Group has 3 WTE projects and 1 Resource Recycling project under construction in China, namely two boilers and two turbines of Shijiazhuang Jiasheng WTE Facility (BOO) in Hebei Province, the Expansion Project of Yunnan Green Energy WTE Facility in Yunnan Province (BOT), the Expansion Project of Hohhot New Energy WTE Facility (BOO) in Inner Mongolia and the Songyuan Xinxiang Resource Recycling Project in Jilin Province, which are expected to be put into operation successively in 2022. The Group's total waste treatment capacity is expected to increase by 3,100 tons/day and 107MW installed capacity upon completion of the aforesaid projects.

As of 31 December 2021, the Group has 14 WTE projects, 4 kitchen waste projects and 1 Resource Recycling project under preparation in China, which are undertaking preparatory works for construction on schedule. Among them, the Jinghong Jiasheng WTE Facility in Yunnan Province is expected to start construction in the first half of 2022 and be put into operation in 2023.

The Group is also continuing to follow up on the progress of the compensation work for the closure of the Old Kunming Wuhua WTE Facility in Kunming, Yunnan Province, for which negotiations are still ongoing. The local government has engaged a third-party asset appraisal company to conduct an overall appraisal of the assets of the Old Kunming Wuhua WTE Facility. The Group has separately engaged another third-party asset appraisal company to provide a valuation report on the assets. Based on the valuation report, the Group does not expect any impairment arising from the closure of the Old Kunming Wuhua WTE Facility.

Currently, the Group has 25 operational WTE facilities, 1 organic waste treatment facility and 8 waste recycling facilities in the PRC with a total installed waste treatment capacity of 40,410 tons/day. Taking into consideration all its projects in operation, under construction and in the planning phase, both in the PRC and overseas, the Group's total installed waste treatment capacity is expected to reach 62,645 tons/day upon the completion of these projects.

In addition, in 4Q2021, Zheneng Jinjiang Environment was awarded the "Social Benefit Contribution Award" granted by Polaris Environmental Protection Network and continued to be awarded the "Top Ten Influential Solid Waste Enterprises" granted by E20 Environmental Platform. The Group's subsidiary Yunnan Green Energy WTE Facility in Kunming City, Yunnan Province was awarded as an intelligent benchmarking enterprise granted by E20 Environmental Platform as well. The Jilin Xinxiang WTE Facility in Jilin Province was awarded the "Excellent Power Plant Open to the Public" granted by Polaris Environmental Protection Network and the Zhuji Bafang WTE Facility in Shaoxing City, Zhejiang Province was included in the list of the eleventh batch of ecological civilization education bases in Zhejiang Province announced by the Zhejiang Provincial Department of Ecology and Environmental Protection, which indicates the strong affirmation of the Group's efforts on facilities opening up and environmental protection education.

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

In 4Q2021, there were a series of local COVID-19 outbreaks in China, which affected more than ten provinces, especially the provinces and cities where the Group's headquarters, some subsidiaries including Xiaoshan Jinjiang WTE Facility and Yinchuan Zhongke WTE Facility are located. The Group quickly implemented prevention and control arrangements in response. As of 31 December 2021, the Group's domestic facilities have maintained normal and stable operations, the local waste can be processed in a timely manner and the disposal standards have been achieved. In addition, some subsidiaries are also responsible for receiving the household waste and medical waste at isolation areas and carrying out emergency harmless treatment for them as required by the local government.

Although the COVID-19 pandemic is raging overseas, the Group's waste collection and transportation work in India is still operating normally while adhering strictly to the relevant pandemic prevention and control rules and regulations. Special vehicles are also arranged to transport medical and domestic waste generated in high-risk areas such as isolation points and hospitals. At the same time, the waste is classified and processed according to the risk level.

The Group will continue to closely monitor the COVID-19 situation and will take preventive and control measures in strict accordance with the requirements of the local government, which has helped ensure the safety of Group's employees. The Company will announce any material developments regarding its business and operations in a timely manner in compliance with Rule 703 of the Listing Manual.

