

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 Fourth Quarter And Full Year Financial Statements For The Period Ended 31 December 2019
Background

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 exempted company with limited liability under the laws of the Cayman Islands on 8 September 2010. The Company was listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 3 August 2016.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

The Board of Directors of the Company announces the unaudited financial results of the Group for the fourth quarter (“4Q”) and full year (“FY”) ended 31 December 2018.

1(a)(i) An income statement and statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Comprehensive Income

	Group 4Q2019 RMB'000	Group 4Q2018 RMB'000	Change +/(-) %	Group FY2019 RMB'000	Group FY2018 RMB'000	Change +/(-) %
Revenue	1,462,584	921,932	58.6	3,822,831	3,030,779	26.1
Cost of sales	(1,270,256)	(679,357)	87.0	(2,873,855)	(1,987,569)	44.6
Gross profit	192,328	242,575	(20.7)	948,976	1,043,210	(9.0)
Other income and other losses	(79,268)	63,403	N.M.	(53,065)	187,131	N.M.
Gain on disposal of subsidiaries	-	19,404	(100.0)	-	31,344	(100.0)
Share of gain (loss) of an associate	836	(9)	N.M.	836	-	N.M.
Share of (loss) gain of joint ventures	(11,263)	2,928	N.M.	(8,169)	2,147	N.M.
Administrative expenses	(90,389)	(74,775)	20.9	(276,644)	(256,108)	8.0
Finance costs	(83,321)	(63,171)	31.9	(306,587)	(259,412)	18.2
(Loss) Profit before tax	(71,077)	190,355	N.M.	305,347	748,312	(59.2)
Income tax expense	(37,107)	(655)	5,565.2	(142,016)	(173,638)	(18.2)
(Loss) Profit for the year	(108,184)	189,700	N.M.	163,331	574,674	(71.6)

Other comprehensive (loss) gain

Foreign currency translation	<u>(15,880)</u>	<u>5,847</u>	N.M.	<u>338</u>	<u>(4,743)</u>	N.M.
Total comprehensive (loss) income for the period	<u>(124,064)</u>	<u>195,547</u>	N.M.	<u>163,669</u>	<u>569,931</u>	(71.3)
(Loss) Profit for the year attributable to:						
- owners of the Company	(106,488)	186,214	N.M.	152,899	564,989	(72.9)
- non-controlling interests	<u>(1,696)</u>	<u>3,486</u>	N.M.	<u>10,432</u>	<u>9,685</u>	7.7
	<u>(108,184)</u>	<u>189,700</u>	N.M.	<u>163,331</u>	<u>574,674</u>	(71.6)
Total comprehensive (loss) income for the year attributable to:						
- owners of the Company	(122,368)	192,061	N.M.	153,237	560,246	(72.6)
- non-controlling interests	<u>(1,696)</u>	<u>3,486</u>	N.M.	<u>10,432</u>	<u>9,685</u>	7.7
	<u>(124,064)</u>	<u>195,547</u>	N.M.	<u>163,669</u>	<u>569,931</u>	(71.3)

1 (a)(ii) Notes to the Consolidated Statement of Comprehensive Income

	Group 4Q2019 RMB'000	Group 4Q2018 RMB'000	Change +/(-) %	Group FY2019 RMB'000	Group FY2018 RMB'000	Change +/(-) %
Profit before tax has been arrived at after charging (crediting):						
Staff costs (including directors' emoluments)	150,042	90,352	66.1	327,335	246,385	32.9
Cost of inventories recognised as expense	126,126	96,664	30.5	437,607	386,933	13.1
Share award expense	23,301	11,814	97.2	23,301	11,814	97.2
Depreciation of property, plant and equipment / ROU assets	106,191	106,234	(0.0)	388,942	321,570	21.0
Depreciation of investment property	247	234	5.6	966	779	24.0
Amortisation of prepaid leases	-	4,446	(100.0)	-	12,762	(100.0)
Amortisation of intangible assets	40,785	23,839	71.1	91,201	69,063	32.1
Total depreciation and amortisation	<u>147,223</u>	<u>134,753</u>	9.3	<u>481,109</u>	<u>404,174</u>	19.0
Over (Under) provision of tax in the prior years	20,208	(5,674)	N.M.	(8,664)	(18,847)	(54.0)
Government compensation for closure of plant - net	21,953	42,604	(48.5)	21,953	145,805	(84.9)
Gain on disposal of associate	-	-	N.M.	-	7,823	N.M.
Government grants and tax refund	15,737	23,175	(32.1)	43,924	55,830	(21.3)
Bank interest income	31,229	10,174	206.9	38,947	20,385	91.1
Gain (Loss) on sales of scrap materials	(19,294)	(8,873)	117.4	29,999	21,329	40.6
Foreign exchange gains (losses)	30,065	(512)	N.M.	(32,496)	(67,088)	(51.6)
Property, plant and equipment written off	(78,966)	-	N.M.	(78,966)	(16)	493,437.5
Impairment loss on property, plant and equipment	(53,124)	(1,161)	4,475.7	(53,124)	(1,161)	4,475.7
Loss allowance recognised on:						
- trade receivables	(15,029)	(184)	8,067.9	(15,029)	(184)	8,067.9
- other receivables	(12,600)	(2,392)	426.8	(12,600)	(2,392)	426.8
Sludge outsourcing fee	761	572	33.0	4,327	6,800	(36.4)
Other income and other losses	<u>(79,268)</u>	<u>63,403</u>	N.M.	<u>(53,065)</u>	<u>187,131</u>	N.M.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group As at 31 Dec 2019 RMB'000	Group As at 31 Dec 2018 RMB'000	Company As at 31 Dec 2019 RMB'000	Company As at 31 Dec 2018 RMB'000
Assets				
Non-current assets				
Property, plant and equipment	8,234,341	7,054,149	-	-
Prepaid leases	-	328,301	-	-
Intangible assets	3,530,847	2,445,878	-	-
Investment property	27,205	27,258	-	-
Investment in associates	14,536	12,200	-	-
Investment in subsidiaries	-	-	1,790,880	1,790,879
Investment in joint ventures	210,437	191,855	5,039	5,039
Service concession receivables	628,378	474,377	-	-
Other receivables	202,230	435,110	2,228	2,972
Total non-current assets	12,847,974	10,969,128	1,798,147	1,798,890
Current assets				
Inventories	37,137	53,351	-	-
Prepaid leases	-	12,762	-	-
Service concession receivables	57,983	49,271	-	-
Trade and other receivables	1,652,605	1,150,139	-	4,002
Contract assets	76,187	-	-	-
Contract costs	-	10,847	-	-
Other tax recoverable	264,138	142,492	-	-
Amounts due from related parties	154,372	306,458	-	-
Amounts due from joint ventures	409,843	453,695	-	-
Amount due from subsidiaries	-	-	3,011,330	2,757,408
Amounts due from non-controlling interests	55,591	74,807	-	-
Pledged bank deposits	571,445	513,737	59,874	318,145
Bank balances and cash	442,123	857,487	85,803	241,992
Total current assets	3,721,424	3,625,046	3,157,007	3,321,547
Total assets	16,569,398	14,594,174	4,955,154	5,120,437
Current liabilities				
Trade and other payables	1,733,521	1,298,966	6,006	6,006
Amounts due to related parties	127,520	125,181	-	-
Amount due to subsidiaries	-	-	85,892	65,389

Income tax liabilities	111,037	135,677	-	-
Other tax liabilities	53,827	60,870	-	-
Dividends payable	1,397	1,397	-	-
Borrowings	2,207,302	1,219,962	126,297	71,159
Current portion of lease liabilities	151,622	393,987	-	-
Deferred grant	8,968	8,420	-	-
Notes payable	<u>1,423,212</u>	<u>40,209</u>	<u>1,423,212</u>	<u>40,209</u>
Total current liabilities	<u>5,818,406</u>	<u>3,284,669</u>	<u>1,641,407</u>	<u>182,763</u>
Net current (liabilities) assets	<u>(2,096,982)</u>	<u>340,377</u>	<u>1,515,600</u>	<u>3,138,784</u>
Total assets less current liabilities	<u>10,750,992</u>	<u>11,309,505</u>	<u>3,313,747</u>	<u>4,937,674</u>
Non-current liabilities				
Borrowings	3,831,994	3,298,568	1,180,298	1,275,778
Notes payable	-	1,347,657	-	1,347,657
Lease liabilities	223,578	455,532	-	-
Deferred tax liabilities	480,880	425,314	-	-
Deferred grant	381,476	161,249	-	-
Provision for major overhauls	<u>19,032</u>	<u>17,975</u>	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>4,936,960</u>	<u>5,706,295</u>	<u>1,180,298</u>	<u>2,623,435</u>
Net assets	<u>5,814,032</u>	<u>5,603,210</u>	<u>2,133,449</u>	<u>2,314,239</u>
Capital and reserves				
Share capital	96	95	96	95
Reserves	<u>5,671,856</u>	<u>5,485,716</u>	<u>2,133,353</u>	<u>2,314,144</u>
Equity attributable to owners of the company	5,671,952	5,485,811	2,133,449	2,314,239
Non-controlling interests	<u>142,080</u>	<u>117,399</u>	<u>-</u>	<u>-</u>
Total equity	<u>5,814,032</u>	<u>5,603,210</u>	<u>2,133,449</u>	<u>2,314,239</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31 Dec 2019		As at 31 Dec 2018	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
3,780,956	1,180	1,652,628	1,530

