



ZHENENG JINJIANG ENVIRONMENT HOLDING COMPANY LIMITED

浙能锦江环境控股有限公司

(Company Registration Number: 245144)

(Incorporated in the Cayman Islands on 8 September 2010)

**Unaudited Condensed Interim Financial Statements For The First Quarter and Three Months Period
Ended 31 March 2022**

Condensed Interim Consolidated Statement of Comprehensive Income

	Note	Group 3 months ended 31 March 2022 RMB'000	Group 3 months ended 31 March 2021 RMB'000
Revenue	3	867,843	749,127
Cost of sales		(623,168)	(514,061)
Gross profit		<u>244,675</u>	<u>235,066</u>
Other income			
- Interest		3,819	884
- Others		44,935	27,506
Other gains and (losses), net		7,475	(18,941)
Expenses			
- Administrative		(47,607)	(45,062)
- Finance		(107,399)	(81,753)
Share of loss of joint ventures		(268)	(221)
Profit before income tax	4	<u>145,630</u>	<u>117,479</u>
Income tax expense		(37,409)	(37,123)
Profit for the period		<u>108,221</u>	<u>80,356</u>
Other comprehensive loss			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation		(2,195)	(5,922)
Other comprehensive loss, net of tax		<u>(2,195)</u>	<u>(5,922)</u>
Total comprehensive income for the period		<u>106,026</u>	<u>74,434</u>
Profit for the period attributable to:			
- equity holders of the Company		105,484	77,048
- non-controlling interests		2,737	3,308
		<u>108,221</u>	<u>80,356</u>
Total comprehensive income for the period attributable to:			
- equity holders of the Company		103,289	71,126
- non-controlling interests		2,737	3,308
		<u>106,026</u>	<u>74,434</u>
Earnings per share attributable to the equity holders of the Company: (RMB cents per share)			
Basic and diluted earnings per share		<u>7.25</u>	<u>5.30</u>

Condensed Interim Statement of Financial Position

	Note	Group As at 31.03.22 RMB'000	Group As at 31.12.21 RMB'000	Company As at 31.03.22 RMB'000	Company As at 31.12.21 RMB'000
Assets					
Current assets					
Cash and cash equivalents		313,485	387,801	13,177	15,722
Pledged bank deposits		845,840	818,234	79,081	79,423
Trade and other receivables		2,495,139	2,438,221	-	-
Amounts due from non-controlling interests		25,896	25,896	-	-
Amounts due from related parties	5	669,425	718,976	2,246	2,258
Contract assets		16,159	17,832	-	-
Service concession receivables	6	63,976	63,976	-	-
Other tax recoverable		381,168	386,550	-	-
Inventories		57,693	62,216	-	-
Total current assets		4,868,781	4,919,702	94,504	97,403
Non-current assets					
Other receivables		204,938	152,448	-	-
Amount due from subsidiaries		-	-	2,116,764	2,116,567
Service concession receivables	6	728,873	736,432	-	-
Property, plant and equipment	7	10,248,133	10,037,818	-	-
Investment in associates		13,793	15,613	-	-
Investment in joint ventures		248,984	204,765	5,039	5,039
Investment in subsidiaries		-	-	1,798,280	1,798,280
Investment property		24,623	24,875	-	-
Intangible assets	8	4,368,366	4,289,074	-	-
Total non-current assets		15,837,710	15,461,025	3,920,083	3,919,886
Total assets		20,706,491	20,380,727	4,014,587	4,017,289
Current liabilities					
Amounts due to non-controlling interests		4,507	4,507	-	-
Amounts due to related parties	5	49,396	55,680	-	-
Amount due to subsidiaries		-	-	85,885	85,884
Lease liabilities		3,152	5,035	-	-
Trade and other payables		1,899,355	2,077,756	11,482	10,505
Borrowings	9	4,816,521	4,706,413	1,946,927	2,014,633
Deferred grant		17,065	17,065	-	-
Other tax liabilities		69,288	61,096	-	-
Income tax liabilities		126,761	123,057	-	-
Total current liabilities		6,986,045	7,050,609	2,044,294	2,111,022
Net current liabilities		(2,117,264)	(2,130,907)	(1,949,790)	(2,013,619)
Non-current liabilities					
Borrowings	9	6,058,206	5,774,970	76,531	-
Lease liabilities		1,669	2,457	-	-
Deferred tax liabilities		638,814	618,953	-	-
Deferred grant		346,013	364,020	-	-
Provision for major overhauls		24,826	24,826	-	-
Total non-current liabilities		7,069,528	6,785,226	76,531	-
Total liabilities		14,055,573	13,835,835	2,120,825	2,111,022
NET ASSETS		6,650,918	6,544,892	1,893,762	1,906,267
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	10	96	96	96	96
Share premium		1,601,100	1,601,100	1,601,100	1,601,100
Reserves		513,695	515,890	1,057,112	1,057,112
Retained profits / (accumulated losses)		4,391,065	4,285,581	(764,546)	(752,041)
		6,505,956	6,402,667	1,893,762	1,906,267
Non-controlling interests		144,962	142,225	-	-
Total equity		6,650,918	6,544,892	1,893,762	1,906,267

