



**浙能锦江环境**

ZHENENG JINJIANG ENVIRONMENT

**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)

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**Unaudited Condensed Interim Financial Statements For The Second Quarter and Half Year Ended  
30 June 2022**

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## Condensed Interim Consolidated Statement of Comprehensive Income

	Note	Group 3 months ended 30 June 2022 RMB'000	Group 3 months ended 30 June 2021 RMB'000	Group 6 months ended 30 June 2022 RMB'000	Group 6 months ended 30 June 2021 RMB'000
Revenue	3	971,460	864,125	1,839,303	1,613,252
Cost of sales		(701,168)	(598,807)	(1,324,336)	(1,112,868)
<b>Gross profit</b>		<b>270,292</b>	<b>265,318</b>	<b>514,967</b>	<b>500,384</b>
Other income					
- Interest		4,274	1,257	8,093	2,141
- Others		32,568	37,028	77,503	64,534
Other gains and (losses), net		(117,679)	33,874	(110,204)	14,933
Expenses					
- Administrative		(66,513)	(76,858)	(114,120)	(121,920)
- Finance		(95,392)	(103,348)	(202,791)	(185,101)
- Others		-	(70)	-	(70)
Share of profit/(loss) of joint ventures		3	(319)	(265)	(540)
<b>Profit before income tax</b>	4	<b>27,553</b>	<b>156,882</b>	<b>173,183</b>	<b>274,361</b>
Income tax expense		(34,711)	(35,213)	(72,120)	(72,336)
<b>(Loss)/Profit for the period</b>		<b>(7,158)</b>	<b>121,669</b>	<b>101,063</b>	<b>202,025</b>
<b>Other comprehensive income/(loss)</b>					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Currency translation differences arising from consolidation		794	(6,393)	(1,401)	(12,315)
<b>Other comprehensive income/(loss), net of tax</b>		<b>794</b>	<b>(6,393)</b>	<b>(1,401)</b>	<b>(12,315)</b>
<b>Total comprehensive (loss)/income for the period</b>		<b>(6,364)</b>	<b>115,276</b>	<b>99,662</b>	<b>189,710</b>
<b>(Loss)/Profit for the period attributable to:</b>					
- equity holders of the Company		(11,995)	116,808	93,489	193,856
- non-controlling interests		4,837	4,861	7,574	8,169
		<b>(7,158)</b>	<b>121,669</b>	<b>101,063</b>	<b>202,025</b>
<b>Total comprehensive (loss)/income for the period attributable to:</b>					
- equity holders of the Company		(11,201)	110,415	92,088	181,541
- non-controlling interests		4,837	4,861	7,574	8,169
		<b>(6,364)</b>	<b>115,276</b>	<b>99,662</b>	<b>189,710</b>
<b>Earnings per share attributable to the equity holders of the Company: (RMB cents per share)</b>					
Basic and diluted earnings per share		(0.82)	8.03	6.43	13.33

## Condensed Interim Statement of Financial Position

	Note	Group As at 30.06.22 RMB'000	Group As at 31.12.21 RMB'000	Company As at 30.06.22 RMB'000	Company As at 31.12.21 RMB'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		478,668	387,801	11,281	15,722
Pledged bank deposits		751,815	818,234	83,635	79,423
Trade and other receivables		2,477,406	2,438,221	-	-
Amounts due from non-controlling interests		25,896	25,896	-	-
Amounts due from related parties	5	394,853	718,976	3,999	2,258
Contract assets		14,137	17,832	-	-
Service concession receivables	6	63,976	63,976	-	-
Other tax recoverable		384,868	386,550	-	-
Inventories		82,305	62,216	-	-
<b>Total current assets</b>		<b>4,673,924</b>	<b>4,919,702</b>	<b>98,915</b>	<b>97,403</b>
<b>Non-current assets</b>					
Other receivables		151,664	152,448	-	-
Amount due from subsidiaries		-	-	2,232,912	2,116,567
Service concession receivables	6	732,653	736,432	-	-
Property, plant and equipment	7	10,528,697	10,037,818	-	-
Investment in associates		13,793	15,613	-	-
Investment in joint ventures		266,607	204,765	5,039	5,039
Investment in subsidiaries		-	-	1,798,280	1,798,280
Investment property		24,734	24,875	-	-
Intangible assets	8	4,501,054	4,289,074	-	-
<b>Total non-current assets</b>		<b>16,219,202</b>	<b>15,461,025</b>	<b>4,036,231</b>	<b>3,919,886</b>
<b>Total assets</b>		<b>20,893,126</b>	<b>20,380,727</b>	<b>4,135,146</b>	<b>4,017,289</b>
<b>Current liabilities</b>					
Amounts due to non-controlling interests		5,120	4,507	-	-
Amounts due to related parties	5	49,371	55,680	-	-
Amount due to subsidiaries		-	-	85,885	85,884
Lease liabilities		3,152	5,035	-	-
Trade and other payables		2,101,504	2,077,756	12,281	10,505
Borrowings	9	4,885,186	4,706,413	1,942,114	2,014,633
Deferred grant		17,065	17,065	-	-
Other tax liabilities		56,959	61,096	-	-
Income tax liabilities		126,500	123,057	-	-
<b>Total current liabilities</b>		<b>7,244,857</b>	<b>7,050,609</b>	<b>2,040,280</b>	<b>2,111,022</b>
<b>Net current liabilities</b>		<b>(2,570,933)</b>	<b>(2,130,907)</b>	<b>(1,941,365)</b>	<b>(2,013,619)</b>
<b>Non-current liabilities</b>					
Borrowings	9	5,953,676	5,774,970	207,181	-
Lease liabilities		2,457	2,457	-	-
Deferred tax liabilities		663,609	618,953	-	-
Deferred grant		359,147	364,020	-	-
Provision for major overhauls		24,826	24,826	-	-
<b>Total non-current liabilities</b>		<b>7,003,715</b>	<b>6,785,226</b>	<b>207,181</b>	<b>-</b>
<b>Total liabilities</b>		<b>14,248,572</b>	<b>13,835,835</b>	<b>2,247,461</b>	<b>2,111,022</b>
<b>NET ASSETS</b>		<b>6,644,554</b>	<b>6,544,892</b>	<b>1,887,685</b>	<b>1,906,267</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	10	96	96	96	96
Share premium		1,601,100	1,601,100	1,601,100	1,601,100
Reserves		514,489	515,890	1,057,112	1,057,112
Retained profits / (accumulated losses)		4,379,070	4,285,581	(770,624)	(752,041)
		6,494,755	6,402,667	1,887,684	1,906,267
Non-controlling interests		149,799	142,225	-	-
<b>Total equity</b>		<b>6,644,554</b>	<b>6,544,892</b>	<b>1,887,684</b>	<b>1,906,267</b>

## 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
<b>Group</b>											
<b>At 1 January 2022</b>	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
Profit for the period	-	-	-	-	-	-	-	105,484	105,484	2,737	108,221
Other comprehensive loss for the period	-	-	-	-	-	(2,195)	-	-	(2,195)	-	(2,195)
<b>At 31 March 2022</b>	96	1,601,100	393,694	(67,642)	191,243	(59,772)	56,172	4,391,065	6,505,956	144,962	6,650,918
<b>At 1 April 2022</b>	96	1,601,100	393,694	(67,642)	191,243	(59,772)	56,172	4,391,065	6,505,956	144,962	6,650,918
(Loss)/Profit for the period	-	-	-	-	-	-	-	(11,995)	(11,995)	4,837	(7,158)
Other comprehensive income for the period	-	-	-	-	-	794	-	-	794	-	794
<b>At 30 June 2022</b>	96	1,601,100	393,694	(67,642)	191,243	(58,978)	56,172	4,379,070	6,494,755	149,799	6,644,554
<b>At 1 January 2021</b>	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	-	-	-	-	-	-	-	77,048	77,048	3,308	80,356
Other comprehensive loss for the period	-	-	-	-	-	(5,922)	-	-	(5,922)	-	(5,922)
<b>At 31 March 2021</b>	96	1,601,100	393,694	(67,642)	155,288	(52,327)	56,172	3,960,560	6,046,941	130,495	6,177,436
<b>At 1 April 2021</b>	96	1,601,100	393,694	(67,642)	155,288	(52,327)	56,172	3,960,560	6,046,941	130,495	6,177,436
Profit for the period	-	-	-	-	-	-	-	116,808	116,808	4,861	121,669
Other comprehensive loss for the period	-	-	-	-	-	(6,393)	-	-	(6,393)	-	(6,393)
<b>At 30 June 2021</b>	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

	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
<b>Group</b>											
<b>At 1 July 2021</b>	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
<b>At 30 September 2021</b>	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
<b>At 1 October 2021</b>	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 loss 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)
<b>At 31 December 2021</b>	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