Amount repayable after one year

As at 31 Dec 2019		As at 31 Dec 2018	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
4,054,672	900	5,100,067	1,690

Details of any collateral

The borrowings are secured by the pledge of electricity tariffs receivables, certain property, plant and equipment, investment property, prepaid leases and intangible assets.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group 4Q2019 RMB'000	Group 4Q2018 RMB'000	Group FY2019 RMB'000	Group FY2018 RMB'000
Operating activities				
(Loss) Profit before tax	(71,077)	190,355	305,347	748,312
Adjustments for:				
Finance costs	83,321	63,171	306,587	259,412
Bank interest income	(31,229)	(10,175)	(38,947)	(20,385)
BOT interest income	(8,269)	(14,892)	(41,993)	(37,757)
Depreciation of property, plant and equipment / ROU assets	106,191	106,234	388,942	321,570
Depreciation of investment property	247	234	966	779
Amortisation of prepaid leases	-	4,446	-	12,762
Amortisation of intangible assets	40,785	23,839	91,201	69,063
Property, plant and equipment written off	78,966	-	78,966	16
Compensation income on closure of a WTE plant	(225,011)	(264,790)	(225,011)	(289,800)
Property, plant and equipment written off	161,196	-	161,196	107,292
Prepaid lease written off	-	-	-	381
Loss allowance recognised on:				
- trade receivables	15,029	184	15,029	184
- other receivables	12,600	2,392	12,600	2,392
Impairment loss on property, plant and equipment	53,124	1,161	53,124	1,161
Deferred grant recognised	(4,145)	(13,952)	(19,590)	(8,420)
Share award expense	23,301	11,814	23,301	11,814
Foreign exchange (gains) losses	(19,926)	(4,824)	42,635	70,260
Share of loss (gain) of an associate	-	9	(836)	-
Share of (gain) loss of joint ventures	10,425	(2,928)	8,169	(2,147)
Gain on disposal of subsidiaries	-	(19,404)	-	(31,344)
Gain on disposal of an associate	-	-	-	(7,823)
Operating cash flows before movements in working capital	225,528	72,874	1,161,686	1,207,722
Trade and other receivables	(23,057)	3,236	(102,555)	(311,924)
Service concession receivables	(123,948)	(175,001)	(120,719)	(172,411)
Contract assets	(75,568)	-	(76,187)	-
Contract costs	-	(10,847)	10,847	(10,847)
Other tax recoverable	(18,149)	60,126	(121,646)	(19,270)
Inventories	14,786	45,565	16,214	14,853
Intangible assets	(624,581)	(102,159)	(1,171,806)	(489,505)
Trade and other payables	392,986	269,618	161,017	249,768
Other tax liabilities	(12,872)	(8,099)	(7,043)	10,579
Amounts due from related parties	(57,388)	(148,209)	96,063	(150,988)
Amounts due from joint ventures	(130,522)	-	-	-
Amounts due from non-controlling interests	(33,437)	(6,513)	(5,238)	(25,477)
Amounts due to related parties	(14,967)	(11,126)	-	1,284

Deferred grants	34,672	1,062	238,939	15,421
Cash (used in) from generated from operations	(446,517)	(9,473)	79,572	319,205
Income tax paid	(25,956)	(11,799)	(111,093)	(113,662)
Net cash (used in) from operating activities	(472,473)	(21,272)	(31,521)	205,543
Investing activities				
Interest received	24,384	10,174	32,102	20,385
Payments for property, plant and equipment	102,854	(315,373)	(992,260)	(2,436,736)
Proceeds from disposal of property, plant and equipment	-	253,478	-	253,478
Payments for intangible assets - software	(4,001)	-	(4,001)	(3,188)
Payment for investment property	-	(27,258)	-	(28,037)
Payment for prepaid leases	33,388	13,492	-	(47,992)
Proceeds from disposal of subsidiaries classified as assets held for sale	-	-	-	6,781
Net cash inflows (outflows) arising from acquisition of subsidiaries	-	53,813	-	37,836
Net cash inflows (outflows) arising from disposal of a subsidiary	-	99,391	-	67,200
Investment in associates	-	-	(1,500)	(2,200)
Proceeds from disposal of an associate	-	-	-	51,627
Investment in joint ventures	(26,749)	-	(26,749)	(10,050)
Pledged bank deposits	(144,351)	7,764	(144,351)	7,764
Net cash (used in) from investing activities	(14,475)	95,481	(1,136,759)	(2,083,132)
Financing activities				
Proceeds from borrowings	1,487,362	781,282	3,012,564	3,438,434
Repayment of borrowings	(617,430)	(462,793)	(1,535,430)	(1,525,347)
Proceeds from obligations under finance leases	(861,050)	-	-	304,000
Repayment of obligations under finance leases	-	(91,753)	-	(435,135)
Repayment of lease liabilities	26,837	-	(545,189)	-
Payment of finance costs	(124,845)	(174,301)	(433,982)	(390,987)
Proceeds from issue of shares	9,604	5,695	9,604	515,475
Dividends paid to owners of the Company	-	-	-	(350,705)
Dividends paid to non-controlling interests	-	(8,868)	(3,541)	(8,868)
Capital contribution from non-controlling interests	17,790	410	17,790	410
Acquisition of non-controlling interests	-	(4,141)	-	(26,041)
Repayments from (Advances to) non-controlling interests	16,200	(21,354)	24,454	(21,354)
Advances (to) from related parties	-	(133,115)	-	131,367
Repayment from (to) related parties	63,769	(28,826)	108,646	(42,053)
Pledged bank deposits for borrowings	141,825	(55,425)	93,044	(165,685)
Net cash flow from (used in) financing activities	160,062	(193,189)	747,960	1,423,511
Net decrease in cash and cash equivalents	(326,886)	(118,980)	(420,320)	(454,078)
Cash and cash equivalents at beginning of the period	788,565	983,529	857,487	1,276,454

Effect of exchange rate fluctuations on cash held	<u>(19,556)</u>	<u>(7,062)</u>	<u>4,956</u>	<u>35,111</u>
Cash and cash equivalents at the end of the period	<u>442,123</u>	<u>857,487</u>	<u>442,123</u>	<u>857,487</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Merger reserves	Statutory surplus reserve	Translation reserve	Other reserves	Retained earnings	Subtotal			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group												
At 1 January 2019	95	1,568,197	393,694	(67,642)	118,271	(8,913)	41,838	3,440,271	5,485,811	117,399	5,603,210	
Profit for the period	-	-	-	-	-	-	-	104,189	104,189	2,909	107,098	
Other comprehensive income for the period	-	-	-	-	-	1,660	-	-	1,660	-	1,660	
At 31 March 2019	95	1,568,197	393,694	(67,642)	118,271	(7,253)	41,838	3,544,460	5,591,660	120,308	5,711,968	
At 1 April 2019	95	1,568,197	393,694	(67,642)	118,271	(7,253)	41,838	3,544,460	5,591,660	120,308	5,711,968	
Profit for the period	-	-	-	-	-	-	-	149,628	149,628	4,396	154,024	
Other comprehensive income for the period	-	-	-	-	-	8,045	-	-	8,045	-	8,045	
<u>Transactions with owners, recognised directly in equity</u>												
Effect of capital contribution in a subsidiary	-	-	-	-	-	-	18,245	-	18,245	(18,245)	-	
At 30 June 2019	95	1,568,197	393,694	(67,642)	118,271	792	60,083	3,694,088	5,767,578	106,459	5,874,037	
At 1 July 2019	95	1,568,197	393,694	(67,642)	118,271	792	60,083	3,694,088	5,767,578	106,459	5,874,037	
Profit for the period	-	-	-	-	-	-	-	5,570	5,570	4,823	10,393	
Other comprehensive income for the period	-	-	-	-	-	6,513	-	-	6,513	-	6,513	
<u>Transactions with owners, recognised directly in equity</u>												
Effect of capital contribution in a subsidiary	-	-	-	-	-	-	-	-	-	(3,541)	(3,541)	
At 30 September 2019	95	1,568,197	393,694	(67,642)	118,271	7,305	60,083	3,699,658	5,779,661	107,741	5,887,402	
At 1 October 2019	95	1,568,197	393,694	(67,642)	118,271	7,305	60,083	3,699,658	5,779,661	107,741	5,887,402	
Loss for the period	-	-	-	-	-	-	-	(106,488)	(106,488)	(1,696)	(108,184)	