Condensed Interim Consolidated Statement of Changes in Equity

	Attributable to owners of the Company										Total Equity RMB'000
	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	
Group											
At 1 January 2022	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 income for the period	-	-	-	-	-	(2,195)	-	-	(2,195)	-	(2,195)
At 31 March 2022	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
At 1 January 2021	96	1,601,100	393,694	(67,642)	155,288	(46,405)	56,172	3,883,512	5,975,815	127,187	6,103,002
Profit for the period	-	-	-	-	-	-	-	77,048	77,048	3,308	80,356
Other comprehensive income for the period	-	-	-	-	-	(5,922)	-	-	(5,922)	-	(5,922)
At 31 March 2021	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
At 1 April 2021	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 income for the period	-	-	-	-	-	(6,393)	-	-	(6,393)	-	(6,393)
At 30 June 2021	96	1,601,100	393,694	(67,642)	155,288	(58,720)	56,172	4,077,368	6,157,356	135,356	6,292,712
At 1 July 2021	96	1,601,100	393,694	(67,642)	155,288	(58,720)	56,172	4,077,368	6,157,356	135,356	6,292,712
Profit for the period	-	-	-	-	-	-	-	65,455	65,455	2,765	68,220
Other comprehensive income for the period	-	-	-	-	-	8,900	-	-	8,900	-	8,900
At 30 September 2021	96	1,601,100	393,694	(67,642)	155,288	(49,820)	56,172	4,142,823	6,231,711	138,121	6,369,832

Attributable to owners of the Company

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Merger reserve RMB'000	Statutory surplus reserve RMB'000	Foreign currency translation reserve RMB'000	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total Equity RMB'000
Group											
At 1 October 2021	96	1,601,100	393,694	(67,642)	155,288	(49,820)	56,172	4,142,823	6,231,711	138,121	6,369,832
Profit for the period	-	-	-	-	-	-	-	178,713	178,713	4,104	182,817
Other comprehensive income for the period	-	-	-	-	-	(7,757)	-	-	(7,757)	-	(7,757)
<u>Transactions with owners, recognised directly in equity</u>											
Appropriation to other reserves	-	-	-	-	35,955	-	-	(35,955)	-	-	-
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	5,265	5,265
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(5,265)	(5,265)
At 31 December 2021	96	1,601,100	393,694	(67,642)	191,243	(57,577)	56,172	4,285,581	6,402,667	142,225	6,544,892

Condensed Interim Statement of Changes in Equity

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Company					
At 1 January 2022	96	1,601,100	1,057,112	(752,041)	1,906,267
Loss and total comprehensive loss for the period	-	-	-	(12,505)	(12,505)
At 31 March 2022	96	1,601,100	1,057,112	(764,546)	1,893,762
At 1 January 2021	96	1,601,100	1,057,112	(664,591)	1,993,717
Loss and total comprehensive loss for the period	-	-	-	(15,307)	(15,307)
At 31 March 2021	96	1,601,100	1,057,112	(679,898)	1,978,410
At 1 April 2021	96	1,601,100	1,057,112	(679,898)	1,978,410
Loss and total comprehensive loss for the period	-	-	-	(30,293)	(30,293)
At 30 June 2021	96	1,601,100	1,057,112	(710,191)	1,948,117
At 1 July 2021	96	1,601,100	1,057,112	(710,191)	1,948,117
Loss and total comprehensive loss for the period	-	-	-	(18,337)	(18,337)
At 30 September 2021	96	1,601,100	1,057,112	(728,528)	1,929,780
At 1 October 2021	96	1,601,100	1,057,112	(728,528)	1,929,780
Loss and total comprehensive loss for the period	-	-	-	(23,513)	(23,513)
At 31 December 2021	96	1,601,100	1,057,112	(752,041)	1,906,267