## 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
<b>Company</b>					
<b>At 1 January 2022</b>	96	1,601,100	1,057,112	(752,041)	1,906,267
Loss and total comprehensive loss for the period	-	-	-	(12,505)	(12,505)
<b>At 31 March 2022</b>	96	1,601,100	1,057,112	(764,546)	1,893,762
<b>At 1 April 2022</b>	96	1,601,100	1,057,112	(764,546)	1,893,762
Loss and total comprehensive loss for the period	-	-	-	(6,078)	(6,078)
<b>At 30 June 2022</b>	96	1,601,100	1,057,112	(770,624)	1,887,684
<b>At 1 January 2021</b>	96	1,601,100	1,057,112	(664,591)	1,993,717
Loss and total comprehensive loss for the period	-	-	-	(15,307)	(15,307)
<b>At 31 March 2021</b>	96	1,601,100	1,057,112	(679,898)	1,978,410
<b>At 1 April 2021</b>	96	1,601,100	1,057,112	(679,898)	1,978,410
Loss and total comprehensive loss for the period	-	-	-	(30,293)	(30,293)
<b>At 30 June 2021</b>	96	1,601,100	1,057,112	(710,191)	1,948,117
<b>At 1 July 2021</b>	96	1,601,100	1,057,112	(710,191)	1,948,117
Loss and total comprehensive loss for the period	-	-	-	(18,337)	(18,337)
<b>At 30 September 2021</b>	96	1,601,100	1,057,112	(728,528)	1,929,780
<b>At 1 October 2021</b>	96	1,601,100	1,057,112	(728,528)	1,929,780
Loss and total comprehensive loss for the period	-	-	-	(23,513)	(23,513)
<b>At 31 December 2021</b>	96	1,601,100	1,057,112	(752,041)	1,906,267

## Condensed Interim Consolidated Statement of Cash Flows

	Group 3 months ended 30 June 2022 RMB'000	Group 3 months ended 30 June 2021 RMB'000	Group 6 months ended 30 June 2022 RMB'000	Group 6 months ended 30 June 2021 RMB'000
<b>Cash flows from operating activities</b>				
Profit before tax	27,553	156,882	173,183	274,361
Adjustments for:				
- Amortisation of intangible assets	38,943	38,426	82,902	76,552
- Deferred grant recognised	(8,043)	(16,390)	(22,645)	(23,146)
- Depreciation of investment property	221	223	473	451
- Depreciation of property, plant and equipment	98,555	77,762	192,528	153,222
- Depreciation of right-of-use assets	21,922	24,406	42,646	47,414
- Finance expenses	95,392	103,348	202,791	185,101
- Foreign exchange losses/(gains)	126,083	(39,283)	118,561	(19,383)
- Financial income under service concession arrangements	(10,651)	(12,153)	(21,301)	(23,201)
- Bank interest income	(4,274)	(1,257)	(8,093)	(2,141)
- (Gain)/Loss on disposal of property, plant and equipment	(130)	306	(130)	334
- Gain on disposal of shares of an associate	-	-	(421)	-
- Impairment loss on prepayment	-	70	-	70
- Share of (profit)/loss of joint ventures	(3)	319	265	540
	<u>385,568</u>	<u>332,659</u>	<u>760,759</u>	<u>670,174</u>
Change in working capital				
- Trade and other receivables	(164,522)	26,576	(233,440)	(115,402)
- Service concession receivables	(3,780)	(1,875)	3,779	(3,714)
- Contract assets	2,022	(41,047)	3,695	(59,452)
- Other tax recoverable	(3,700)	6,610	1,682	(1,790)
- Inventories	(24,612)	(3,010)	(20,089)	(6,686)
- Intangible assets	(169,808)	(57,404)	(293,627)	(161,930)
- Trade and other payables	181,063	(97,423)	(10,151)	(124,380)
- Other tax liabilities	(12,329)	(4,685)	(4,137)	(17,897)
- Amount due from related parties	100,886	(6,995)	141,967	(38,887)
- Amount due from non-controlling interests	-	6,434	-	6,202
- Amount due to related parties	(25)	(3,554)	(1,763)	(13,698)
- Deferred grants	21,177	18,172	17,772	19,678
- Provision for contingent liabilities	-	(2,400)	-	(2,400)
Cash generated from operations	<u>311,940</u>	<u>172,058</u>	<u>366,447</u>	<u>149,818</u>
Income tax paid	(19,162)	(21,921)	(33,006)	(73,168)
<b>Net cash generated from operating activities</b>	<b><u>292,778</u></b>	<b><u>150,137</u></b>	<b><u>333,441</u></b>	<b><u>76,650</u></b>
<b>Cash flows from investing activities</b>				
Interest received	4,274	1,257	8,093	2,141
Additions to property, plant and equipment	(195,986)	(313,872)	(513,551)	(792,967)
Additions to intangible assets - software	(349)	-	(1,255)	-
Investment in joint venture	(17,620)	-	(62,107)	-
Proceeds from disposal shares of an associate	-	-	2,241	-
Proceeds from disposal of subsidiaries	105,785	-	114,255	-
Receipt of non-trade amounts due from joint ventures	182,154	-	182,154	-
Bank deposits pledged	445	640	788	640
Proceed from closure of WTE plant	-	9,836	-	9,836
Proceed from disposal of property, plant and equipment	291	-	291	2,750
<b>Net cash generated from/(used in) investing activities</b>	<b><u>78,994</u></b>	<b><u>(302,139)</u></b>	<b><u>(269,091)</u></b>	<b><u>(777,600)</u></b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	2,175,223	1,793,325	3,622,079	3,541,375
Repayment of borrowings	(2,383,335)	(1,310,577)	(3,453,628)	(2,105,714)
Payment of finance costs	(98,668)	(110,077)	(211,037)	(200,667)
Pledged bank deposits for borrowings	93,580	(559,807)	65,631	(551,901)
Repayment of lease liabilities	(1,663)	(15,000)	(4,334)	(26,775)
<b>Net cash (used in)/generated from financing activities</b>	<b><u>(214,863)</u></b>	<b><u>(202,136)</u></b>	<b><u>18,711</u></b>	<b><u>656,318</u></b>

	<b>Group 3 months ended 30 June 2022 RMB'000</b>	<b>Group 3 months ended 30 June 2021 RMB'000</b>	<b>Group 6 months ended 30 June 2022 RMB'000</b>	<b>Group 6 months ended 30 June 2021 RMB'000</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	156,909	(354,138)	83,061	(44,632)
<b>Cash and cash equivalents</b>				
Cash and cash equivalents at beginning of the period	313,485	671,805	387,801	361,313
Effects of currency translation on cash and cash equivalents	8,274	(4,768)	7,806	(3,782)
<b>Cash and cash equivalents at the end of the period</b>	<b>478,668</b>	<b>312,899</b>	<b>478,668</b>	<b>312,899</b>



## 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**”) 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 controlled by State-owned Assets Supervision and Administration Commission of the People’s Government of Zhejiang Province.

These condensed interim consolidated financial statements as at and for the second quarter and half year ended 30 June 2022 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 second quarter and half year ended 30 June 2022 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 2021. 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 2021.

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 30 June 2022, the current liabilities of the Group exceeded the current assets by approximately RMB2,571 million. This is mainly due to the reclassification of non-current borrowings of approximately RMB1,155 million to current borrowings as at 30 June 2022, owing to non-compliance of a Financial Covenant (as explained in note 9 to the condensed interim financial statements) and the consequential cross default in relation to other borrowings.

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 lenders of the borrowings have not called on the repayment of the borrowings mentioned above;
- (B) the Group's ability to finalise and obtain additional financing subsequent to 30 June 2022 including:
  - (i) additional credit facilities from financial institutions; and
  - (ii) as at the date of this announcement, new short-term borrowings of RMB150 million were obtained.
- (C) the Group has continued to generate operating profits in half year ended 30 June 2022 and been able to generate positive cash flows from its operations;
- (D) as at the date of this announcement, the Group has RMB2,400 million of undrawn credit facilities;
- (E) the application by the Company to the Shenzhen Stock Exchange ("**SZSE**") for the proposed issuance of up to RMB1 billion in aggregate principal amount of Asset-Backed Securities ("**ABS**") has been received by, and is being reviewed by the SZSE. Upon approval of the application, the proceeds from the issuance of the ABS will be partly used for the repayment of the non-current borrowings, and will help optimize the Group's financing structure;
- (F) the Group has continued to receive financial support, credit support and loans from its largest controlling shareholder, the Zheneng Group, as follows:
  - (i) as of 30 June 2022, the Group has obtained and re-financed 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 and 17 May 2022) from Zheneng Group. RMB540 million has been included in current liabilities as at 30 June 2022;
  - (ii) 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 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; and
  - (iii) 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 and the relevant financial ratios 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 standards 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 2021.