Other comprehensive loss for the period	-	-	-	-	-	(15,880)	-	-	(15,880)	-	(15,880)
<u>Transactions with owners, recognised directly in equity</u>											
Issue of shares	1	32,903	-	-	-	-	-	-	32,904	-	32,904
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	17,790	17,790
Effect of capital contribution in a subsidiary	-	-	-	-	-	-	(18,245)	-	(18,245)	18,245	-
At 31 December 2019	96	1,601,100	393,694	(67,642)	118,271	(8,575)	41,838	3,593,170	5,671,952	142,080	5,814,032
At 1 January 2018	81	1,391,627	393,694	(67,642)	103,962	(4,170)	28,152	2,889,591	4,735,295	155,898	4,891,193
Profit for the period	-	-	-	-	-	-	-	100,847	100,847	1,907	102,754
Other comprehensive income for the period	-	-	-	-	-	(10,610)	-	-	(10,610)	-	(10,610)
At 31 March 2018	81	1,391,627	393,694	(67,642)	103,962	(14,780)	28,152	2,990,438	4,825,532	157,805	4,983,337
At 1 April 2018	81	1,391,627	393,694	(67,642)	103,962	(14,780)	28,152	2,990,438	4,825,532	157,805	4,983,337
Profit for the period	-	-	-	-	-	-	-	149,446	149,446	2,744	152,190
Other comprehensive income for the period	-	-	-	-	-	805	-	-	805	-	805
<u>Transactions with owners, recognised directly in equity</u>											
Issue of shares	14	509,766	-	-	-	-	-	-	509,780	-	509,780
Acquisition of non-controlling interests	-	-	-	-	-	-	12,105	-	12,105	(34,005)	(21,900)
Dividends paid	-	(350,705)	-	-	-	-	-	-	(350,705)	-	(350,705)
At 30 June 2018	95	1,550,688	393,694	(67,642)	103,962	(13,975)	40,257	3,139,884	5,146,963	126,544	5,273,507
At 1 July 2018	95	1,550,688	393,694	(67,642)	103,962	(13,975)	40,257	3,139,884	5,146,963	126,544	5,273,507
Profit for the period	-	-	-	-	-	-	-	128,482	128,482	1,548	130,030
Other comprehensive income for the period	-	-	-	-	-	(785)	-	-	(785)	-	(785)
At 30 September 2018	95	1,550,688	393,694	(67,642)	103,962	(14,760)	40,257	3,268,366	5,274,660	128,092	5,402,752
At 1 October 2018	95	1,550,688	393,694	(67,642)	103,962	(14,760)	40,257	3,268,366	5,274,660	128,092	5,402,752
Profit for the period	-	-	-	-	-	-	-	186,214	186,214	3,486	189,700

Other comprehensive income for the period	-	-	-	-	-	5,847	-	-	5,847	-	5,847
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	410	410
<u>Transactions with owners, recognised directly in equity</u>											
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(8,868)	(8,868)
Acquisition of non-controlling interests	-	-	-	-	-	-	1,581	-	1,581	(5,721)	(4,140)
Issue of shares	-	17,509	-	-	-	-	(11,814)	-	5,695	-	5,695
Share award expense	-	-	-	-	-	-	11,814	-	11,814	-	11,814
Appropriation to reserves	-	-	-	-	14,309	-	-	(14,309)	-	-	-
At 31 December 2018	95	1,568,197	393,694	(67,642)	118,271	(8,913)	41,838	3,440,271	5,485,811	117,399	5,603,210

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Company						
At 1 January 2019	95	1,568,197	1,057,112	-	(311,165)	2,314,239
Loss and total comprehensive loss for the period	-	-	-	-	(55,721)	(55,721)
At 31 March 2019	95	1,568,197	1,057,112	-	(366,886)	2,258,518
At 1 April 2019	95	1,568,197	1,057,112	-	(366,886)	2,258,518
Loss and total comprehensive loss for the period	-	-	-	-	(38,115)	(38,115)
At 30 June 2019	95	1,568,197	1,057,112	-	(405,001)	2,220,403
At 1 July 2019	95	1,568,197	1,057,112	-	(405,001)	2,220,403
Loss and total comprehensive loss for the period	-	-	-	-	(31,962)	(31,962)
At 30 September 2019	95	1,568,197	1,057,112	-	(436,963)	2,188,441
At 1 October 2019	95	1,568,197	1,057,112	-	(436,963)	2,188,441
Loss and total comprehensive loss for the period	-	-	(87,896)	-	-	(87,896)
<u>Transactions with owners, recognised directly in equity</u>						
Issue of shares	1	32,903	-	(23,301)	-	9,603
Share award expense	-	-	-	23,301	-	23,301
At 31 December 2019	96	1,601,100	969,216	-	(436,963)	2,133,449
At 1 January 2018	81	1,391,627	1,057,112	-	(139,882)	2,308,938
Loss and total comprehensive loss for the period	-	-	-	-	(42,943)	(42,943)
At 31 March 2018	81	1,391,627	1,057,112	-	(182,825)	2,265,995
At 1 April 2018	81	1,391,627	1,057,112	-	(182,825)	2,265,995
Loss and total comprehensive loss for the period	-	-	-	-	(12,302)	(12,302)
<u>Transactions with owners, recognised directly in equity</u>						
Issue of shares	14	509,766	-	-	-	509,780
Dividends paid	-	(350,705)	-	-	-	(350,705)
At 30 June 2018	95	1,550,688	1,057,112	-	(195,127)	2,412,768
At 1 July 2018	95	1,550,688	1,057,112	-	(195,127)	2,412,768
Loss and total comprehensive loss for the period	-	-	-	-	(45,593)	(45,593)
At 30 September 2018	95	1,550,688	1,057,112	-	(240,720)	2,367,175
At 1 October 2018	95	1,550,688	1,057,112	-	(240,720)	2,367,175
Loss and total comprehensive loss for the period	-	-	-	-	(70,445)	(70,445)
<u>Transactions with owners, recognised directly in equity</u>						
Issue of shares	-	17,509	-	(11,814)	-	5,695
Share award expense	-	-	-	11,814	-	11,814
At 31 December 2018	95	1,568,197	1,057,112	-	(311,165)	2,314,239

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

On 25 September 2019, 10,906,500 share awards were granted under the Jinjiang Environment Performance Share Plan ("Jinjiang Environment PSP").

On 30 October 2019, pursuant to the vesting of share awards granted under the Jinjiang Environment PSP, the Company issued and allotted an aggregate of 10,777,900 new Shares. The remaining 128,600 share awards granted under the Jinjiang Environment PSP on 25 September 2019 had lapsed.

The Company had no outstanding convertibles, treasury shares or subsidiary holdings as of 31 December 2019 and 31 December 2018.

1(d)(iii) Total number of issued shares excluding treasury shares as at end of the current financial period and as at the end of the immediately preceding financial year.

The total number of issued Shares as at 31 December 2019 and 31 December 2018 was 1,454,024,700 and 1,443,246,800 respectively. The Company has no treasury shares.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable as the Company has no treasury shares.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable as the Company has no subsidiary holdings.

(2) Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

(3) Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable.

(3A) 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.

(4) Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Apart from what is disclosed in paragraph (5) below, the same accounting policies and methods of computation have been applied in these unaudited financial statements as those applied in the most recently audited financial statements for the year ended 31 December 2018.

(5) If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all accounting standards that are effective from 1 January 2019 but the adopted changes have no material effect except for the adoption of IFRS 16 Leases as detailed below.

IFRS 16 introduces a single lease accounting model for lessees on the statement of financial position. The adoption of IFRS 16 results in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Exceptions to this standard are short-term and low-value leases. The accounting for lessors was not changed significantly.

Under the standard, an asset (ROU asset) and a financial liability to pay rentals are recognised in the statement of financial position and depreciation charge on the ROU assets and interest expenses on the lease liabilities are recognised in profit or loss.

Lease liabilities are included as part of net debt and are taken in consideration when deriving the net debt to equity ratio.

The Group applied IFRS 16 on 1 January 2019, using the modified retrospective approach. The Group applied the practical expedient to grandfather the definition of a lease on transition. IFRS 16 will be applied to lease contracts entered before 1 January 2019 and are identified as leases in accordance with IAS 17 and IFRIC 4.

The adoption of IFRS 16 does not result in any adjustment to the opening balance of retained earnings at 1 January 2019 and there is no restatement of comparative information. The prepaid leases previously disclosed as line items on the statement of financial position under current assets and non-current assets are now classified as ROU assets included in property, plant and equipment. In addition, the Group has recognised ROU assets (included as part of property, plant and equipment) with corresponding lease liabilities under the principles of IFRS 16 on a lease-by-lease basis. Straight-line operating lease expenses are replaced with depreciation charges of ROU assets and interest expense on lease liabilities in profit or loss.

(6) Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group		Group	
	4Q2019	4Q2018	FY2019	FY2018
Basic (loss) earnings per Share (RMB cents)	(7.34)	12.90	10.58	41.81
Weighted average number of Shares	1,450,627,318	1,443,080,152	1,445,107,095	1,351,284,896
Fully diluted (loss) earnings per Share (RMB cents)	(7.34)	12.90	10.58	41.81
Weighted average number of Shares	1,450,627,318	1,443,080,152	1,445,107,095	1,351,284,896

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 2019 and 31 December 2018 was 1,454,024,700 and 1,443,246,800 respectively.

(7) Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	As at 31 Dec 2019	As at 31 Dec 2018	As at 31 Dec 2019	As at 31 Dec 2018
Net asset value per Share (RMB cents)	390.09	380.10	146.73	160.35
Number of Shares in issue at the end of the period	1,454,024,700	1,443,246,800	1,454,024,700	1,443,246,800

The net asset value per Share as at 31 December 2019 and 31 December 2018 was 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 2019 and 31 December 2018 was 1,454,024,700 and 1,443,246,800 respectively.