Condensed Interim Consolidated Statement of Cash Flows

	Group 3 months ended 31 March 2022 RMB'000	Group 3 months ended 31 March 2021 RMB'000
Cash flows from operating activities		
Profit before tax	145,630	117,479
Adjustments for:		
- Amortisation of intangible assets	43,959	38,126
- Deferred grant recognised	(14,602)	(6,756)
- Depreciation of investment property	252	228
- Depreciation of property, plant and equipment	93,973	75,460
- Depreciation of right-of-use assets	20,724	23,008
- Finance expenses	107,399	81,753
- Foreign exchange (gains)/losses	(7,522)	19,900
- Financial income under service concession arrangements	(10,650)	(11,048)
- Bank interest income	(3,819)	(884)
- Loss on disposal of property, plant and equipment	-	28
- Gain on disposal of shares of an associate	(421)	-
- Share of loss of joint ventures	268	221
	<u>375,191</u>	<u>337,515</u>
Change in working capital		
- Trade and other receivables	(68,918)	(141,980)
- Service concession receivables	7,559	(1,839)
- Contract assets	1,673	(18,405)
- Other tax recoverable	5,382	(8,400)
- Inventories	4,523	(3,676)
- Intangible assets	(123,819)	(104,526)
- Trade and other payables	(191,214)	(26,957)
- Other tax liabilities	8,192	(13,212)
- Amount due from related parties	41,081	(31,892)
- Amount due from non-controlling interests	-	(232)
- Amount due to related parties	(1,738)	(10,144)
- Deferred grants	(3,405)	1,506
Cash generated from/(used in) operations	<u>54,507</u>	<u>(22,240)</u>
Income tax paid	(13,844)	(51,247)
Net cash generated from/(used in) operating activities	<u>40,663</u>	<u>(73,487)</u>
Cash flows from investing activities		
Interest received	3,819	884
Additions to property, plant and equipment	(317,565)	(479,095)
Additions to intangible assets - software	(906)	-
Investment in joint venture	(44,487)	-
Proceeds from disposal shares of an associate	2,241	-
Proceeds from disposal of subsidiaries	8,470	-
Bank deposits pledged	343	-
Proceed from disposal of property, plant and equipment	-	2,750
Net cash used in investing activities	<u>(348,085)</u>	<u>(475,461)</u>
Cash flows from financing activities		
Proceeds from borrowings	1,446,856	1,748,050
Repayment of borrowings	(1,070,293)	(795,137)
Payment of finance costs	(112,369)	(90,590)
Pledged bank deposits for borrowings	(27,949)	7,906
Repayment of lease liabilities	(2,671)	(11,775)
Net cash generated from financing activities	<u>233,574</u>	<u>858,454</u>
Net (decrease) / increase in cash and cash equivalents	(73,848)	309,506
Cash and cash equivalents		
Cash and cash equivalents at beginning of the period	387,801	361,313
Effects of currency translation on cash and cash equivalents	(468)	987
Cash and cash equivalents at the end of the period	<u>313,485</u>	<u>671,805</u>

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 first quarter and three months ended 31 March 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 for the three months ended 31 March 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 31 March 2022, the current liabilities of the Group exceeded the current assets by approximately RMB2,117 million. This is mainly due to the reclassification of non-current borrowings of approximately RMB1,083 million to current borrowings as at 31 March 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 31 March 2022 including:
 - (i) additional credit facilities from financial institutions; and
 - (ii) the Group refinanced short-term borrowings amounting to RMB360 million by renewing the maturity date to another 12 months.
- (C) the Group has remained profitable and been able to generate positive cash flows from its operations;
- (D) as at the date of this announcement, the Group has RMB1,840 million of undrawn credit facilities;
- (E) the application by the Company in October 2021 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 accepted 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 31 March 2022, the Group has obtained 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) from Zheneng Group. RMB540 million has been included in current liabilities as at 31 March 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 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 31 March 2022 RMB'000	Group 3 months ended 31 March 2021 RMB'000
Waste-to-energy project construction and operation		
<u>Waste-to-energy business</u>		
- Sales of electricity	338,905	328,118
- Sales of steam	162,374	105,691
- Revenue from waste treatment	206,846	188,811
	<u>708,125</u>	<u>622,620</u>
<u>Construction services provided under BOT concession agreements</u>		
- Revenue from construction services provided under service concession agreements	143,376	100,074
- Financial income under service concession agreements	10,650	11,048
	<u>154,026</u>	<u>111,122</u>
Total	<u>862,151</u>	<u>733,742</u>
Project technical and management service, equipment selection and sale and EMC business	5,692	15,385
Total revenue	<u>867,843</u>	<u>749,127</u>