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 7 – 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 2021. An analysis of revenue is as follows:

Disaggregation of revenue from contracts with customers

	Group 3 months ended 30 June 2022 RMB'000	Group 3 months ended 30 June 2021 RMB'000	Group 6 months ended 30 June 2022 RMB'000	Group 6 months ended 30 June 2021 RMB'000
<b>Waste-to-energy project construction and operation</b>				
<u>Waste-to-energy business</u>				
- Sales of electricity	384,911	383,360	723,816	711,478
- Sales of steam	171,147	111,480	333,521	217,171
- Revenue from waste treatment	251,686	225,197	458,532	414,008
	<u>807,744</u>	<u>720,037</u>	<u>1,515,869</u>	<u>1,342,657</u>
<u>Construction services provided under BOT concession agreements</u>				
- Revenue from construction services provided under service concession agreements	150,250	34,869	293,626	134,943
- Financial income under service concession agreements	10,651	12,153	21,301	23,201
	<u>160,901</u>	<u>47,022</u>	<u>314,927</u>	<u>158,144</u>
<b>Total</b>	<u>968,645</u>	<u>767,059</u>	<u>1,830,796</u>	<u>1,500,801</u>
<b>Project technical and management service, equipment selection and sale and EMC business</b>	2,815	97,066	8,507	112,451
<b>Total revenue</b>	<u><b>971,460</b></u>	<u><b>864,125</b></u>	<u><b>1,839,303</b></u>	<u><b>1,613,252</b></u>

Timing of revenue recognition

	Group 3 months ended 30 June 2022 RMB'000	Group 3 months ended 30 June 2021 RMB'000	Group 6 months ended 30 June 2022 RMB'000	Group 6 months ended 30 June 2021 RMB'000
<u>At a point in time</u>				
- Sales of electricity	384,911	383,360	723,816	711,478
- Sales of steam	171,147	111,480	333,521	217,171
- Equipment selection and sale	-	85,908	-	86,281
	<u>556,058</u>	<u>580,748</u>	<u>1,057,337</u>	<u>1,014,930</u>
<u>Over time</u>				
- Revenue from waste treatment	251,686	225,197	458,532	414,008
- Revenue from construction services provided under service concession agreements	150,250	34,869	293,626	134,943
- Project technical and management service and EMC business	2,815	11,158	8,507	26,170
	<u>404,751</u>	<u>271,224</u>	<u>760,665</u>	<u>575,121</u>
- Financial income under service concession agreements	10,651	12,153	21,301	23,201
<b>Total revenue</b>	<u><b>971,460</b></u>	<u><b>864,125</b></u>	<u><b>1,839,303</b></u>	<u><b>1,613,252</b></u>

#### 4. Profit for the period

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

	Group 3 months ended 30 June 2022 RMB'000	Group 3 months ended 30 June 2021 RMB'000	Group 6 months ended 30 June 2022 RMB'000	Group 6 months ended 30 June 2021 RMB'000
<b>Profit for the period has been arrived at after charging (crediting):</b>				
Amortisation of intangible assets	38,943	38,426	82,902	76,552
Cost of inventories recognised as expense	194,290	103,287	343,076	242,859
Depreciation of investment property	221	223	473	451
Depreciation of property, plant and equipment	98,555	77,762	192,528	153,222
Depreciation of right-of-use assets	21,922	24,406	42,646	47,414
Employee compensation	87,140	91,212	172,811	163,880
Foreign exchange losses/(gains)	117,809	(34,180)	110,755	(15,267)
Government grants	(8,043)	(16,390)	(22,645)	(23,146)
Government tax refund	(7,548)	(4,949)	(13,128)	(6,001)
Impairment loss on prepayment	-	70	-	70
(Gain)/Loss on disposal of property, plant and equipment	(130)	306	(130)	334
Gain on disposal of shares of an associate	-	-	(421)	-
Overprovision of tax in prior years	(1,861)	(312)	(1,861)	(312)

#### 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 6 months ended 30 June 2022 RMB'000	Group 6 months ended 30 June 2021 RMB'000
Companies in which Zheneng Group has control over:		
- Purchases of materials	60,797	1,225
- Interest expense	8,331	4,890
Companies in which Jinjiang Group has control over:		
- Purchases of materials	10,610	19,365
- Revenue from EMC business	(2,446)	(19,111)
- Rendering of technical and management services	(514)	(333)
Joint ventures:		
- Interest income	(11,477)	(13,838)

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

	<b>Group As at 30 June 2022 RMB'000</b>	<b>Group As at 31 December 2021 RMB'000</b>
Trade:		
Amounts due from companies in which major shareholders have control over	65,529	197,743
Amounts due from joint ventures	9,757	10,513
	<u>75,286</u>	<u>208,256</u>
Non-trade:		
Amounts due from companies in which Jinjiang Group has control over	6,329	6,329
Amounts due from joint ventures	313,238	504,391
	<u>319,567</u>	<u>510,720</u>
	<u>394,853</u>	<u>718,976</u>
Trade:		
Amounts due to companies in which major shareholders have control over	48,905	50,252
Amounts due to joint ventures	30	448
	<u>48,935</u>	<u>50,700</u>
Non-trade:		
Amounts due to companies in which major shareholders have control over	-	4,345
Amounts due to joint ventures	436	635
	<u>436</u>	<u>4,980</u>
	<u>49,371</u>	<u>55,680</u>

The non-trade amounts due from joint ventures are the interest-bearing advances to the joint venture, Zibo Green New Energy Co., Ltd. (31 December 2021: 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

	<b>Group As at 30 June 2022 RMB'000</b>	<b>Group As at 31 December 2021 RMB'000</b>
Service concession receivables	796,629	800,408
Less: Amount due within one year shown under current assets	(63,976)	(63,976)
Service concession receivables due after one year	<u>732,653</u>	<u>736,432</u>
Expected collection schedule is analysed as follows		
Within 1 year	63,976	63,976
Within 2 to 5 years	209,308	209,308
Over 5 years	523,345	527,124
	<u>796,629</u>	<u>800,408</u>

## 7. Property, plant and equipment

<u>Group</u>	<b>Property, plant and equipment</b>	<b>Right-of-use assets</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Cost</b>			
At 1 January 2021	9,538,176	2,318,791	11,856,967
Additions	1,160,679	60,322	1,221,001
Disposals/Written off	(103,207)	-	(103,207)
Exchange difference	(2,881)	(1,839)	(4,720)
<b>At 31 December 2021</b>	<b>10,592,767</b>	<b>2,377,274</b>	<b>12,970,041</b>
Additions	719,949	6,360	726,309
Disposals/Written off	(926)	-	(926)
Exchange difference	(112)	(204)	(316)
<b>At 30 June 2022</b>	<b>11,311,678</b>	<b>2,383,430</b>	<b>13,695,108</b>
<b>Accumulated depreciation</b>			
At 1 January 2021	(1,763,068)	(774,797)	(2,537,865)
Depreciation for the year	(375,149)	(81,594)	(456,743)
Disposals/Written off	88,554	-	88,554
Exchange difference	1,321	-	1,321
<b>At 31 December 2021</b>	<b>(2,048,342)</b>	<b>(856,391)</b>	<b>(2,904,733)</b>
Depreciation for the year	(192,528)	(42,646)	(235,174)
Disposals/Written off	765	-	765
Exchange difference	221	-	221
<b>At 30 June 2022</b>	<b>(2,239,884)</b>	<b>(899,037)</b>	<b>(3,138,921)</b>
<b>Accumulated impairment</b>			
At 1 January 2021,			
<b>At 31 December 2021/30 June 2022</b>	<b>(27,490)</b>	<b>-</b>	<b>(27,490)</b>
<b>Carrying values</b>			
<b>At 30 June 2022</b>	<b>9,044,304</b>	<b>1,484,393</b>	<b>10,528,697</b>
At 31 December 2021	8,516,935	1,520,883	10,037,818

### 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 half year ended 30 June 2022 and 30 June 2021.

## 8. Intangible assets

	<b>Group As at 30 June 2022 RMB'000</b>	<b>Group As at 31 December 2021 RMB'000</b>
Software	9,142	8,993
Service concession arrangement (Note (a))	4,491,912	4,280,081
	<u>4,501,054</u>	<u>4,289,074</u>
 (a) Service concession arrangement		
Cost		
At 1 January 2022/1 January 2021	4,876,119	4,294,085
Additions	293,627	582,034
<b>At 30 June 2022/31 December 2021</b>	<u>5,169,746</u>	<u>4,876,119</u>
Accumulated amortisation		
At 1 January 2022/1 January 2021	(565,836)	(419,397)
Amortisation	(81,796)	(146,439)
<b>At 30 June 2022/31 December 2021</b>	<u>(647,632)</u>	<u>(565,836)</u>
Accumulated impairment		
At 1 January 2022/1 January 2021	(30,202)	-
Impairment losses	-	(30,202)
<b>At 30 June 2022/31 December 2021</b>	<u>(30,202)</u>	<u>(30,202)</u>
<b>Net book value</b>	<u>4,491,912</u>	<u>4,280,081</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 2022 and 2021 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.

During the financial year ended 31 December 2021, the Group was unable to reach mutual agreement with the Gwalior government regarding compensation for the cessation of a BOT project in India, and had notified the Gwalior government of its intention to initiate arbitration proceedings in connection therewith and has applied to the High Court of Delhi to appoint arbitrators. The Group made a commercial decision to cease operations of this BOT project due to its long-term negative cashflow 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. This resulted in the Gwalior government taking over the waste collection and transportation operations and project assets and later enforcing the deposit for performance bond relating to this BOT project. Given the uncertainty in terms of the timeline and outcome of such arbitration proceedings, an impairment loss of RMB30,202,000 on the intangible assets relating to the BOT project was recognised for the year ended 31 December 2021. In addition, an impairment loss of RMB10,899,000 was recognised in connection with the enforcement of the deposit for performance bond relating to this project.

No impairment loss was recognised for the half year ended 30 June 2022.