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

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

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

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

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

5. If a decision regarding dividend has been made:-

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

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

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

Not applicable.

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

None.

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

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

Not applicable.

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

No dividend has been recommended for the current reporting period as the Group is in the process of investing in its pipeline of new and expansion projects in China with a view of achieving sustainable and long-term growth of its business. These projects require considerable financial resources, and in view of the current macroeconomic uncertainty and global recessionary risks, the Group's priority is to manage its cash flow prudently and responsibly so as to ensure that its financial commitments are met.

7. Interested Person Transactions

The Group has obtained a general mandate from shareholders for Interested Person Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii).

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) RMB'000
Project technical and management services provided to:			
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	Associate of Mr. Dou Zhenggang, a controlling shareholder of the Company ("Mr. Dou")	-	1,779
Energy management contracting services provided to:			
Xiaoyi Xing'an Chemical Engineering Co., Ltd.	Associate of Mr. Dou	-	61,901
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	Associate of Mr. Dou	-	7,506
Guangxi Tiandong Jinsheng Chemical Engineering Co., Ltd	Associate of Mr. Dou	-	9,951
Jilin Shuangjia Environmental Protection Energy Utilization Co., Ltd.	Associate of Mr. Dou	-	3,615
Purchases of materials from:			
Hangzhou Jinjiang Group Environment Technology Co., Ltd.	Associate of Mr. Dou	-	4,798
Beijing TDR Environ-Tech Co., Ltd.*	Associate of Mr. Dou	-	644
Xiaoyi Xing'an Chemical Engineering Co., Ltd.	Associate of Mr. Dou	-	968
Zhejiang Petroleum Integrated Energy Sales Co., Ltd	Associate of Zheneng Group	-	1,842
Zhejiang Zheneng Oil New Energy Co., Ltd.	Associate of Zheneng Group	-	1,262
Technical services obtained from:			
Zhejiang Zheneng Xingyuan Energy Saving Technology Co., Ltd	Associate of Zheneng Group	1,580	-
Purchases of coal from:			
Zhejiang Zheneng Fuxing Fuel Co., Ltd.	Associate of Zheneng Group	-	38,334
Hangzhou Huawang Shiye Group Co., Ltd.	Associate of Mr. Dou	-	3,504
Operations and maintenance services from:			
Zhejiang Jinrui Environmental Technology Co., Ltd* (f.k.a. Suzhou Jinrui Environmental Technology Co., Ltd)	Associate of Mr. Dou	5,420	-
Beijing Yunchuang Tiandi Environmental Protection Technology Service Co., Ltd.*	Associate of Mr. Dou	2,246	-

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
Engineering, procurement and construction services from:			
Zhejiang Tiandi Environmental Protection Technology Co., Ltd.	Associate of Zheneng Group	-	11,683
Beijing TDR Environ-Tech Co., Ltd.*	Associate of Mr. Dou	-	21,600
Interest expenses to:			
Zhejiang Provincial Energy Group Finance Co., Ltd.	Associate of Zheneng Group	24,570	-
Operations and maintenance services to:			
Hangzhou Jinjiang Group Environment Technology Co., Ltd.	Associate of Mr. Dou	-	1,653
Lianyuangang Jinchi Bio-technology Co., Ltd.*	Associate of Mr. Dou	-	1,531
WTE project consulting services from:			
Hangzhou Jinjiang Group Co., Ltd.	Associate of Mr. Dou	50,000	-
Total		83,816	172,571

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

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

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

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

9. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13) of the Listing Manual, the Company confirms that there is no person occupying a managerial position in the Company or in any of its principal subsidiaries, who is a relative of a Director or Chief Executive Officer or Substantial Shareholder of the Company.

BY ORDER OF THE BOARD

Wei Dongliang
Executive Chairman
28 February 2022