Timing of revenue recognition

	Group 3 months ended 31 March 2022 RMB'000	Group 3 months ended 31 March 2021 RMB'000
<u>At a point in time</u>		
- Sales of electricity	338,905	328,118
- Sales of steam	162,374	105,691
- Equipment selection and sale	-	373
	<u>501,279</u>	<u>434,182</u>
<u>Over time</u>		
- Revenue from waste treatment	206,846	188,811
- Revenue from construction services provided under service concession agreements	143,376	100,074
- Project technical and management service and EMC business	5,692	15,012
	<u>355,914</u>	<u>303,897</u>
- Financial income under service concession agreements	10,650	11,048
Total revenue	<u>867,843</u>	<u>749,127</u>

4. Profit for the period

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

	Group 3 months ended 31 March 2022 RMB'000	Group 3 months ended 31 March 2021 RMB'000
Profit for the period has been arrived at after charging (crediting):		
Amortisation of intangible assets	43,959	38,126
Cost of inventories recognised as expense	148,786	139,572
Depreciation of investment property	252	228
Depreciation of property, plant and equipment	93,973	75,460
Depreciation of right-of-use assets	20,724	23,008
Employee compensation	85,671	72,668
Foreign exchange (gains)/losses	(7,054)	18,913
Government grants	(14,602)	(6,756)
Government tax refund	(5,580)	(1,052)
Loss on disposal of property, plant and equipment	-	28
Gain on disposal of shares of an associate	(421)	-

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 3 months ended 31 March 2022 RMB'000	Group 3 months ended 31 March 2021 RMB'000
Companies in which Zheneng Group has control over:		
- Purchases of materials	16,147	889
- Interest expense	6,030	2,566
Companies in which Jinjiang Group has control over:		
- Purchases of materials	16,147	19,297
- Revenue from EMC business	(2,065)	(7,422)
Joint ventures:		
- Interest income	(6,819)	(6,667)

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

	Group As at 31 March 2022 RMB'000	Group As at 31 December 2021 RMB'000
Trade:		
Amounts due from companies in which major shareholders have control over	185,765	197,743
Amounts due from joint ventures	10,620	10,513
	<u>196,385</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	466,711	504,391
	<u>473,040</u>	<u>510,720</u>
	<u>669,425</u>	<u>718,976</u>
Trade:		
Amounts due to companies in which major shareholders have control over	48,837	50,252
Amounts due to joint ventures	123	448
	<u>48,960</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>49,396</u>	<u>55,680</u>

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

6. Service concession receivables

	Group As at 31 March 2022 RMB'000	Group As at 31 December 2021 RMB'000
Service concession receivables	792,849	800,408
Less: Amount due within one year shown under current assets	(63,976)	(63,976)
Service concession receivables due after one year	<u>728,873</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	519,565	527,124
	<u>792,849</u>	<u>800,408</u>

7. Property, plant and equipment

Group	Property, plant and equipment	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000
Cost			
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)
At 31 December 2021	10,592,767	2,377,274	12,970,041
Additions	325,104	-	325,104
Disposals/Written off	(7)	-	(7)
Exchange difference	(108)	(204)	(312)
At 31 March 2022	10,917,756	2,377,070	13,294,826
Accumulated depreciation			
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
At 31 December 2021	(2,048,342)	(856,391)	(2,904,733)
Depreciation for the year	(93,973)	(20,724)	(114,697)
Disposals/Written off	6	-	6
Exchange difference	221	-	221
At 31 March 2022	(2,142,088)	(877,115)	(3,019,203)
Accumulated impairment			
At 1 January 2021,			
At 31 December 2021/31 March 2022	(27,490)	-	(27,490)
Carrying values			
At 31 March 2022	8,748,178	1,499,955	10,248,133
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 three months period ended 31 March 2022 and 31 March 2021.