## 9. Bank borrowings

	Group As at 30 June 2022 RMB'000	Group As at 31 December 2021 RMB'000
<b>Amount repayable within one year or less, or on demand</b>		
- Secured borrowings	4,664,261	4,678,388
- Unsecured borrowings	220,925	28,025
	4,885,186	4,706,413
<b>Amount repayable after one year</b>		
- Secured borrowings	5,870,319	5,533,145
- Unsecured borrowings	83,357	241,825
	5,953,676	5,774,970
<b>Total borrowings net of transaction costs</b>	10,838,862	10,481,383

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 RMB540,000,000 (31 December 2021: RMB840,000,000) from subsidiaries of Zheneng Group, namely Zhejiang Provincial Energy Group Finance Co., Ltd. (31 December 2021: Zhejiang Provincial Energy Group Finance Co., Ltd. and Shanghai Puneng Finance Leasing Co., Ltd.).

Included in the borrowings as at 30 June 2022 is an amount of RMB1,310,571,000 (31 December 2021: RMB1,312,828,000) under a syndicated term loan facility arranged by Standard Chartered Bank (Hong Kong) Limited (the “**Agent**”) of up to US\$270,000,000 (the “**Facility**”), which requires that Zheneng Group maintains more than 25% shareholding interest in 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 and 100% for the periods from 1 January 2022 to 31 December 2022 and 1 January 2023 to 23 July 2023 (“**Financial Covenant**”). The aforesaid ratio had exceeded 125% and 100% respectively for the financial year ended 31 December 2021 and the six-month period ended 30 June 2022 resulting in 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 borrowings with covenant breaches. Accordingly, the non-current portion of the borrowings with covenant breaches of the Group amounting to RMB976,710,000 (31 December 2021: RMB1,184,002,000) were reclassified as 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 report, 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
<b>Fully paid ordinary shares</b>		
As at 1 January 2021, as at 31 December 2021 and as at 30 June 2022	1,454,024,700	96

Fully paid ordinary shares have a par value of US\$0.00001 (2021: US\$0.00001), carry one vote per share and carry a right to dividend, amounting to equivalent RMB96,000 (2021: RMB96,000).

There were no changes in the share capital of the Company in the second quarter ended 30 June (“**2Q**”) 2022.

The total number of issued Shares as at 30 June 2022 and 31 December 2021 was 1,454,024,700.

The Company had no convertibles, treasury shares or subsidiary holdings as at 30 June 2022 and 30 June 2021.

## 11. Earnings per share

	<b>Group 6 months ended 30 June 2022</b>	<b>Group 6 months ended 30 June 2021</b>
Basic and fully diluted earnings per share (RMB cents)	6.43	13.33
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 30 June 2022 and 30 June 2021 was 1,454,024,700.

## 12. Net asset value

	<b>Group As at 30 June 2022</b>	<b>Group As at 31 December 2021</b>	<b>Company As at 30 June 2022</b>	<b>Company As at 31 December 2021</b>
<b>Assets</b>				
Net asset value per share (RMB cents)	456.98	450.12	129.82	131.10
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 30 June 2022 and 31 December 2021 were computed based on the number of shares in issue at the end of the period.

The total number of issued shares as at 30 June 2022 and 31 December 2021 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:

	<b>Group As at 30 June 2022 RMB'000</b>	<b>Group As at 31 December 2021 RMB'000</b>
Property, plant and equipment	418,176	816,755

## 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
<b>1 January 2022 to 30 June 2022</b>			
<b>Segment revenue</b>			
External revenue	1,830,796	8,507	1,839,303
Inter-segment revenue	-	184,704	184,704
	1,830,796	193,211	2,024,007
Elimination	-	(184,704)	(184,704)
<b>Revenue</b>	1,830,796	8,507	1,839,303
<b>Segment profit</b>			
Government grants and VAT refund	512,154	2,813	514,967
Gain on disposal of property, plant and equipment	35,048	725	35,773
Gain on disposal of shares of an associate	130	-	130
Foreign exchange loss			(110,755)
Other income			49,823
Administrative expenses			(114,120)
Finance costs			(202,791)
Share of loss of joint ventures			(265)
<b>Profit before tax</b>			<b>173,183</b>
<b>As at 30 June 2022</b>			
<b>Assets and Liabilities</b>			
Segment assets	17,518,368	1,148,410	18,666,778
Unallocated			2,226,348
Consolidated total assets			<b>20,893,126</b>
Segment liabilities	12,454,846	928,318	13,383,164
Unallocated			865,408
Consolidated total liabilities			<b>14,248,572</b>
<b>1 January 2022 to 30 June 2022</b>			
<b>Other segment information</b>			
Depreciation and amortisation	313,205	5,344	318,549
Additions to non-current assets	977,858	2,933	980,791

	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
<b>1 January 2021 to 30 June 2021</b>			
<b>Segment revenue</b>			
External revenue	1,500,801	112,451	1,613,252
Inter-segment revenue	-	254,584	254,584
	1,500,801	367,035	1,867,836
Elimination	-	(254,584)	(254,584)
<b>Revenue</b>	1,500,801	112,451	1,613,252
<b>Segment profit</b>			
Government grants and VAT refund	467,651	32,733	500,384
Loss on disposal on property, plant and equipment	27,670	1,477	29,147
Property, plant and equipment written off	(28)	-	(28)
Foreign exchange gains	(334)	-	(334)
Other income			15,267
Administrative expenses			37,458
Finance costs			(121,920)
Share of loss of joint ventures			(185,101)
<b>Profit before tax</b>			(540)
			274,361
<b>As at 31 December 2021</b>			
<b>Assets and Liabilities</b>			
Segment assets	16,543,333	1,593,395	18,136,728
Unallocated			2,243,999
Consolidated total assets			20,380,727
Segment liabilities	11,938,893	1,046,589	12,985,482
Unallocated			850,353
Consolidated total liabilities			13,835,835
<b>1 January 2021 to 30 June 2021</b>			
<b>Other segment information</b>			
Depreciation and amortisation	266,249	11,390	277,639
Additions to non-current assets	1,155,200	4,277	1,159,477

### 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

For the half year ended 30 June 2022 and 2021, there was no single customer that accounted for 10% or more of the Group's revenue for the two reportable and operating segments.

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

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**1. Review of performance of the Group**

**Consolidated Statement of Comprehensive Income**

**2Q2022 vs 2Q2021**

**Revenue**

	3 months ended 30 June 2022		3 months ended 30 June 2021		Change
	RMB'000	%	RMB'000	%	%
<b>Waste-to-energy project construction and operation</b>					
<u>Waste-to-energy business</u>					
- Sales of electricity	384,911	39.6	383,360	44.4	0.4
- Sales of steam	171,147	17.6	111,480	12.9	53.5
- Revenue from waste treatment	251,686	25.9	225,197	26.1	11.8
	<u>807,744</u>	83.1	<u>720,037</u>	83.3	12.2
<u>Construction services provided under BOT concession agreements</u>					
- Revenue from construction services provided under service concession agreements	150,250	15.5	34,869	4.0	330.9
- Financial income under service concession agreements	10,651	1.1	12,153	1.4	(12.4)
	<u>160,901</u>	16.6	<u>47,022</u>	5.4	242.2
<b>Total</b>	<u>968,645</u>	99.7	<u>767,059</u>	88.8	26.3
<b>Project technical and management service, equipment selection and sale and EMC business</b>	2,815	0.3	97,066	11.2	(97.1)
<b>Total revenue</b>	<u>971,460</u>	100.0	<u>864,125</u>	100.0	12.4

Details of the electricity generated and supplied, steam supplied and waste treated for 2Q2022 and 2Q2021 are as follows:

	Group 3 months ended 30 June 2022	Group 3 months ended 30 June 2021	Change %
Electricity generated ('000 KWh)	896,096	911,181	(1.7)
On-grid electricity supplied ('000 KWh)	696,987	690,294	1.0
Steam supplied ('000 tonnes)	884	712	24.2
Waste treated ('000 tonnes)	2,963	2,857	3.7

### Gross profit and gross profit margin

	Gross Profit (RMB '000)		Gross Profit Margin	
	3 months ended 30 June 2022	3 months ended 30 June 2021	3 months ended 30 June 2022	3 months ended 30 June 2021
WTE business (excluding gross profit from construction services provided under BOT concession agreements)	239,046	224,572	29.59%	31.19%
Construction services provided under BOT concession agreements	20,494	4,756	13.64%	10.11%
Financial income under service concession agreements	10,651	12,153	N.A	N.A
Project technical and management service and EMC business	101	23,837	3.59%	24.56%
Total	270,292	265,318	27.82%	30.70%

The increase in gross profit by RMB5.0 million from RMB265.3 million in 2Q2021 to RMB270.3 million in 2Q2022 and the decrease in gross profit margin by 2.88% 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 RMB87.7 million or 12.2% from RMB720.0 million in 2Q2021 to RMB807.7 million in 2Q2022. This was mainly attributable to (i) waste treated (including waste collection and transportation operations in India) increasing by 3.7% in 2Q2022 as compared to 2Q2021, which was due to commencement of operations of the Linzhou Jiasheng WTE Facility in Henan Province and Leting Jinhuan New Energy WTE Facility in Hebei Province and after the technical transformation and optimization of the power plant management, resulted in revenue from waste treatment and sales of electricity increasing by RMB28.0 million, and (ii) the unit price of heat supply at Zhuji Bafang WTE Facility in Zhejiang Province was increased due to higher coal prices and the increase in steam supplied in 2Q2022 as compared to 2Q2021, which resulted the increase in sales of steam by a total of RMB59.67 million.