(8) A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

Income Analysis

4Q2019 vs 4Q2018

Revenue

	4Q2019		4Q2018		Change
	RMB'000	%	RMB'000	%	%
Sales of electricity	259,156	17.7	214,946	23.3	20.6
Sales of steam	111,197	7.6	104,727	11.4	6.2
Revenue from waste treatment fees	172,778	11.8	150,648	16.3	14.7
Waste-to-energy business	543,131	37.1	470,321	51.0	15.5
Revenue from construction services provided under service concession agreements	718,878	49.2	214,721	23.3	234.8
Financial income under service concession agreements	8,269	0.6	14,892	1.6	(44.5)
Construction services	727,147	49.7	229,613	24.9	216.7
Project technical and management service and EMC business	192,306	13.1	221,998	24.1	(13.4)
Total	1,462,584	100.0	921,932	100.0	58.6

Revenue increased 58.6% by RMB540.7 million from RMB921.9 million in 4Q2018 to RMB1,462.6 million in 4Q2019, primarily due to an increase in revenue from the waste-to-energy ("WTE") business (excluding revenue from construction services provided under build-operate-transfer ("BOT") concession agreements) and an increase in revenue from construction services provided under BOT concession agreements, offset by a decrease in revenue from project technical and management services and energy management contracting ("EMC") business.

Our WTE business (excluding revenue from construction services provided under BOT concession agreements)

Revenue from the WTE business (excluding revenue from construction services provided under BOT concession agreements) increased 15.5% by RMB72.8 million from RMB470.3 million in 4Q2018 to RMB543.1 million in 4Q2019. The increase was attributable to (i) the expansion and upgrading of the waste incineration boilers for seven of the eight WTE facilities being completed by the end of 4Q2019 which markedly increased waste treatment capacity and boiler operation efficiency and resulted in a higher amount of waste treated and electricity generated and an increase of RMB30.4 million in revenue, (ii) an increase in revenue of RMB45.7 million from the Group's other WTE facilities, (iii) a steady increase in output from Zhuji Bafang WTE Facility, which generated more electricity and steam after its upgrading resulting in a corresponding increase in revenue by RMB11.7 million and (iv) an increase in electricity tariffs for Hangzhou Xiaoshan and Zhengzhou Xingjin WTE Facilities by RMB4.7 million, offset by a decrease of RMB19.7 million in revenue from waste collection and transportation operations in India due to write-off in revenue that cannot be recovered.

Details of the electricity generated and supplied, steam supplied and waste treated for 4Q2019 and 4Q2018 are as follows:

	Group 4Q2019	Group 4Q2018	Change %
Electricity generated ('000 KWh)	735,766	601,144	22.4
On-grid electricity supplied ('000 KWh)	539,282	425,742	26.7
Steam supplied ('000 tonnes)	763	747	2.1
Waste treated ('000 tonnes)	2,486	2,171	14.5

On-grid electricity supplied and waste treated (including waste collection and transportation operations in India) increased 26.7% and 14.5% in 4Q2019 as compared to 4Q2018, due to the expansion and upgrading of the waste incineration boilers for seven of the eight WTE facilities being completed by the end of 4Q2019 which resulted in a higher amount of waste treated and electricity generated and the steady increase in output from Zhuji Bafang WTE Facility as well as an increase in steam supplied.

Construction services provided under BOT concession agreements

Revenue from construction services provided under BOT concession agreements increased by 216.7% from RMB229.6 million in 4Q2018 to RMB727.1 million in 4Q2019 due to an increase in revenue from the provision of construction services under BOT concession agreements from RMB214.7 million in 4Q2018 to RMB718.9 million in 4Q2019. In 4Q2019, BOT revenue was recorded for the Kunming Wuhua construction project and the Linzhou Jiasheng WTE Facility. Financial income recognised under service concession agreements decreased from RMB14.9 million in 4Q2018 to RMB8.3 million in 4Q2019 due to its amortisation in 4Q2019.

Project technical and management services and our EMC business

Revenue from project technical and management services and our EMC business decreased 13.4% from RMB222.0 million in 4Q2018 to RMB192.3 million in 4Q2019 due to (i) the reduction in the profit-sharing ratio in the later stages of the EMC contracts despite the number of EMC contracts having increased and (ii) the reduction in equipment selection and sales services provided by Hangzhou Kesheng.

Cost of sales

Cost of sales increased 87.0% by RMB590.9 million from RMB679.4 million in 4Q2018 to RMB1,270.3 million in 4Q2019, due to an increase in the cost of sales from our WTE business (excluding cost of sales from construction services provided under BOT concession agreements), from construction services provided under BOT concession agreements and from project technical and management services and our EMC business.

Our WTE business (excluding revenue from construction services provided under BOT concession agreements)

The cost of sales from our WTE business (excluding cost of sales from construction services provided under BOT concession agreements) increased 35.1% from RMB389.1 million in 4Q2018 to RMB525.6 million in 4Q2019. The increase is due to (i) an increase of RMB34.6 million in operating costs, including depreciation, following the commencement of operations of upgraded facilities, (ii) an increase of RMB111.7 million from higher repair and maintenance costs, materials costs and environmental protection auxiliary materials (RMB53.7 million), labour costs (RMB21.5 million) and other charges (RMB 36.5 million) arising from the higher volume of waste treated and (iii) an increase of RMB32.8 million in the costs of additional coal used following the commencement of operations of the additional coal-fired generation units of Zhuji Bafang WTE Facility and higher coal usage in certain other WTE facilities, considering an increased volume of waste treated, offset by a decrease of RMB11.8 million due to lower price of coal.

Construction services provided under BOT concession agreements

The cost of sales from construction services provided under BOT concession agreements increased 224.5% from RMB190.9 million in 4Q2018 to RMB619.3 million in 4Q2019, due to more construction services under BOT concession agreements in 4Q2019 for the Kunming Wuhua construction project and the Linzhou Jiasheng WTE Facility.

Project technical and management services and our EMC business

The cost of sales from project technical and management services and our EMC business increased 26.1% from RMB99.4 million in 4Q2018 to RMB125.4 million in 4Q2019, due to an increase in equipment selection and procurement services business with lower gross profit margins.

Gross profit and gross profit margin

	Gross Profit (RMB '000)		Gross Profit Margin	
	4Q2019	4Q2018	4Q2019	4Q2018
WTE business (excluding gross profit from construction services provided under BOT concession agreements)	17,516	81,253	3.2%	17.3%
Construction services provided under BOT concession agreements	99,619	23,863	13.9%	11.1%
Financial income under service concession agreements	8,269	14,892	N.A.	N.A.
Project technical and management service and EMC business	66,924	122,567	34.8%	55.2%
Total	192,328	242,575	13.1%	26.3%

As a result of the foregoing, the gross profit decreased 20.7% by RMB50.3 million from RMB242.6 million in 4Q2018 to RMB192.3 million in 4Q2019.

Gross profit and gross profit margin of our WTE business (excluding gross profit from construction services provided under BOT concession agreements)

The gross profit of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) decreased 78.4% from RMB81.3 million in 4Q2018 to RMB17.5 million in 4Q2019. The gross profit margin of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) decreased from 17.3% in 4Q2018 to 3.2% in 4Q2019. The additional depreciation charges accounted for a 6.2% drop in gross profit margin.

Gross profit and gross profit margin of construction services provided under BOT concession agreements

The gross profit from construction services provided under BOT concession agreements increased by RMB69.1 million from RMB38.8 million in 4Q2018 to RMB107.9 million in 4Q2019, due to an increase in gross profit from construction services from RMB23.9 million in 4Q2018 to RMB99.6 million in 4Q2019, offset by a decrease in finance income from RMB14.9 million in 4Q2018 to RMB8.3 million in 4Q2019. The gross profit margin including financial income decreased from 16.9% in 4Q2018 to 14.8% in 4Q2019.

Gross profit and gross profit margin of project technical and management services and our EMC business

The gross profit from project technical and management services and our EMC business decreased 45.4% from RMB122.6 million in 4Q2018 to RMB66.9 million in 4Q2019 and the gross profit margin of project technical and management services and our EMC business decreased from 55.2% in 4Q2018 to 34.8% in 4Q2019.

Other income and other losses

	Group 4Q2019 RMB'000	Group 4Q2018 RMB'000	Increase / (Decrease) RMB'000	Change + / (-) %
Government compensation for closure of plant - net	21,953	42,604	(20,651)	(48.5)
Government grants and tax refund	15,737	23,175	(7,438)	(32.1)
Bank interest income	31,229	10,174	21,055	206.9
Loss on sales of scrap materials	(19,294)	(8,873)	(10,421)	117.4
Foreign exchange gains (losses)	30,065	(512)	30,577	N.M.
Property, plant and equipment written off	(78,966)	-	(78,966)	N.M.
Impairment loss on property, plant and equipment	(53,124)	(1,161)	(51,963)	4,475.7
Loss allowance recognised on:				
- trade receivables	(15,029)	(184)	(14,845)	8,067.9
- other receivables	(12,600)	(2,392)	(10,208)	426.8
Sludge outsourcing fee	761	572	189	33.0
Other income and other losses	<u>(79,268)</u>	<u>63,403</u>	<u>(142,671)</u>	N.M.