8. Intangible assets

	Group As at 31 March 2022 RMB'000	Group As at 31 December 2021 RMB'000
Software	9,320	8,993
Service concession arrangement (Note (a))	4,359,046	4,280,081
	<u>4,368,366</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	123,819	582,034
At 31 March 2022/31 December 2021	<u>4,999,938</u>	<u>4,876,119</u>
Accumulated amortisation		
At 1 January 2022/1 January 2021	(565,836)	(419,397)
Amortisation	(44,854)	(146,439)
At 31 March 2022/31 December 2021	<u>(610,690)</u>	<u>(565,836)</u>
Accumulated impairment		
At 1 January 2022/1 January 2021	(30,202)	-
Impairment losses	-	(30,202)
At 31 March 2022/31 December 2021	<u>(30,202)</u>	<u>(30,202)</u>
Net book value	<u>4,359,046</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 three months period ended 31 March 2022.

9. Bank borrowings

	Group As at 31 March 2022 RMB'000	Group As at 31 December 2021 RMB'000
Amount repayable within one year or less, or on demand		
- Secured borrowings	4,605,596	4,678,388
- Unsecured borrowings	210,925	28,025
	4,816,521	4,706,413
Amount repayable after one year		
- Secured borrowings	5,941,849	5,533,145
- Unsecured borrowings	116,357	241,825
	6,058,206	5,774,970
Total borrowings net of transaction costs	10,874,727	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 31 March 2022 is an amount of RMB1,239,645,000 (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 three-month period ended 31 March 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 RMB923,854,000 (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
Fully paid ordinary shares		
As at 1 January 2021, as at 31 December 2021 and as at 31 March 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 first quarter ended 31 March (“1Q”) 2022.

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

The Company had no convertibles, treasury shares or subsidiary holdings as at 31 March 2022 and 31 December 2021.

11. Earnings per share

	Group 3 months ended 31 March 2022	Group 3 months ended 31 March 2021
Basic and fully diluted earnings per share (RMB cents)	7.25	5.30
Weighted average number of shares	1,454,024,700	1,454,024,700

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

The total number of issued shares as at 31 March 2022 and 31 March 2021 was 1,454,024,700.

12. Net asset value

	Group As at 31 March 2022	Group As at 31 December 2021	Company As at 31 March 2022	Company As at 31 December 2021
Assets				
Net asset value per share (RMB cents)	457.41	450.12	130.24	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 31 March 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 31 March 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:

	Group As at 31 March 2022 RMB'000	Group As at 31 December 2021 RMB'000
Property, plant and equipment	608,825	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
1 January 2022 to 31 March 2022			
Segment revenue			
External revenue	862,151	5,692	867,843
Inter-segment revenue	-	39,590	39,590
	<u>862,151</u>	<u>45,282</u>	<u>907,433</u>
Elimination	-	(39,590)	(39,590)
Revenue	<u>862,151</u>	<u>5,692</u>	<u>867,843</u>
Segment profit			
Government grants and VAT refund	241,963	2,712	244,675
Gain on disposal of shares of an associate	19,956	226	20,182
Foreign exchange gains			421
Other income			7,054
Administrative expenses			28,572
Finance costs			(47,607)
Share of loss of joint ventures			(107,399)
Profit before tax			<u>(268)</u>
			<u>145,630</u>
As at 31 March 2022			
Assets and Liabilities			
Segment assets	16,930,014	1,579,851	18,509,865
Unallocated			2,196,626
Consolidated total assets			<u>20,706,491</u>
Segment liabilities	12,211,611	990,759	13,202,370
Unallocated			853,203
Consolidated total liabilities			<u>14,055,573</u>
1 January 2022 to 31 March 2022			
Other segment information			
Depreciation and amortisation	155,492	3,416	158,908
Additions to non-current assets	447,044	2,785	449,829

