To the members of Zheneng JinJiang Environment Holding Company Limited

Our Opinion

In our opinion, the accompanying consolidated financial statements of Zheneng Jinjiang Environment Holding Company Limited ("the Company") and its subsidiaries ("the Group") and the statement of financial position and statement of changes in equity of the Company present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year then ended in accordance with the International Financial Reporting Standards ("IFRSs").

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the year ended 31 December 2021;
- the consolidated statement of financial position of the Group as at 31 December 2021;
- the statement of financial position of the Company as at 31 December 2021;
- the consolidated statement of changes in equity of the Group and the statement of changes in equity of the Company for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2.2 in the financial statements, which indicates that as of 31 December 2021, the current liabilities of the Group and of the Company exceeded the current assets by approximately RMB2,131 million and approximately RMB2,014 million respectively. As stated in Note 2.2, these events or conditions, along with other matters as set forth in Note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the ability of the Group and of the Company to continue as going concerns. Our opinion is not qualified in respect of this matter.

Our Audit Approach

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the Key Audit Matter
Recognition of revenue from construction services provided under service concession arrangements (the "construction services revenue") (Refer to Notes 2.3, 2.14, 3.1(a), 3.2(a), and 4 to the consolidated financial statements.) The Group entered into certain service concession arrangements (such as "Build-Operate-Transfer" arrangements ("BOT arrangements")) in respect of its waste-to-energy ("WTE") plants with local government authorities ("Grantors") in the People's Republic of China ("PRC"). For BOT arrangements under the scope of IFRS Interpretations Committee ("IFRIC") 12 "Service Concession Arrangements", the Group accounted for their construction revenue by reference to the fair value of the construction services delivered in the construction phase. The fair value of such services is estimated on a cost-plus basis with reference to the prevailing market rate of gross margin at the date of the agreement applicable to similar construction services rendered. The construction services revenue recognized for the year ended 31 December 2021 amounted to approximately RMB692 million, representing approximately 17% of the Group's total revenue. We focused on auditing the revenue from construction services under BOT arrangements because it can be materially affected by the assumptions and estimates used (i.e. the estimates on projected construction costs and the gross margin). The inherent risk is considered significant due to subjectivity of these assumptions and estimates.	Our audit procedures in relation to the recognition of construction services revenue included: ● Understood and evaluated the management's policies, key controls and processes in allocation of the considerations for the construction of the WTE plants among the different services as provided by the Group under BOT arrangements and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the level of other inherent risk factors such as subjectivity of the key assumptions and estimates applied; ● Assessed the reasonableness of the key assumptions and estimates as applied by management in determining the amounts of construction services revenue by: - Comparing the projected construction costs as applied by management against the total budget costs as approved by management and inspected the relevant signed construction contracts; - Comparing the estimated gross margins as applied by management against those of the comparable companies in the construction industry. ● Tested the mathematical accuracy of the calculations of the amounts of construction services revenue recognised by the Group. Based on our audit procedures, we found the key assumptions and estimates used by management in determining the recognition amount of construction services revenue to be supportable by the evidence obtained and procedures performed.

Key Audit Matter	How our audit addressed the Key Audit Matter

Impairment of property, plant and equipment

(Refer to Notes 2.12, 3.1(c) and 21 to the consolidated financial statements)

As at 31 December 2021, the carrying amounts of the Group's property, plant and equipment amounted to approximately RMB10,038 million, representing approximately 49% of the Group's total assets.

Property, plant and equipment are tested for impairment whenever there is an indication that these assets may be impaired. The Group regularly reviews whether there are any indications of impairment and recognizes an impairment loss if the carrying amount of an asset is higher than its recoverable amount (which is the higher of the fair value less costs of disposal and the value in use).

In 2021, for certain WTE plants with impairment indicators, management performed assessment on impairment of the assets at cash generating unit ("CGU") level. Based on the assessment, the Group does not expect any impairment arising from these WTE plants. We focused on the impairment of property, plant and equipment due to the significant management's judgements, assumptions and estimates involved in the impairment assessment (including identification of the existence of impairment indicators). The inherent risk is considered significant due to the subjectivity of significant judgement and estimates used by management.

Our audit procedures in relation to impairment assessment of property, plant and equipment included:

- Understood and evaluated the management's internal control and process in assessing the impairment of property, plant and equipment (including the identification of the existence of impairment indicators) and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias;

- Assessed the reasonableness of management's determination of CGU based on our knowledge of business including the use of assets and internal reporting process;

- Assessed the appropriateness of management's use of valuation methodology and its compliance with management's circumstances and relevant accounting standards;

- Assessed management's forecast and calculation of the CGU's value in use, including:

    - Assessing the reasonableness of revenue growth rate by comparing the historical operating results and future operation plans of the CGUs, taking into consideration of the economic and industry outlook;

    - Assessing the discount rate by referencing to market data, and risk factors of comparable companies and market premium;

    - Assessing the reasonableness of other key input data such as capital expenditure by comparing with the management budget and corroborating with industry information; and

    - Testing the mathematical accuracy of the discounted cash flows model.

Based on the audit procedures performed above, we found management's judgement and estimates in relation to the impairment assessment of property, plant and equipment to be supportable by the evidence obtained and procedures performed.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 8 April 2022