Other income and other losses decreased from a gain of RMB63.4 million in 4Q2018 to a loss of RMB79.3 million in 4Q2019, primarily due to (i) a decrease in the net compensation from government for the closure of the Group's WTE facilities, from RMB42.6 million in 4Q2018 for the closure of Hangzhou Yuhang WTE Facility to RMB22.0 million in 4Q2019 for the closure of Zibo Jinjiang WTE Facility; the net compensation for closure of plant was arrived at after deducting the costs associated with the closure of the plant from the gross compensation; (ii) write-off of property, plant and equipment amounting to RMB79.0 million in 4Q2019 upon the completion of the expansion and upgrading of seven out of eight of the WTE facilities by the end of 4Q2019, as the impairment on the unusable assets before the completion of the upgrading process cannot be reasonably measured in the prior periods, (iii) impairment loss on property, plant and equipment amounting to RMB53.1 million due to impairment of RMB36.7 million on assets of Kunshan Jinkangrui resource recycling project and impairment of work in progress amounting to RMB16.4 million for the Xiaoshan Jinjiang WTE Facility net-zero emission project, (iv) impairment of RMB10.5 million on prepayment for equipment procured that cannot be recovered for the projects in India and (v) a decrease in government grants and tax refund by RMB7.4 million.

The Group signed a compensation agreement with the local government in December 2019 in relation to the Zibo Jinjiang WTE Facility, which had ceased incineration in July 2018. The waste previously treated by the Zibo Jinjiang WTE Facility is now treated by the Zibo New Energy WTE Facility which commenced trial operations in July 2018. Under the compensation agreement, the Group will receive a total compensation of RMB225,011,400, of which RMB31.0 million has been received in the first quarter of 2020 and the balance is expected to be paid by 31 December 2021.

The Group had voluntarily ceased operations at the Kunshan Jinkangrui resource recycling project towards end of December 2019 due to changes in the land use planning and environmental policies by the local government. While the Group is actively negotiating with the local government with regard to compensation for such closure, an impairment of RMB36.7 million has been made based on the irrecoverable amount of the assets.

Administrative expenses

Administrative expenses increased by 20.9% from RMB74.8 million in 4Q2018 to RMB90.4 million in 4Q2019. If the expense arising from the grant of share awards to employees under the Jinjiang Environment PSP is excluded, administrative expenses would have decreased by RMB6.5 million.

Finance costs

Finance costs increased 31.9% from RMB63.2 million in 4Q2018 to RMB83.3 million in 4Q2019, primarily due to an increase in new bank borrowings and more finance costs for the project bank borrowings relating to the upgraded facilities that were put into operation being expensed off.

Profit before tax

As a result of the foregoing, profit before tax decreased from RMB190.4 million in 4Q2018 to a loss before tax of RMB71.1 million in 4Q2019.

Income tax expense

Income tax expense increased from RMB0.7 million in 4Q2018 to RMB37.1 million in 4Q2019. The high effective tax rate is due mainly to the income tax payables for the construction services provided under BOT concession agreements and the closure of Zibo Jinjiang WTE Facility, which cannot be offset against the profit of the Group's subsidiaries in the PRC in the computation of income tax expenses.

Total comprehensive income for the period

As a result of the foregoing, total comprehensive income for the period decreased from RMB195.5 million in 4Q2018 to a total comprehensive loss of RMB124.1 million in 4Q2019.

FY2019 vs FY2018

Revenue

	FY2019		FY2018		Change
	RMB'000	%	RMB'000	%	%
Sales of electricity	1,085,311	28.4	840,622	27.7	29.1
Sales of steam	391,874	10.3	405,207	13.4	(3.3)
Revenue from waste treatment fees	715,324	18.7	562,533	18.6	27.2
Waste-to-energy business	2,192,509	57.4	1,808,362	59.7	21.2
Revenue from construction services provided under service concession agreements	1,272,823	33.3	607,041	20.0	109.7
Financial income under service concession agreements	41,993	1.1	37,757	1.2	11.2
Construction services	1,314,816	34.4	644,798	21.3	103.9
Project technical and management service and EMC business	315,506	8.3	577,619	19.1	(45.4)
Total	3,822,831	100.0	3,030,779	100.0	26.1

Revenue increased 26.1% by RMB792.0 million from RMB3,030.8 million in FY2018 to RMB3,822.8 million in FY2019, due to an increase in revenue from the WTE business (excluding revenue from construction services provided under BOT concession agreements) and an increase in revenue from construction services provided under BOT concession agreements, offset by a decrease in revenue from project technical and management services and our EMC business.

Our WTE business (excluding revenue from construction services provided under BOT concession agreements)

Revenue from our WTE business (excluding revenue from construction services provided under BOT concession agreements) increased 21.2% by RMB384.1 million from RMB1,808.4 million in FY2018 to RMB2,192.5 million in FY2019. The increase was attributable to (i) the expansion and upgrading of the waste incineration boilers for seven of the eight WTE facilities being completed by the end of FY2019 which markedly increased waste treatment capacity and boiler operation efficiency and resulted in a higher amount of waste treated and electricity generated and an increase of RMB185.6 million in revenue, (ii) an increase in revenue of RMB104.0 million from the Group's other WTE facilities, including RMB40.6 million revenue arising after the completion of phase two of the Wenling Green Energy WTE Facility, (iii) a steady increase in output from Zhuji Bafang WTE Facility, which generated more electricity and steam after its upgrading resulting in a corresponding increase in revenue by RMB69.3 million and (iv) an increase in electricity tariffs for Hangzhou Xiaoshan and Zhengzhou Xingjin WTE Facilities and

retrospective payments by the relevant government authorities in respect of waste treatment fees for prior years for Kunming Wuhua WTE Facility by RMB38.1 million, offset by a decrease of RMB12.9 million in revenue from waste collection and transportation operations in India due to write-off in revenue that cannot be recovered.

Details of the electricity generated and supplied, steam supplied and waste treated for FY2019 and FY2018 are as follows:

	Group FY2019	Group FY2018	Change %
Electricity generated ('000 KWh)	2,750,978	2,228,166	23.5
On-grid electricity supplied ('000 KWh)	1,987,809	1,562,441	27.2
Steam supplied ('000 tonnes)	2,803	2,916	(3.9)
Waste treated ('000 tonnes)	9,764	8,253	18.3

On-grid electricity supplied and waste treated (including waste collection and transportation operations in India) increased 27.2% and 18.3% in FY2019 as compared to FY2018, due to the expansion and upgrading of the waste incineration boilers for seven of the eight WTE facilities being completed by the end of FY2019 which resulted in a higher amount of waste treated and electricity generated and the steady increase in output from Zhuji Bafang WTE Facility and the phase two completion of Wenling Green Energy WTE Facility. Excluding waste collection and transportation operations in India, waste treated increased by 18.8% in FY2019 as compared to FY2018. The decrease in steam supplied is due to cessation of operations of the Zibo Jinjiang WTE Facility in July 2018 and a reduction in the number of customers for Tianjin Sunrise and Zibo Green Energy WTE Facilities.

Construction services provided under BOT concession agreements

Revenue from construction services provided under BOT concession agreements increased 103.9% from RMB644.8 million in FY2018 to RMB1,314.8 million in FY2019 due to an increase in revenue from the provision of construction services under BOT concession agreements from RMB607.0 million in FY2018 to RMB1,272.8 million in FY2019. In FY2019, BOT revenue was recorded for the Kunming Wuhua construction project, the Linzhou Jinjiang WTE Facility and the expansion of Wenling Green Energy WTE Facility and whereas in FY2018, BOT revenue was recorded for Yinchuan Zhongke and Gaomi Lilangmingde WTE Facilities and the WTE projects in India. Financial income recognised under service concession agreements increased from RMB37.8 million in FY2018 to RMB42.0 million in FY2019.

Project technical and management services and our EMC business

Revenue from project technical and management services and our EMC business decreased 45.4% from RMB577.6 million in FY2018 to RMB315.5 million in FY2019 due to the reduction in the profit-sharing ratio in the later stages of the EMC contracts despite the number of EMC contracts having increased and the reduction in revenue from project technical and management services including equipment selection and sales.

Cost of sales

Cost of sales increased 44.6% by RMB886.3 million from RMB1,987.6 million in FY2018 to RMB2,873.9 million in FY2019, due to an increase in the cost of sales from:

Our WTE business (excluding revenue from construction services provided under BOT concession agreements)

The cost of sales from our WTE business (excluding cost of sales from construction services provided under BOT concession agreements) increased 26.6% from RMB1,253.0 million in FY2018 to RMB1,586.3 million in FY2019. The increase is due to (i) an increase of RMB67.7 million in operating costs, including depreciation, following the commencement of operations of upgraded facilities, (ii) an increase of RMB237.0 million from higher environmental protection auxiliary materials (RMB111.1 million), labour costs (RMB31.0 million) and other charges including repair and maintenance costs and materials costs (RMB 94.9 million) arising from the higher volume of waste treated and (iii) an increase of RMB87.1 million in the costs of additional coal used following the commencement of operations of

the additional coal-fired generation units of Zhuji Bafang WTE Facility and higher coal usage in certain other WTE facilities, considering an increased volume of waste treated, offset by a decrease of RMB68.1 million due to lower price of coal and (iv) an increase of approximately RMB8.9 million in costs due to the increased geographical coverage of the waste collection and transportation operations in India.