	Waste-to-energy project construction and operation RMB '000	Project technical and management service, equipment selection and sale and EMC business RMB '000	Total RMB '000
1 January 2021 to 31 March 2021			
Segment revenue			
External revenue	733,742	15,385	749,127
Inter-segment revenue	-	43,200	43,200
	<u>733,742</u>	<u>58,585</u>	<u>792,327</u>
Elimination	-	(43,200)	(43,200)
Revenue	<u>733,742</u>	<u>15,385</u>	<u>749,127</u>
Segment profit			
Government grants and VAT refund	226,170	8,896	235,066
Loss on disposal on property, plant and equipment	7,551	257	7,808
Foreign exchange losses	(28)	-	(28)
Other income			(18,913)
Administrative expenses			20,582
Finance costs			(45,062)
Share of loss of joint ventures			(81,753)
Profit before tax			<u>(221)</u>
			117,479
As at 31 December 2021			
Assets and Liabilities			
Segment assets	16,543,333	1,593,395	18,136,728
Unallocated			2,243,999
Consolidated total assets			<u>20,380,727</u>
Segment liabilities	11,938,893	1,046,589	12,985,482
Unallocated			850,353
Consolidated total liabilities			<u>13,835,835</u>
1 January 2021 to 31 March 2021			
Other segment information			
Depreciation and amortisation	130,226	6,596	136,822
Additions to non-current assets	578,583	2,315	580,898

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 three months ended 31 March 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.

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

1. Review of performance of the Group

Consolidated Statement of Comprehensive Income

1Q2022 vs 1Q2021

Revenue

	3 months ended 31 March 2022		3 months ended 31 March 2021		Change
	RMB'000	%	RMB'000	%	%
Waste-to-energy project construction and operation					
<u>Waste-to-energy business</u>					
- Sales of electricity	338,905	39.1	328,118	43.8	3.3
- Sales of steam	162,374	18.7	105,691	14.1	53.6
- Revenue from waste treatment	206,846	23.8	188,811	25.2	9.6
	<u>708,125</u>	81.6	<u>622,620</u>	83.1	13.7
<u>Construction services provided under BOT concession agreements</u>					
- Revenue from construction services provided under service concession agreements	143,376	16.5	100,074	13.4	43.3
- Financial income under service concession agreements	10,650	1.2	11,048	1.5	(3.6)
	<u>154,026</u>	17.7	<u>111,122</u>	14.8	38.6
Total	<u>862,151</u>	99.3	<u>733,742</u>	97.9	17.5
Project technical and management service, equipment selection and sale and EMC business	5,692	0.7	15,385	2.1	(63.0)
Total revenue	<u>867,843</u>	100.0	<u>749,127</u>	100.0	15.8

Details of the electricity generated and supplied, steam supplied and waste treated for 1Q2022 and 1Q2021 are as follows:

	Group 3 months ended 31 March 2022	Group 3 months ended 31 March 2021	Change %
Electricity generated ('000 KWh)	796,532	794,420	0.3
On-grid electricity supplied ('000 KWh)	602,557	591,683	1.8
Steam supplied ('000 tonnes)	771	765	0.8
Waste treated ('000 tonnes)	2,692	2,621	2.7

Gross profit and gross profit margin

	Gross Profit (RMB '000)		Gross Profit Margin	
	3 months ended 31 March 2022	3 months ended 31 March 2021	3 months ended 31 March 2022	3 months ended 31 March 2021
WTE business (excluding gross profit from construction services provided under BOT concession agreements)	211,756	201,472	29.90%	32.36%
Construction services provided under BOT concession agreements	19,557	13,650	13.64%	13.64%
Financial income under service concession agreements	10,650	11,048	N.A	N.A
Project technical and management service and EMC business	2,712	8,896	47.65%	57.82%
Total	244,675	235,066	28.19%	31.38%

The increase in gross profit by RMB9.6 million from RMB235.1 million in 1Q2021 to RMB244.7 million in 1Q2022 and the decrease in gross profit margin by 3.19% 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 RMB85.5 million or 13.7% from RMB622.6 million in 1Q2021 to RMB708.1 million in 1Q2022. This was mainly attributable to (i) waste treated (including waste collection and transportation operations in India) increasing by 2.7% and excluding waste collection and transportation operations in India, waste treated increasing by 0.8% in 1Q2022 as compared to 1Q2021, 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 RMB28.8 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 1Q2022 as compared to 1Q2021, which resulted the increase in sales of steam by a total of RMB50.6 million.