The gross profit of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) increased by RMB14.5 million or 6.4% from RMB224.6 million in 2Q2021 to RMB239.0 million in 2Q2022, which is mainly due to:

1. Official commencement of the Linzhou Jiasheng WTE Facility in Henan Province and Leting Jinhuan New Energy WTE Facility in Hebei Province operations in January 2022 resulted in an increase of RMB4.3 million in gross profit, which was attributed to the gross profit of RMB2.8 million and RMB1.5 million in Linzhou Jiasheng WTE Facility and Leting Jinhuan New Energy WTE Facility respectively.
2. The Zhuji Bafang WTE Facility's cogeneration business is heavily influenced by the fluctuation of coal price. In FY2021, coal prices increased significantly and the Group started to adjust the production method in the face of continued rise in coal price 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 increased RMB3.6 million in 2Q2022 as compared to 2Q2021, mainly due to the increase of RMB12.2 million in gross profit due to the increase of income after the adjustment of steam supply of waste generating units. This was partially offset by (i) decrease of RMB5.8 million in gross profit from the coal-fired unit mainly due to the increase in coal and steam price in 2Q2022, which resulted in a decrease in gross profit of steam supply by RMB5.2 million, and (ii) decrease of RMB2.7 million in gross profit due to increase in depreciation and overhaul costs after the transfer of assets from construction-in-progress.

3. Except for the Linzhou Jiasheng WTE Facility in Henan Province, Leting Jinhuan New Energy WTE Facility in Hebei Province and Zhuji Bafang WTE Facility in Zhejiang Province, the gross profit of the other WTE facilities increased by RMB6.6 million. The increase is mainly due to (i) increase of RMB36.5 million in gross profit 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) increase of RMB6.5 million in gross profit due to the decrease in utilisation rate of fly ash after the grate furnace of Wuhu Jinjiang WTE Facility in Anhui Province was put into operation, resulting in lower fly ash disposal costs as compared to 2Q2021, (iii) increase of RMB12.6 million in gross profit due to the reduction in environmental protection expenses in 2Q2022 after the change in fly ash disposal method in Tangshan Jiasheng WTE Facility in Hebei Province and Tianjin Sunrise WTE Facility and the replacement of fly ash disposal providers in some WTE facilities, and (iv) some of the staff costs being accrued on a monthly basis in 2Q2022, but such costs for 2Q2021 were only accrued since the half year ended 30 June 2021. The increase was offset by (i) decrease of RMB46.8 million in gross profit due to the decrease in the volume of waste as a result of the Coronavirus Disease 2019 (“COVID-19”) pandemic situation and environmental control in Lianyungang Sunrise WTE Facility in Jiangsu Province, Tangshan Jiasheng WTE Facility in Hebei Province, Songyuan Xinxiang WTE Facility in Jilin Province and others, (ii) decrease of RMB12.7 million in gross profit due to the increase in power plant overhaul costs as scheduled in 2Q2022 as compared to 2Q2021, and (iii) decrease of RMB2.1 million in gross profit due to the increase in coal price.

The gross profit margin decreased from 31.19% in 2Q2021 to 29.59% in 2Q2022. This is mainly due to (i) decrease in revenue from waste treatment and sales of electricity due to the impact of the COVID-19 pandemic situation and environmental control in 2Q2022, and (ii) lower gross profit margin from Linzhou Jiasheng WTE Facility in Henan Province and Leting Jinhuan New Energy WTE Facility in Hebei Province during the initial operating period.

#### Construction services provided under BOT concession agreements

The gross profit from construction services provided under BOT concession agreements (includes financial income) increased RMB14.2 million from RMB16.9 million in 2Q2021 to RMB31.2 million in 2Q2022. The gross profit from the construction services provided under BOT concession agreements increased RMB15.7 million in 2Q2022 as compared to 2Q2021 and the gross profit from financial income under service concession agreements decreased by RMB1.5 million. Due to the decrease in the proportion of financial income, the gross profit margin including financial income has decreased from 36.0% in 2Q2021 to 19.4% in 2Q2022. In 2Q2022, BOT revenue was recorded for Songyuan Xinxiang Resource Recycling Project in Jilin Province, Expansion Project of Yunnan Green Energy WTE Facility and Jinghong Jiasheng WTE Project in Xishuangbanna Dai Autonomous Prefecture, Yunnan Province and others. The BOT revenue in 2Q2022, based on the construction investment amount and progress of the aforesaid projects, is higher than in 2Q2021.

#### 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 decreased 99.6% or RMB23.7 million from RMB23.8 million in 2Q2021 to RMB0.1 million in 2Q2022. The gross profit margin decreased from 24.6% to 3.6% mainly due to the Company having agreed a one-time buyout settlement of the future service benefits in 4Q2021 and the reduction in profit-sharing ratio in the later stages of most of the EMC contracts.

#### **Other income**

	Group 2Q2022 RMB'000	Group 2Q2021 RMB'000	Increase / (Decrease) RMB'000	Change +/(-) %
Bank interest income	4,274	1,257	3,017	240.0
Government grants	8,043	16,390	(8,347)	(50.9)
Value added tax refund	7,548	4,949	2,599	52.5
Gain on sales of scrap materials	12,319	8,518	3,801	44.6
Interest income from joint ventures	4,658	7,171	(2,513)	(35.0)
Other income	36,842	38,285	(1,443)	(3.8)

Other income decreased RMB1.4 million or 3.8% from RMB38.3 million in 2Q2021 to RMB36.8 million in 2Q2022, mainly due to (i) decrease of RMB8.3 million in government grants, and (ii) decrease of RMB2.5 million in interest income from joint venture in 2Q2022 following the receipt of non-trade amounts due from a joint venture, Hohhot Jiasheng New Energy Co., Ltd. The decrease was partially offset by (i) increase of RMB2.6 million in value added tax refund, (ii) increase of RMB3.0 million in bank interest income in line with the increase in bank deposits, and (iii) increase of RMB3.8 million in gain on sales of scrap materials in 2Q2022 due to the Group strengthening the recycling of scrap metal and other materials, as well as increasing the sales of scrap materials through bidding.

**Other gains and (losses), net**

	Group 2Q2022 RMB'000	Group 2Q2021 RMB'000	Increase / (Decrease) RMB'000	Change + / (-) %
Foreign exchange (losses)/gain	(117,809)	34,180	(151,989)	N.A
Gain/(Loss) on disposal of property, plant and equipment	130	(306)	436	N.A
Other gains and (losses), net	(117,679)	33,874	(151,553)	N.A

Other gains and (losses) decreased RMB151.6 million from other gains of RMB33.9 million in 2Q2021 to other losses of RMB117.7 million in 2Q2022, mainly due to (i) decrease of RMB152.0 million in other gains due to the appreciation of the United States Dollar against the Chinese Renminbi in 2Q2022, which resulted in a substantial unrealised foreign exchange loss of RMB117.8 million in respect of the Group's net foreign currency liabilities (being mainly syndicated term loan facility and other borrowings of US\$344 million), as compared to 2Q2021, when the depreciation of the United States Dollar against the Chinese Renminbi in 2Q2021 resulted in an exchange gain of RMB34.2 million in respect of the Group's net foreign currency liabilities; and (ii) increase in gain on disposal of property, plant and equipment of RMB0.4 million in 2Q2022.

**Administrative expenses**

Administrative expenses decreased RMB10.4 million from RMB76.9 million in 2Q2021 to RMB66.5 million in 2Q2022, mainly due to the Company's enhanced cost control in year 2022.

**Finance costs**

Finance costs decreased RMB8.0 million from RMB103.3 million in 2Q2021 to RMB95.4 million in 2Q2022, mainly due to the Company's replacement of financing with lower interest rates.

**Profit before tax**

As a result of the foregoing, profit before tax decreased RMB129.3 million or 82.4% from RMB156.9 million in 2Q2021 to RMB27.6 million in 2Q2022.

**Income tax expense**

Income tax expense decreased RMB0.5 million from RMB35.2 million in 2Q2021 to RMB34.7 million in 2Q2022. In 2Q2022, Group's high-tech enterprises continued to enjoy tax incentives and some of the Group's WTE facilities continued to enjoy preferential tax rates during the exemptions period.

**Total comprehensive (loss)/income for the period**

As a result of the foregoing, total comprehensive income of RMB115.3 million in 2Q2021 decreased to total comprehensive loss of RMB6.4 million in 2Q2022.