Construction services provided under BOT concession agreements

The cost of sales from construction services provided under BOT concession agreements increased 111.9% from RMB518.0 million in FY2018 to RMB1,097.6 million in FY2019 due to more construction services provided under BOT concession agreements in FY2019, and hence higher costs were recorded. In FY2019, BOT revenue was recorded for the Kunming Wuhua construction project, the Linzhou Jinjiang WTE Facility and the expansion of Wenling Green Energy WTE Facility whereas in FY2018, BOT revenue was recorded for Yinchuan Zhongke and Gaomi Lilangmingde WTE Facilities.

Project technical and management services and EMC business

The cost of sales from project technical and management services and our EMC business decreased 12.3% from RMB216.6 million in FY2018 to RMB189.9 million in FY2019, due to a decrease in cost of sales from technical and management services including equipment selection and sales.

Gross profit and gross profit margin

	Gross Profit (RMB '000)		Gross Profit Margin	
	FY2019	FY2018	FY2019	FY2018
WTE business (excluding gross profit from construction services provided under BOT concession agreements)	606,240	555,408	27.7%	30.7%
Construction services provided under BOT concession agreements	175,177	89,073	13.8%	14.7%
Financial income under service concession agreements	41,993	37,757	N.A.	N.A.
Project technical and management service and EMC business	125,566	360,972	39.8%	62.5%
Total	948,976	1,043,210	24.8%	34.4%

As a result of the foregoing, the gross profit decreased 9.0% by RMB94.2 million from RMB1,043.2 million in FY2018 to RMB949.0 million in FY2019.

Gross profit and gross profit margin of our WTE business (excluding gross profit from construction services provided under BOT concession agreements)

The gross profit of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) increased 9.1% from RMB555.4 million in FY2018 to RMB606.2 million in FY2019. The gross profit margin of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) decreased from 30.7% in FY2018 to 27.7% in FY2019. The additional depreciation charges accounted for a 3.1% drop in gross profit margin.

Gross profit and gross profit margin of construction services provided under BOT concession agreements

The gross profit from construction services provided under BOT concession agreements increased 71.2% from RMB126.8 million in FY2018 to RMB217.2 million in FY2019. Finance income increased from RMB37.8 million in FY2018 to RMB42.0 million in FY2019. The gross profit margin including financial income decreased from 19.7% in FY2018 to 16.5% in FY2019.

Gross profit and gross profit margin of project technical and management services and our EMC business

The gross profit from project technical and management services and our EMC business decreased 65.2% from RMB361.0 million in FY2018 to RMB125.6 million in FY2019 and the gross profit margin of project technical and management services and our EMC business decreased from 62.5% in FY2018 to 39.8% in FY2019.

Other income and other losses

	Group FY2019 RMB'000	Group FY2018 RMB'000	Increase / (Decrease) RMB'000	Change +/(-) %
Government compensation for closure of plant - net	21,953	145,805	(123,852)	(84.9)
Gain on disposal of associate	-	7,823	(7,823)	(100.0)
Government grants and tax refund	43,924	55,830	(11,906)	(21.3)
Bank interest income	38,947	20,385	18,562	91.1
Gain on sales of scrap materials	29,999	21,329	8,670	40.6
Foreign exchange losses	(32,496)	(67,088)	34,592	(51.6)
Property, plant and equipment written off	(78,966)	(16)	(78,950)	493,437.5
Impairment loss on property, plant and equipment	(53,124)	(1,161)	(51,963)	4,475.7
Loss allowance recognised on:				
- trade receivables	(15,029)	(184)	(14,845)	8,067.9
- other receivables	(12,600)	(2,392)	(10,208)	426.8
Sludge outsourcing fee	4,327	6,800	(2,473)	(36.4)
Other income and other losses	(53,065)	187,131	(240,196)	N.M.

Other income and other losses decreased from a gain of RMB187.1 million in FY2018 to a loss of RMB53.1 million in FY2019, primarily due to (i) a decrease in the net compensation from government for the closure of the Group's WTE facilities, from RMB145.8 million in FY2018 for the closure of Hangzhou Yuhang WTE Facility to RMB22.0 million in FY2019 for the closure of Zibo Jinjiang WTE Facility; the net compensation for closure of plant was arrived at after deducting the costs associated with the closure of the plant from the gross compensation; (ii) write-off of property, plant and equipment amounting to RMB79.0 million in FY2019 upon the completion of the expansion and upgrading of seven out of eight of the WTE facilities by the end of FY2019, as the impairment on the unusable assets before the completion of the upgrading process cannot be reasonably measured in the prior periods, (iii) impairment loss on property, plant and equipment amounting to RMB53.1 million due to impairment of RMB36.9 million on assets in Kunshan Jinkangrui resource recycling project and impairment of work in progress amounting to RMB16.4 million for the Xiaoshan Jinjiang WTE Facility net-zero emission project, (iv) impairment of RMB10.5 million on prepayment for equipment procured that cannot be recovered for the projects in India and (v) a decrease in government grants and tax refund by RMB11.9 million.

The Group signed a compensation agreement with the local government in December 2019 in relation to the Zibo Jinjiang WTE Facility, which had ceased incineration in July 2018. The waste previously treated by the Zibo Jinjiang WTE Facility is now treated by the Zibo New Energy WTE Facility which commenced trial operations in July 2018. Under the compensation agreement, the Group will receive a total compensation of RMB225,011,400, of which RMB31.0 million has been received in the first quarter of 2020 and the balance is expected to be paid by 31 December 2021.

The Group had voluntarily ceased operations at the Kunshan Jinkangrui resource recycling project towards end of December 2019 due to changes in the land use planning and environmental policies by the local government. While the Group is actively negotiating with the local government with regard to compensation for such closure, an impairment of RMB36.7 million has been made based on the irrecoverable amount of the assets.

Administrative expenses

Administrative expenses increased 8.0% from RMB256.1 million in FY2018 to RMB276.6 million in FY2019. If the expense arising from the grant of share awards to employees under the Jinjiang Environment PSP in FY2019 is excluded, administrative expenses would have decreased by RMB1.6 million.

Finance costs

Finance costs increased 18.2% from RMB259.4 million in FY2018 to RMB306.6 million in FY2019, due to increase in new bank borrowings and less finance costs being capitalised.

Profit before tax

As a result of the foregoing, profit before tax decreased 59.2% from RMB748.3 million in FY2018 to RMB305.3 million in FY2019.

Income tax expense

Income tax expense decreased 18.2% from RMB173.6 million in FY2018 to RMB142.0 million in FY2019 and the effective tax rate was higher than the statutory tax rate of 25%. This is due to the impairment losses and write-offs in FY2019, the operating losses of overseas subsidiaries and foreign exchange losses which cannot be offset against the profit of China subsidiaries in the computation of income tax expenses for FY2019.

Total comprehensive income for the period

As a result of the foregoing, total comprehensive income for the period decreased 71.3% from RMB569.9 million in FY2018 to RMB163.7 million in FY2019.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Financial Position

	31 December 2019	31 December 2018	Increase / (Decrease)	Increase / (Decrease)
	RMB Million	RMB Million	RMB Million	%
Current assets	3,721.4	3,625.0	96.4	2.7
Non-current assets	12,848.0	10,969.1	1,878.9	17.1
Total assets	16,569.4	14,594.2	1,975.2	13.5
Current liabilities	5,818.4	3,284.7	2,533.7	77.1
Non-current liabilities	4,937.0	5,706.3	(769.3)	(13.5)
Total liabilities	10,755.4	8,991.0	1,764.4	19.6
Capital and reserves	5,814.0	5,603.2	210.8	3.8

Current assets

The increase is due to (i) pledged deposits increasing 11.2% by RMB57.7 million from RMB513.7 million as at 31 December 2018 to RMB571.4 million as at 31 December 2019 due to bank guarantees issued for local and overseas projects and (ii) trade and other receivables increasing 43.7% by RMB502.5 million from RMB1,150.1 million as at 31 December 2018 to RMB1,652.6 million as at 31 December 2019 due mainly to the increase in revenue from our WTE business and more prepayments made. This is offset by (i) bank balances decreasing 48.4% by RMB415.4 million from RMB857.5 million as at 31 December 2018 to RMB442.1 million as at 31 December 2019 and (ii) the amount due from related parties and joint ventures, which includes interest-bearing advances made to joint ventures for the construction of WTE facilities, decreasing 25.8% by RMB195.9 million from RMB760.2 million as at 31 December 2018 to RMB564.2 million as at 31 December 2019.