## Half year ended 30 June (“1H”) 2022 vs 1H2021

### Revenue

	6 months ended 30 June 2022		6 months ended 30 June 2021		Change %
	RMB'000	%	RMB'000	%	
<b>Waste-to-energy project construction and operation</b>					
<u>Waste-to-energy business</u>					
- Sales of electricity	723,816	39.4	711,478	44.1	1.7
- Sales of steam	333,521	18.1	217,171	13.5	53.6
- Revenue from waste treatment	458,532	24.9	414,008	25.7	10.8
	<u>1,515,869</u>	82.4	<u>1,342,657</u>	83.2	12.9
<u>Construction services provided under BOT concession agreements</u>					
- Revenue from construction services provided under service concession agreements	293,626	16.0	134,943	8.4	117.6
- Financial income under service concession agreements	21,301	1.2	23,201	1.4	(8.2)
	<u>314,927</u>	17.1	<u>158,144</u>	9.8	99.1
<b>Total</b>	<u>1,830,796</u>	99.5	<u>1,500,801</u>	93.0	22.0
<b>Project technical and management service, equipment selection and sale and EMC business</b>	<u>8,507</u>	0.5	<u>112,451</u>	7.0	(92.4)
<b>Total revenue</b>	<u>1,839,303</u>	100.0	<u>1,613,252</u>	100.0	14.0

Details of the electricity generated and supplied, steam supplied and waste treated for 1H2022 and 1H2021 are as follows:

	Group		Change %
	6 months ended 30 June 2022	6 months ended 30 June 2021	
Electricity generated ('000 KWh)	1,692,628	1,705,601	(0.8)
On-grid electricity supplied ('000 KWh)	1,299,544	1,281,977	1.4
Steam supplied ('000 tonnes)	1,655	1,477	12.1
Waste treated ('000 tonnes)	5,655	5,478	3.2

### Gross profit and gross profit margin

	Gross Profit (RMB '000)		Gross Profit Margin	
	6 months ended 30 June 2022	6 months ended 30 June 2021	6 months ended 30 June 2022	6 months ended 30 June 2021
WTE business (excluding gross profit from construction services provided under BOT concession agreements)	450,802	426,044	29.74%	31.73%
Construction services provided under BOT concession agreements	40,051	18,406	13.64%	13.64%
Financial income under service concession agreements	21,301	23,201	N.A	N.A
Project technical and management service and EMC business	2,813	32,733	33.07%	29.11%
<b>Total</b>	<u>514,967</u>	<u>500,384</u>	<u>28.00%</u>	<u>31.02%</u>

The increase in gross profit by RMB14.6 million from RMB500.4 million in 1H2021 to RMB515.0 million in 1H2022 and the decrease in gross profit margin by 3.02% 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 RMB173.2 million or 12.9% from RMB1,342.6 million in 1H2021 to RMB1,515.9 million in 1H2022. This was mainly attributable to (i) waste treated (including waste collection and transportation operations in India) increasing by 3.2% in 1H2022 as compared to 1H2021, which was due to commencement of operations of the Linzhou Jiasheng WTE Facility in Henan Province and Leting Jinhuan New Energy WTE Facility in Hebei Province and after the technical transformation and optimization of the power plant management, resulted in revenue from waste treatment and sales of electricity increasing by RMB56.9 million, and (ii) the unit price of heat supply at Zhuji Bafang WTE Facility in Zhejiang Province was increased due to higher coal prices and the increase in steam supplied in 1H2022 as compared to 1H2021, which resulted the increase in sales of steam by a total of RMB116.4 million.

The gross profit of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) increased by RMB24.8 million or 5.8% from RMB426.0 million in 1H2021 to RMB450.8 million in 1H2022, which is mainly due to:

1. Official commencement of the Linzhou Jiasheng WTE Facility in Henan Province and Leting Jinhuan New Energy WTE Facility in Hebei Province operations in January 2022 resulted in an increase in gross profit of RMB5.9 million, which was attributed to the gross profit of RMB7.8 million in Linzhou Jiasheng WTE Facility and this was offset by the gross loss of RMB1.9 million in Leting Jinhuan New Energy WTE Facility due to the equipment still being in the running in period and higher transportation cost incurred on disposal of fly ash.
2. The Zhuji Bafang WTE Facility's cogeneration business is heavily influenced by the fluctuation of coal price. In FY2021, coal prices increased significantly and the Group started to flexibly adjust the production method in the face of continued rise in coal price 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 increased RMB23.6 million in 1H2022 as compared to 1H2021, mainly due to (i) increase of RMB24.7 million in gross profit due to the increase of income after the adjustment of steam supply of waste generating units, (ii) increase of RMB5.9 million in gross profit from the coal-fired unit mainly due to (a) the local government strengthening the guidance on the linkage of steam prices during the period of abnormally high coal prices, which increased the gross profit of steam supply by RMB14.5 million, (b) increase of RMB6.7 million from the increase in steam supply, and partially offset by the (c) decrease of RMB2.9 million from the decrease in electricity generated, and (d) decrease of RMB12.4 million due to the increase in coal consumption, and (iii) the increase in gross profit was partially offset by the decrease of RMB7.0 million in gross profit due to increase in depreciation and overhaul costs after the transfer of assets from construction-in-progress.
3. Except for the Linzhou Jiasheng WTE Facility in Henan Province, Leting Jinhuan New Energy WTE Facility in Hebei Province and Zhuji Bafang WTE Facility in Zhejiang Province, the gross profit of the other WTE facilities decreased by RMB4.8 million. The decrease is mainly due to (i) decrease of RMB57.5 million in gross profit due to the decrease in the volume of waste as a result of the COVID-19 pandemic situation and environmental control in Lianyungang Sunrise WTE Facility in Jiangsu Province, Tangshan Jiasheng WTE Facility in Hebei Province, Songyuan Xinxiang WTE Facility in Jilin Province and others, (ii) decrease of RMB20.7 million in gross profit due to the increase in power plant overhaul costs as scheduled in 1H2022 as compared to 1H2021, and (iii) decrease of RMB7.0 million in gross profit due to the increase in coal price. This was partially offset by (i) increase of RMB54.5 million in gross profit 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) increase of RMB12.8 million in gross profit due to the decrease in utilisation rate of fly ash after the grate furnace of Wuhu Jinjiang WTE Facility in Anhui Province was put into operation, resulting in lower fly ash disposal costs as compared to 1H2021, and (iii) increase of RMB12.2 million in gross profit due to the reduction in environmental protection expenses in 1H2022 after the change in fly ash disposal method in Tangshan Jiasheng WTE Facility in Hebei Province and Tianjin Sunrise WTE Facility and the replacement of fly ash disposal providers in some WTE facilities.

The gross profit margin decreased from 31.7% in 1H2021 to 29.7% in 1H2022. As mentioned above, this is mainly due to (i) decrease in revenue from waste treatment and sales of electricity due to the impact of the COVID-19 pandemic situation and environmental control in 1H2022, and (ii) lower gross profit margin from Linzhou Jiasheng WTE Facility in Henan Province and Leting Jinhuan New Energy WTE Facility in Hebei Province during the initial operating period.

#### Construction services provided under BOT concession agreements

The gross profit from construction services provided under BOT concession agreements (includes financial income) increased RMB19.8 million from RMB41.6 million in 1H2021 to RMB61.4 million in 1H2022. The gross profit from the construction services provided under BOT concession agreements increased RMB21.6 million in 1H2022 as compared to 1H2021 and the gross profit from financial income under service concession agreements decreased by RMB1.9 million. Due to the decrease in the proportion of financial income, the gross profit margin including financial income has decreased from 26.3% in 1H2021 to 19.5% in 1H2022. In 1H2022, BOT revenue was recorded for Songyuan Xinxiang Resource Recycling Project in Jilin Province, Expansion Project of Yunnan Green Energy WTE Facility and Jinghong Jiasheng WTE Project in Xishuangbanna Dai Autonomous Prefecture, Yunnan Province and others. The BOT revenue in 1H2022, based on the construction investment amount and progress of the aforesaid projects, is higher than in 1H2021.

#### 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 decreased 91.4% or RMB29.9 million from RMB32.7 million in 1H2021 to RMB2.8 million in 1H2022. This was mainly due to the Company having agreed a one-time buyout settlement of the future service benefits in 4Q2021 and the reduction in profit-sharing ratio in the later stages of most of the EMC contracts.

#### **Other income**

	Group 1H2022 RMB'000	Group 1H2021 RMB'000	Increase / (Decrease) RMB'000	Change +/(-) %
Bank interest income	8,093	2,141	5,952	278.0
Government grants	22,645	23,146	(501)	(2.2)
Value added tax refund	13,128	6,001	7,127	118.8
Gain on sales of scrap materials	30,253	21,549	8,704	40.4
Interest income from joint ventures	11,477	13,838	(2,361)	(17.1)
Other income	85,596	66,675	18,921	28.4

Other income increased RMB18.9 million or 28.4% from RMB66.7 million in 1H2021 to RMB85.6 million in 1H2022, mainly due to (i) increase of RMB6.0 million in bank interest income in line with the increase in bank deposits, (ii) increase of RMB7.1 million in value added tax refund, (iii) increase of RMB8.7 million in gain on sales of scrap materials in 1H2022 due to the Group strengthening the recycling of scrap metal and other materials, as well as increasing the sales of scrap materials through bidding. The increase in other income was partially offset by the decrease of RMB2.4 million in interest income from joint venture in 1H2022 following the receipt of non-trade amounts due from a joint venture, Hohhot Jiasheng New Energy Co., Ltd.

#### **Other gains and (losses), net**

	Group 1H2022 RMB'000	Group 1H2021 RMB'000	Increase / (Decrease) RMB'000	Change +/(-) %
Foreign exchange (losses)/gain	(110,755)	15,267	(126,022)	N.A
Gain/(Loss) on disposal of property, plant and equipment	130	(334)	464	N.A
Gain on disposal of shares of an associate	421	-	421	N.A
Other gains and (losses), net	(110,204)	14,933	(125,137)	N.A

Other gains and (losses) decreased RMB125.1 million from other gains of RMB14.9 million in 1H2021 to other losses of RMB110.2 million in 1H2022, mainly due to (i) decrease of RMB126.0 million in other gains due to the appreciation of the United States Dollar against the Chinese Renminbi in 1H2022, which resulted in a substantial unrealised foreign exchange loss of RMB110.8 million in respect of the Group's net foreign currency liabilities (being mainly syndicated term loan facility and other borrowings of US\$344 million), as compared to 1H2021, when the depreciation of the United States Dollar against the Chinese Renminbi in 1H2021 resulted in an exchange gain of RMB15.3 million in respect of the Group's net foreign currency liabilities. The decrease was offset by (i) increase in gain on disposal of property, plant and equipment of RMB0.5 million in 1H2022, and (ii) increase in gain on disposal of shares of an associate, Guizhou Jinning New Energy Co., Ltd., of RMB0.4 million in 1H2022.

### ***Administrative expenses***

Administrative expenses decreased RMB7.8 million from RMB121.9 million in 1H2021 to RMB114.1 million in 1H2022, mainly due to the Company's enhanced cost control in year 2022.

### ***Finance costs***

Finance costs increased RMB17.7 million from RMB185.1 million in 1H2021 to RMB202.8 million in 1H2022, mainly due to the increase in interest expenses after the commencement of operations of the Linzhou Jiasheng WTE Facility in Henan Province and Leting Jinhuan New Energy WTE Facility in Hebei Province, which the interest expenses of the aforesaid projects previously capitalized, and the completion of the power plant upgrading project, and the increase of loan scale in 2Q2022.

### ***Profit before tax***

As a result of the foregoing, profit before tax decreased RMB101.1 million or 36.9% from RMB274.4 million in 1H2021 to RMB173.2 million in 1H2022.

### ***Income tax expense***

Income tax expenses amounted to RMB72.1 million in 1H2022, which remained consistent as compared to 1H2021. In 1H2022, Group's high-tech enterprises continued to enjoy tax incentives and some of the Group's WTE facilities continued to enjoy 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 decreased from RMB189.7 million in 1H2021 to RMB99.7 million in 1H2022.

## **Statement of Financial Position**

	<b>30 June 2022</b>	<b>31 December 2021</b>	<b>Increase / (Decrease)</b>	<b>Increase / (Decrease)</b>
	<b>RMB Million</b>	<b>RMB Million</b>	<b>RMB Million</b>	<b>%</b>
Current assets	4,673.9	4,919.7	(245.8)	(5.0)
Non-current assets	16,219.1	15,461.0	758.1	4.9
Total assets	20,893.0	20,380.7	512.3	2.5
Current liabilities	7,244.9	7,050.6	194.3	2.8
Non-current liabilities	7,003.7	6,785.2	218.5	3.2
Total liabilities	14,248.4	13,835.8	412.6	3.0
Capital and reserves	6,644.6	6,544.9	99.7	1.5

## **Current assets**

The decrease is mainly due to (i) pledged bank deposits decreasing RMB66.4 million or 8.1% from RMB818.2 million as at 31 December 2021 to RMB751.8 million as at 30 June 2022, mainly due to the decrease in deposits for loan deposits made during the period, and (ii) trade and other receivables and contract assets increasing RMB35.4 million or 1.4% from RMB2,456.1 million as at 31 December 2021 to RMB2,491.5 million as at 30 June 2022 due to (a) receipt of the final payment of RMB114.3 million from the disposal of 70% interest in Hohhot Jiasheng New Energy Co., Ltd. and Zibo Green New Energy Co., Ltd. in 2018, and (b) increase in receivables in line with the increase in revenue, and (iii) the amount due from related parties and joint ventures, which includes interest-bearing advances to joint ventures decreasing RMB324.1 million or 45.1% from RMB719.0 million as at 31 December 2021 to RMB394.9 million as at 30 June 2022, mainly due to (a) full repayment of RMB151.8 million, including interest portion, from non-trade amounts due from a joint venture, Hohhot Jiasheng New Energy Co., Ltd., (b) receipt of RMB41.9 million from non-trade amounts due from a joint venture, Zibo Green New Energy Co., Ltd., and (c) the receipt of some energy management contract fees. This was partially offset by the increase of RMB90.9 million or 23.4% in cash and cash equivalents from RMB387.8 million as at 31 December 2021 to RMB478.7 million as at 30 June 2022.

## **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 RMB490.9 million or 4.9% from RMB10,037.8 million as at 31 December 2021 to RMB10,528.7 million as at 30 June 2022 due to the new, upgraded and expanded facilities, (ii) intangible assets increased RMB212.0 million or 4.9% from RMB4,289.1 million as at 31 December 2021 to RMB4,501.1 million as at 30 June 2022, arising from the BOT projects, including Songyuan Xinxiang Resource Recycling Project in Jilin Province, Expansion Project of Yunnan Green Energy WTE Facility and Jinghong Jiasheng WTE Project in Xishuangbanna Dai Autonomous Prefecture, Yunnan Province and others, and (iii) investment in joint ventures increased RMB61.8 million from RMB204.8 million as at 31 December 2021 to RMB266.6 million as at 30 June 2022 due to the proportional capital contribution in joint ventures during the period.

## **Current liabilities**

The increase is mainly due to (i) current borrowings and lease liabilities increasing RMB176.9 million or 3.8% from RMB4,711.4 million as at 31 December 2021 to RMB4,888.3 million as at 30 June 2022, and (ii) trade and other payables increasing RMB23.8 million or 1.1% from RMB2,077.8 million as at 31 December 2021 to RMB2,101.5 million as at 30 June 2022 due to more payables recorded in accordance with contractual payment terms. This was partially offset by the decrease of RMB5.7 million or 9.5% in amounts due to related parties and non-controlling interests from RMB60.2 million as at 31 December 2021 to RMB54.5 million as at 30 June 2022 due to the settlement of interest payable and project funds.

## **Non-current liabilities**

The increase is mainly due to non-current borrowings increasing RMB178.7 million or 3.1% from RMB5,775.0 million as at 31 December 2021 to RMB5,953.7 million as at 30 June 2022 due to the increase of project loans for facilities such as Shijiazhuang Jinhuan Resource Recycling Project in Hebei Province, Jinghong Jiasheng WTE Facility in Xishuangbanna Dai Autonomous Prefecture, Yunnan Province and Zhongwei Green Energy WTE Facility in Ningxia Hui Autonomous Region.

## **Capital and reserves**

The increase from RMB99.7 million or 1.5% from RMB6,544.9 million as at 31 December 2021 to RMB6,644.6 million as at 30 June 2022 is due to the retained earnings for 1H2022.

## Consolidated Statement of Cashflows

	<b>Group 3 months ended 30 June 2022 RMB Million</b>	<b>Group 6 months ended 30 June 2022 RMB Million</b>
Net cash from operating activities	292.8	333.4
Net cash from/(used in) investing activities	79.0	(269.1)
Net cash (used in)/from financing activities	(214.9)	18.7
Cash and cash equivalents at beginning of the period	313.5	387.8
Effects of currency translation on cash and cash equivalents	8.3	7.8
Cash and cash equivalents at the end of the period	<u>478.7</u>	<u>478.7</u>

In 2Q2022, operating cash inflow was RMB292.8 million. This is due to (i) operating cash inflow before movements in working capital of RMB385.6 million after deducting abnormal gains and losses without cash flow, (ii) increase in cash inflow due to the reduction in payments made for trade and other payables, decrease in collections from trade and other receivables, and increase in collections from related parties, (iii) increase in activities for the construction of BOT projects (which includes, Zhongwei Green Energy WTE Facility in Ningxia Hui Autonomous Region, Expansion Project of Yunnan Green Energy WTE Facility, Jinghong Jiasheng WTE Facility in Xishuangbanna Dai Autonomous Prefecture, Yunnan Province and others) into operating cash flow, resulting in operating cash outflow of RMB93.5 million, and (iv) payment of income tax resulting a cash outflow of RMB19.2 million.

In 1H2022, operating cash inflow was RMB333.4 million. This is due to (i) operating cash inflow before movements in working capital of RMB760.7 million after deducting abnormal gains and losses without cash flow, (ii) decrease in cash inflow due to the reduction in collections from trade and other receivables, increase in collections from related parties and decrease in payments made for trade and other payables, (iii) increase in activities for the construction of BOT projects (which includes, Zhongwei Green Energy WTE Facility in Ningxia Hui Autonomous Region, Expansion Project of Yunnan Green Energy WTE Facility, Jinghong Jiasheng WTE Facility in Xishuangbanna Dai Autonomous Prefecture, Yunnan Province and others) into operating cash flow, resulting in operating cash outflow of RMB236.1 million, and (iv) payment of income tax resulting a cash outflow of RMB33.0 million.

In 2Q2022, investing cash inflow was RMB79.0 million. This is due to (i) investments in property, plant and equipment of RMB196.0 million which includes the payment for equipment and construction for the Baishan Green Energy WTE Facility in Jilin Province, Shijiazhuang Gaocheng Resource Recycling Project in Hebei Province and others, (ii) proportional capital contribution in joint ventures of RMB17.6 million in 2Q2022, (iii) receipt of the final payment of RMB105.8 million in 2Q2022 for the disposal of 70% interest in Zibo Green New Energy Co., Ltd. in 2018, and (iv) receipt of non-trade amounts due from joint ventures of RMB140.2 million and RMB41.9 million from Hohhot Jiasheng New Energy Co., Ltd. and Zibo Green New Energy Co., Ltd. respectively.