Non-current assets

The increase is attributable to new and BOT projects being constructed which resulted in increases in property, plant and equipment and intangible assets. Property, plant and equipment, including prepaid leases, increased 11.5% by RMB851.9 million from RMB7,382.4 million as at 31 December 2018 to RMB8,234.3 million as at 31 December 2019 due to upgrading and expansion of facilities. Intangible assets increased 44.4% by RMB1,085.7 million from RMB2,445.9 million as at 31 December 2018 to RMB3,530.8 million as at 31 December 2019, arising from the Kunming Wuhua construction project, the Linzhou Jiasheng WTE Facility and the expansion of the Wenling Green Energy WTE Facility. Other receivables decreased from RMB435.1 million as at 31 December 2018 to RMB202.2 million as at 31 December 2019, as a result of the transfers in advances and prepayment for equipment for the upgrading of existing facilities and construction of new facilities to property, plant and equipment.

Current liabilities

The increase is mainly due to (i) current borrowings increasing 80.9% by RMB987.3 million from RMB1,220.0 million as at 31 December 2018 to RMB2,207.3 million as at 31 December 2019, due to reclassification of borrowings between current and non-current liabilities, (ii) notes payable increasing by RMB1,383.0 million from RMB40.2 million as at 31 December 2018 to RMB1,423.2 million as at 31 December 2019 due to reclassification and exchange rate fluctuations, given that the US\$200 million in aggregate principal amount of 6.0% senior unsecured notes which were issued in July 2017 are due and payable in July 2020 and (iii) trade and other payables increasing 33.5% by RMB434.6 million from RMB1,299.0 million as at 31 December 2018 to RMB1,733.5 million as at 31 December 2019 due to higher payables recorded in accordance with contractual payment terms and advance project payments. This is offset by current portion of lease liabilities decreasing 61.5% by RMB242.4 million from RMB394.0 million as at 31 December 2018 to RMB151.6 million as at 31 December 2019 due to repayment. In addition, in 2019, new lease liabilities that arise under sales and leaseback will be classified as borrowings under IFRS 16.

Non-current liabilities

The decrease is mainly due to (i) notes payable decreasing by RMB1,347.7 million from RMB1,347.7 million as at 31 December 2018 to nil as at 31 December 2019 given that the USD200 million 3 years 6.0% senior unsecured notes which were issued in July 2017 are due and payable in July 2020 and classified under current liabilities and (ii) non-current lease liabilities decreasing 50.9% by RMB232.0 million from RMB455.5 million as at 31 December 2018 to RMB223.6 million as at 31 December 2019 due to repayment and reclassification into short term lease liabilities, offset by new leases for the Zhengzhou Xingjin (RMB91.0 million), Xiaoshan Jinjiang (RMB150.0 million), Wuhan Jinjiang (RMB350.0 million) and Lianyungang Sunrise (RMB280.0 million) WTE Facilities. This is offset by (i) non-current borrowings increasing 16.2% by RMB533.4 million from RMB3,298.6 million as at 31 December 2018 to RMB3,832.0 million as at 31 December 2019 due to new borrowings for the Kunming Wuhua construction project (RMB428.5 million), Wenling organic waste project (RMB41.8 million) and Wenling Green Energy (RMB150 million), Tangshan Jiasheng (RMB63.8 million) and Shijiazhuang Jiasheng WTE Facilities (RMB150 million), offset by reclassification into short term borrowings, (ii) deferred tax liabilities increasing 13.1% by RMB55.6 million from RMB425.3 million as at 31 December 2018 to RMB480.9 million as at 31 December 2019 arising from construction services provided under the BOT concession agreements and (iii) deferred grant increasing 136.6% by RMB220.2 million from RMB161.2 million as at 31 December 2018 to RMB381.5 million as at 31 December 2019, arising mainly from the receipts of RMB135.0 million government grant by the Kunming Wuhua construction project, RMB30.0 million by the Jilin Xinxiang WTE Facility, RMB18.0 million by the Shijiazhuang WTE Facility RMB8.0 million grant by the Tangshan Jiasheng WTE Facility.

Capital and reserves

The increase from RMB5,603.2 million as at 31 December 2018 to RMB5,814.0 million as at 31 December 2019 is due to the retained earnings for FY2019.

Negative working capital position

The Group was in a negative working capital position with net current liabilities of RMB2,097.0 million as at 31 December 2019, as compared to net current assets of RMB340.4 million as at 31 December 2018. This is mainly due to the reclassification of (i) the US\$200 million in aggregate principal amount of 6.0% senior unsecured notes which were issued in July 2017 and are due and payable in July 2020, and (ii) borrowings and lease liabilities, between current and non-current liabilities.

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

- (a) the Board has reviewed the cashflow forecast prepared by management for the next 12 months up to 31 December 2020, 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, and is based on the following key assumptions:
 - (i) completion of the refinancing of certain borrowings and lease liabilities that are due for repayment within the next 12 months up to 31 December 2020 amounting to approximately RMB900 million and the securing of new borrowings and lease liabilities amounting to approximately RMB700 million; and
 - (ii) the successful completion of the refinancing proposals set out in (b) below.

The Board received assurance from management that the aforesaid key assumptions are achievable within the stipulated timeframes and that the projections were prepared on a reasonable and realistic basis;

- (b) management is actively pursuing various proposals to refinance the US\$200 million in aggregate principal amount of 6.0% senior unsecured notes which were issued in July 2017 and will mature on 27 July 2020 through, among others, (i) securing additional overseas syndicated loan facilities by early July 2020 with a view to effecting drawdowns by the middle of July 2020 and (ii) issuing asset-backed securities (“ABS”) to qualified investors in the PRC, and expects that the aforesaid proposals will be consummated; and
- (c) the Group will continue to actively seek the support of the Group’s largest controlling shareholder Zhejiang Energy Group Co., Ltd., which is a state-owned provincial energy enterprise with great financial strength and good credit standing that can enhance the stability of the Group’s capital structure. This will help to improve the Group’s financing channels and reduce financing costs in relation to the Group’s future fund-raising plans, so as to strengthen the working capital position of the Group.

The Company will continue to prudently monitor its cashflow to meet the 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.

Cashflow Review

	Group 4Q2019 RMB Million	Group FY2019 RMB Million	Increase / (Decrease) RMB Million
Net cash used in operating activities	(472.5)	(31.5)	(441.0)
Net cash used in investing activities	(14.5)	(1,136.8)	1,122.3
Net cash flow from financing activities	160.1	748.0	(587.9)
Cash and cash equivalents at beginning of the period	788.6	857.5	(68.9)
Effect of exchange rate fluctuations on cash held	(19.6)	5.0	(24.5)
Cash and cash equivalents at the end of the period	<u>442.1</u>	<u>442.1</u>	-

In 4Q2019, operating cash outflow was RMB472.5 million. This is due to (i) collections from trade and other receivables and payments made to trade and other payables and related parties, (ii) increased service concession receivables and intangible assets in respect of BOT projects of RMB748.5 million and payment of income tax of RMB26.0 million, offset by operating cash flows before movements in working capital of RMB225.5 million.

In FY2019, operating cash outflow was RMB31.5 million. This is due to (i) collections from trade and other receivables and from related parties and payments made for trade and other payables, (ii) increased service concession receivables and intangible assets in respect of BOT projects of RMB1,292.5 million and payment of income tax of RMB111.1 million, offset by operating cash flows before movements in working capital of RMB1,161.7 million.

In 4Q2019, investing cash outflow was RMB14.5 million. This is due to investments in both property, plant and equipment and intangible assets.

In FY2019, investing cash outflow was RMB1,136.8 million. This is due to investments in both property, plant and equipment and intangible assets which includes (i) the upgrading of eight existing operational WTE facilities, (ii) prepayment for equipment and construction for the Kunming Wuhua construction project, Shijiazhuang Jiasheng and Tangshan Jiasheng WTE Facilities and (iii) preparatory and project costs for both local and overseas projects.

In 4Q2019, financing cash inflow was RMB160.1 million. This is due to new borrowings from the group of companies held under Zheneng Energy Group Co., Ltd. (RMB100.0 million) and for the Kunming Wuhua construction project (RMB68.0 million), Wenling organic waste project (RMB12.0 million) and Zhuji Bafang WTE Facility (RMB30.0 million), offset by repayment of borrowings and interest.

In FY2019, financing cash inflow was RMB748.0 million. This is due to new borrowings for the Kunming Wuhua construction project (RMB428.5 million), Wenling organic waste project (RMB 41.8 million) and Wenling Green Energy (RMB152.0 million), Shijiazhuang Jiasheng (RMB150.0 million), Tangshan Jiasheng (RMB63.8 million), Wuhan Jinjiang (RMB350.0 million) and Xiaoshan Jinjiang (RMB150.0 million) WTE Facilities and leases for the Xiaoshan Jinjiang and Wuhan Jinjiang WTE Facilities, offset by repayment of borrowings and interest.

Bank balances and cash as at 31 December 2019 was RMB442.1 million.

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

Not applicable.

(10) 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 2019, the PRC's economy experienced stable growth, with its gross domestic product growing by 6.0% year-on-year in the fourth quarter of 2019, and at the same rate as the third quarter of 2019, as compared to 6.1% growth during same period in 2018, in line with the expected goal of 6% to 6.5%. The growth was significantly higher than the global economic growth and contributed to about 30% of the world's economic growth and continued to be the main driving force for the world economic growth.

Nevertheless, with the current complex domestic and global economic situation, recessionary risks to the global economy, increased external uncertainties and the downward pressure on the PRC domestic economy, the business environment is expected to be challenging. The volatility of the Chinese Renminbi may also impact on the Group's financial performance.

The Group continues to operate in a stable regulatory environment where the PRC government encourages the development of the WTE industry. For example, the 13th Five-Year Plan of the PRC (i) targets the harmless treatment of over 95% of municipal solid waste and effectively disposing over 90% waste in rural areas, (ii) targets for more than 50% and 60% of harmless waste treatment in certain cities and the eastern region respectively, to be by way of incineration, (iii) seeks to achieve zero use of landfills for the disposal of municipal solid waste in certain municipalities, cities and the built-up area of provincial capital cities by end-2020 and (iv) makes clean energy projects a priority.

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

(B) Operational Matters

As at 31 December 2019, the Group has completed the upgrading works for seven out of eight WTE facilities under its ongoing upgrading project ("Upgrading Project"), which when fully completed, is expected to expand the waste treatment capacity of the Group by approximately 5,000 t/d, whilst also reducing emission levels and the proportion of coal used at the Group's WTE facilities. For the eighth WTE facility at Lianyungang Sunrise, the upgrading of the existing third boiler has been completed. In order to satisfy the demand for heating, a new fourth boiler will be first constructed (to be operational by the end of 2020) before the upgrading of the existing two boilers under the Upgrading Project, which will be carried out depending on the rate of growth of the volume of municipal solid waste in Lianyungang. Currently, the upgraded equipment that has been put into operation has resulted in a marked increase in waste treatment capacity and higher boiler operation efficiency. As compared to 2018, in 2019, there has been a significant improvement in the amount of waste treated (18.3%), the amount of electricity generated (23.5%) and supplied (27.2%), and the revenue from the WTE business (excluding BOT construction revenue) (21.2%).

The Kunming Jinjiang WTE Facility is currently operating normally and the timeline for any closure or cessation of its operations will be determined based on the overall progress of completion of the Kunming Wuhua construction project, which has obtained approximately RMB161.5 million in investment from the central government in 2019. The first phase of the Kunming Wuhua construction project, comprising of two boilers and two generators, has been put into trial operation in March 2020, and the Group will look to expedite the completion of the final phase comprising a third boiler. The Group intends to initiate negotiations with the local authority regarding the compensation for the closure of the Kunming Jinjiang WTE Facility once the Kunming Wuhua construction project is fully operational.

The Group's project construction is proceeding on schedule in an orderly manner. 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 65,746 t/d upon the completion of these projects.

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

The Group's WTE and other facilities in the PRC (including its two WTE facilities located in Wuhan) and overseas have remained operational throughout the Coronavirus Disease ("COVID-19") pandemic. The continued operation of the Group's WTE facilities is also accorded importance by the relevant local authorities, as they provide an important municipal service through the treatment of municipal solid waste including any discarded face masks and personal protective equipment. This helps to prevent secondary transmission of the virus which causes the COVID-19, and the Group's crucial role has gained recognition from the local government authorities and positive media coverage. In addition, the PRC government has introduced certain safeguards and support measures in response to the pandemic, including deferred repayment of loans, tax relief and deferral, social security relief and special subsidies, which provides a strong base for the stable and sustainable development of the Group going forward.

However, the movement restrictions put in place in response to the COVID-19 pandemic resulted in a temporary reduction in the amount of waste transported to and treated by the Group's facilities, as well as the amount of electricity and steam supplied. In the first quarter of 2020, due to the impact of the pandemic, the amount of waste treated decreased by about 10%, and the amount of steam supplied decreased by about 17%, as compared with the respective budgeted amounts. While the amount of waste treated has since returned to more than 95% of the level before the pandemic, the amount of steam supplied has not fully returned to pre-pandemic levels due to a reduction in the number of customers purchasing steam generated by the Zhuji Bafang WTE Facility.

The Group's facilities remain in normal and stable operation and are able to achieve timely treatment of local waste and meet discharge standards, and none of the Group's employees have tested positive for COVID-19. This is due to, among other things, the strict precautionary measures adopted by the Group in accordance with guidelines from the respective local authorities and the fact that employees in the labour pool of each facility in the PRC either reside nearby or on-site at the particular facility. While the prices of certain raw materials have also increased, the Group has not experienced any significant disruptions with regard to the supply of its raw materials. Notwithstanding this, by the end of March 2020, the COVID-19 situation in the PRC had eased substantially and many regions in the PRC had reported zero growth in the numbers of confirmed cases on a continuous basis. In addition, many companies in the PRC have resumed operations. The Company and its subsidiaries have not exercised temporary relief, force majeure clauses or termination of contractual obligations for material contracts nor faced any threats to its contractual rights or ability to fulfill its obligations for material contracts as a result of the COVID-19 situation. There were no material contractual terms that have been waived or newly imposed.

The Company has put in place precautionary measures at its corporate headquarters and its facilities in accordance with guidelines from the respective local authorities, provided guidance and supervision over such precautionary measures, and instituted business continuity plans in order to minimise impact to its operations. The Group has established a working group for COVID-19 prevention and control headed by its Executive Chairman Mr. Wei Dongliang and comprising its executive directors and certain key executive officers, departments heads and the managers of each facility. The working group is responsible for the daily supervision of the prevention and control measures adopted by the Group's various operating entities. Each operating entity has also set up sub-working groups to strengthen prevention and control against COVID-19. The Company has not been in breach of any COVID-19 restrictions which may lead to penalties from the authorities.

The Company will continue to monitor the COVID-19 situation and will announce any material developments regarding its business and operations in a timely manner in compliance with Rule 703 of the Listing Manual.

(11) 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.

(12) 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.

(13) If 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). If no IPT mandate has been obtained, a statement to that effect.

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

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

(14) 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.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(15) Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

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 and EMC business
 - Comprise of service income

31 December 2019

	Waste-to-energy project construction and services RMB '000	Project technical and management services and EMC business RMB '000	Total RMB '000
Segment revenue			
External revenue	3,507,850	314,981	3,822,831
Inter-segment revenue	-	116,321	116,321
	3,507,850	431,302	3,939,152
Elimination	-	(116,321)	(116,321)
Revenue	3,507,850	314,981	3,822,831
Segment profit	823,936	125,040	948,976
Government grants and VAT refund	41,925	1,999	43,924
Property, plant and equipment written off	(78,966)	-	(78,966)
Impairment loss on property, plant and equipment	(53,124)	-	(53,124)
Government compensation for closure of plant - net	21,953	-	21,953
Other income (expense)			13,148
Administrative expenses			(276,644)
Finance costs			(306,587)
Share of gain of an associate			836
Share of loss of joint ventures			(8,169)
Profit before tax			305,347
Assets and Liabilities			
Segment assets	14,255,765	625,326	14,881,091
Unallocated			1,688,307
Consolidated total assets			16,569,398
Segment liabilities	9,567,784	531,702	10,099,486
Unallocated			655,880
Consolidated total liabilities			10,755,366

Other segment information

Depreciation and amortisation	441,441	39,668	481,109
Additions to non-current assets	2,605,097	3,664	2,608,761

31 December 2018

	Waste-to-energy project construction and services RMB '000	Project technical and management services and EMC business RMB '000	Total RMB '000
Segment revenue			
External revenue	2,459,342	571,437	3,030,779
Inter-segment revenue	-	31,225	31,225
	2,459,342	602,662	3,062,004
Elimination	-	(31,225)	(31,225)
Revenue	2,459,342	571,437	3,030,779
Segment profit	688,420	354,790	1,043,210
Government compensation for closure of plant - net	145,805	-	145,805
Government grants and VAT refund	55,112	718	55,830
Gain on disposal of subsidiary	31,344	-	31,344
Other income (expense)			(14,504)
Administrative expenses			(256,108)
Finance costs			(259,412)
Share of gain of a joint venture			2,147
Profit before tax			748,312
Assets and Liabilities			
Segment assets	11,814,079	732,194	12,546,273
Unallocated			2,047,901
Consolidated total assets			14,594,174
Segment liabilities	8,060,444	307,262	8,367,706
Unallocated			623,258
Consolidated total liabilities			8,990,964
Other segment information			
Depreciation and amortisation	376,969	27,205	404,174
Additions to non-current assets	2,379,149	18,842	2,397,991

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

- (1) Waste-to-energy project construction and operation
In 2019 and 2018, no single customer accounted for 10% or more of the Group's revenue.
- (2) Project technical and management service and EMC business
In 2019 and 2018, no single customer accounted for 10% or more of the Group's revenue.

(16) In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to notes 8 and 15.

(17) A breakdown of sales as follows:-

	Group 31 Dec 2019 RMB '000	Group 31 Dec 2018 RMB '000	% Increase / (Decrease)
(a) Sales reported for first half	1,632,987	1,435,189	13.8%
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	261,122	254,944	2.4%
(c) Sales reported for second half	2,189,844	1,595,590	37.2%
(d) Operating (loss) profit after tax before deducting non-controlling interests reported for second half year	(97,791)	319,730	(130.6%)

(18) A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

	31 Dec 2019 SGD	31 Dec 2018 SGD
Ordinary	Nil	Nil
Preference	Nil	Nil
	Nil	Nil

(19) 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
30 April 2020