In 1H2022, investing cash outflow was RMB269.1 million. This is due to (i) investments in property, plant and equipment of RMB513.6 million which includes the payment for equipment and construction for the Shijiazhuang Jinhuan Resource Recycling Project in Hebei Province, Reconstruction Project of Wuhu Jinjiang WTE Facility in Anhui Province, Baishan Green Energy WTE Facility in Jilin Province, Shijiazhuang Jiasheng WTE Facility in Hebei Province, and others, (ii) proportional capital contribution in joint ventures of RMB62.1 million in 1H2022, (iii) receipt of the final payment of RMB114.3 million in 1H2022 for the disposal of 70% interest in Zibo Green New Energy Co., Ltd. and Hohhot Jiasheng New Energy Co., Ltd. in 2018, and (iv) receipt of non-trade amounts due from joint ventures of RMB140.2 million and RMB41.9 million from Hohhot Jiasheng New Energy Co., Ltd. and Zibo Green New Energy Co., Ltd. respectively.

In 2Q2022, financing cash outflow was RMB214.9 million. This is due to the repayment of borrowings and interest of RMB2,482.0 million. However, this was offset by (i) new borrowings amounting to RMB2,175.2 million, including renewal of loans, new borrowings and project financing for Leting Jinhuan New Energy WTE Facility in Hebei Province, Zhongwei Green Energy WTE Facility in Ningxia Hui Autonomous Region, Baishan Green Energy WTE Facility in Jilin Province, and new leases for Shijiazhuang Jiasheng WTE Facility in Hebei Province, and (ii) the increase of pledged bank deposits for borrowings of RMB93.6 million.

In 1H2022, financing cash inflow was RMB18.7 million. This is due to (i) new borrowings amounting to RMB3,622.1 million, including renewal of loans, new borrowings and project financing for Shijiazhuang Jinhuan Resource Recycling Project in Hebei Province, Leting Jinhuan New Energy WTE Facility in Hebei Province, Zhongwei Green Energy WTE Facility in Ningxia Hui Autonomous Region, Baishan Green Energy WTE Facility in Jilin Province, and new leases for Wuhu Jinjiang WTE Facility in Anhui Province, Shijiazhuang Jiasheng WTE Facility in Hebei Province, Gaomi Lilangmingde WTE Facility in Shandong Province, and (ii) increase in pledged bank deposits for borrowings of RMB65.6 million. However, this was offset by the repayment of borrowings and interest of RMB3,664.7 million.

Bank balances and cash as at 30 June 2022 was RMB478.7 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 the first half of 2022, in the face of a more complex international environment and difficulties brought about by frequent domestic COVID-19 outbreaks, the Chinese government placed strong focus in both pandemic control and economic and social development. The rebound of the pandemic has been effectively controlled and the national economy has stabilized and recovered, achieving a 2.5% year-on-year growth in nominal gross domestic product in 1H2022. However, with the increasing uncertainties in the international environment arising from looming global recession risks, and the impact of the domestic COVID-19 pandemic not yet fully eliminated, the Chinese government continues to strengthen the foundation for the recovery of economic stability and ensure that the economy operates within a reasonable range.

2022 marks a milestone for the implementation of the "14th Five-Year Plan". In the context of "Carbon Neutrality and Carbon Peaking", the government's policy to encourage the development of the WTE industry and the entire environmental protection industry remains unchanged.

In June 2022, nine departments including the National Development and Reform Commission ("**NDRC**"), the National Energy Administration ("**NEA**"), and the Ministry of Finance ("**MoF**") promulgated the "14th Five-Year Plan for Renewable Energy Development", which outlines requirements for the optimization of the development landscape for biomass power generation, the steady expansion of urban domestic waste incineration power generation, the orderly development of biomass cogeneration, the carrying out of market-based demonstration of biomass power generation, and the promotion of the diversified development of biomass energy. In the same month, seven departments including the Ministry of Ecology and Environment and the NDRC jointly promulgated the "Implementation Plan for Synergistic Efficiency of Pollution Reduction and Carbon Reduction", taking a collective step to promote the synergy of pollution reduction and carbon reduction. This is an important part of the policy framework of carbon peaking and carbon neutrality, and serves to optimize ecological environment governance and contributes towards the construction of "Double-Carbon Demonstration City".

The NDRC, the NEA and the MoF have jointly promulgated the "Notice on Carrying out the Self-Inspection of Renewable Energy Power Generation Subsidies" in March 2022, which sets out requirements for the nationwide verification of renewable energy power generation subsidies, a process which is still ongoing. As of 30 June 2022, 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 are not required to be included in the aforesaid list according to prevailing policies and have already enjoyed preferential prices. Five of the Group's newly commissioned WTE facilities (including expansion and reconstruction project) are in the process of applying for such subsidy.

## (B) Operational Matters

The Group's operating companies have maintained normal operations and its project construction has proceeded on schedule in an orderly manner in 1H2022. The boiler of the expansion project of Hohhot Jiasheng WTE Facility in Inner Mongolia, in which the Group has a stake, has been put into operation, increasing the Group's waste treatment capacity by 750 tonnes per day. The turbine of the Hohhot Jiasheng WTE Facility is expected to be put into operation in November 2022, which will contribute to more environmentally friendly and energy-efficient waste treatment in the urban area of Hohhot and surrounding counties, promote greener initiatives within Hohhot City and improve residents' living environment at large.

The Linzhou Kitchen Waste Project in Henan Province started construction in 2Q2022. As of 30 June 2022, the Group has 4 WTE projects, 1 kitchen waste project and 1 Resource Recycling project under construction in China, which are expected to be put into operation successively in the second half of 2022 and 2023. The Group's total waste treatment capacity is expected to increase by 3,145 tonnes/day and 125MW installed capacity upon completion of the aforesaid projects. Besides, the Group has 15 WTE projects, 3 kitchen waste projects and 1 Resource Recycling project in the planning phase in China, which are undertaking preparatory works ahead of scheduled construction.

The Group continues to strengthen its core operational capabilities and emphasises management improvement and technological innovation. In the 2Q2022, the Group's Jilin Xinxiang WTE Facility in Jilin Province and Tangshan Jiasheng WTE Facility in Hebei Province were certified as "National High-tech Enterprises", and Hangzhou Kesheng Energy Technology Co., Ltd. successfully passed the second round of review for "National High-tech Enterprise". At present, a total of 12 enterprises under Zheneng Jinjiang Environment Company Limited have been certified as "National High-tech Enterprises".

Meanwhile the Group is also continuing to follow up on the progress of compensation for the closure of the Old Kunming Wuhua WTE Facility in Kunming, Yunnan Province. 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. At present, the Group has communicated with the local government on the status of the closure of the Old Kunming Wuhua WTE Facility. The land repurchase and reserve and execution of the compensation agreement is expected to complete by the end of 2022. 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 invests in 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 41,160 tonnes/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 63,020 tonnes/day upon the completion of these projects.

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

In the 2Q2022, there were a series of localised COVID-19 outbreaks in several areas of China. In the face of severe challenges of pandemic prevention and control, the Group has adhered to pandemic prevention and control rules, made active deployments according to the development of the pandemic and adapted swiftly to changing policies.. Meanwhile, in accordance with national pandemic relief policies, the Group applied for various special subsidy funds, and has now received more than RMB27.8 million in subsidy. As of 30 June 2022, the Group's domestic facilities have maintained normal and stable operations, processing the local waste in a timely manner and in accordance with the disposal standards.

The Group's waste collection and transportation in India is still operating normally while adhering strictly to the relevant pandemic prevention and control rules and regulations.

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. Dividends, if any, will usually be recommended in the announcement of the full year financial statements.

## 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
<b>Energy management contracting services provided to:</b>			
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	Associate of Mr. Dou Zhenggang, a controlling shareholder of the Company ("Mr. Dou")	-	2,446
Jilin Shuangjia Environmental Protection Energy Utilization Co., Ltd.*	Associate of Mr. Dou	-	1,315
<b>Purchases of materials from:</b>			
Hangzhou Jinjiang Group Environment Technology Co., Ltd.	Associate of Mr. Dou	-	1,430
Zhejiang Petroleum Integrated Energy Sales Co., Ltd	Associate of Zheneng Group	-	2,924
Zhejiang Zheneng Oil New Energy Co., Ltd.	Associate of Zheneng Group	-	1,912
<b>Purchases of coal from:</b>			
Zhejiang Zheneng Fuxing Fuel Co., Ltd.	Associate of Zheneng Group	-	57,161
Hangzhou Huawang Shiye Group Co., Ltd.	Associate of Mr. Dou	-	9,179
<b>Interest expenses to:</b>			
Zhejiang Provincial Energy Group Finance Co., Ltd.	Associate of Zheneng Group	22,680	-
<b>Rental income from:</b>			
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	Associate of Mr. Dou	1,137	-
<b>Total</b>		<b>23,817</b>	<b>76,367</b>

\* Due subsequent changes in shareholding, as at 30 June 2022, Jilin Shuangjia Environmental Protection Energy Utilization Co., Ltd. has ceased to be an associate 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. Negative Confirmation by the Board pursuant to Rule 705(5).

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results of the Group for the second quarter and half year ended 30 June 2022 to be false or misleading in any material respect.

## **9. 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.

### **BY ORDER OF THE BOARD**

Wei Dongliang  
Executive Chairman  
5 August 2022