The gross profit of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) increased by RMB10.3 million or 5.1% from RMB201.5 million in 1Q2021 to RMB211.8 million in 1Q2022, which is mainly due to:

1. Officially commence 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 RMB1.7 million, which contributed to an increase of RMB5.1 million in gross profit of Linzhou Jiasheng WTE Facility and this was offset by the reduction of RMB3.4 million in gross profit of Leting Jinhuan New Energy WTE Facility due to the equipment still 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 RMB20.0 million in 1Q2022 as compared to 1Q2021, mainly due to (i) increase of RMB12.5 million in gross profit due to the increase of income after the adjustment of steam supply of waste generating units, (ii) increase of RMB11.7 million in gross profit from the coal-fired unit due to the local government strengthened 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 RMB17.6 million and partially offset by the decrease in gross profit of RMB9.1 million due to the increase in coal consumption, and (iii) the increase in gross profit was partially offset by the decrease of RMB4.3 million in gross profit due to increase in depreciation 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 RMB11.4 million. The decrease is due to (i) decrease in gross profit of RMB10.7 million due to the decrease in revenue from waste treatment and sales of electricity as a result of the Coronavirus Disease 2019 (“COVID-19”) pandemic situation in Jilin Xinxiang WTE Facility in Jilin Province, Lianyungang Sunrise WTE Facility in Jiangsu Province and some other power plants, (ii) decrease in gross profit of RMB8.0 million due to the increase in power plant overhaul costs as scheduled in 1Q2022 as compared to 1Q2021, (iii) decrease in gross profit of RMB13.0 million due to the year-end bonuses being accrued on a monthly basis in 1Q2022, but such costs for 1Q2021 were only accrued since the half year ended 30 June 2021; (iv) decrease in gross profit of RMB4.9 million due to the increase in coal price, and (v) the decrease in gross profit of RMB2.4 million due to the increase in costs of landfill disposal of obsolete waste in the India projects. This was partially offset by (i) increase in gross profit of RMB18.0million 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 in gross profit of RMB5.9 million due to the reduction in environmental protection expenses which (a) Wuhu Jinjiang WTE Facility in Anhui Province dominated by grate furnace operation in 1Q2022 and resulted the reduction in volume of fly ash, and (b) reduction in fly ash disposal costs as compared to 1Q2021 from Tangshan Jiasheng WTE Facility in Hebei Province and Tianjin Sunrise WTE Facility after the change in fly ash disposal method and the replacement of fly ash disposal providers in some WTE facilities, and (iii) increase in gross profit of RMB3.6 million derived from the Wenling Organic Waste Treatment Facility in Zhejiang Province.

The gross profit margin decreased from 32.4% in 1Q2021 to 29.9% in 1Q2022. As mentioned above, this is mainly due to (i) some of the costs being accrued on a monthly basis in 1Q2022, but such costs for 1Q2021 were only accrued since the half year ended 30 June 2021, and (ii) decrease in revenue from waste treatment and sales of electricity due to the impact of the COVID-19 pandemic situation in 1Q2022.

Construction services provided under BOT concession agreements

The gross profit from construction services provided under BOT concession agreements (includes financial income) increased RMB5.5 million from RMB24.7 million in 1Q2021 to RMB30.2 million in 1Q2022. The gross profit from the construction services provided under BOT concession agreements increased RMB5.9 million in 1Q2022 as compared to 1Q2021 and the gross profit from financial income under service concession agreements decreased by RMB0.4 million. Due to the decreased in financial income, the gross profit margin including financial income has decreased from 22.3% in 1Q2021 to 19.6% in 1Q2022. In 1Q2022, 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 1Q2022, based on the construction investment amount and progress of the aforesaid projects, is higher than in 1Q2021.

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 69.5% or RMB6.2 million from RMB8.9 million in 1Q2021 to RMB2.7 million in 1Q2022. The gross profit margin decreased from 57.8% to 47.7% 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 3 months ended 31 March 2022 RMB'000	Group 3 months ended 31 March 2021 RMB'000	Increase / (Decrease) RMB'000	Change +/(-) %
Bank interest income	3,819	884	2,935	332.0
Government grants	14,602	6,756	7,846	116.1
Value added tax refund	5,580	1,052	4,528	430.4
Gain on sales of scrap materials	17,934	13,031	4,903	37.6
Interest income from joint ventures	6,819	6,667	152	2.3
Other income	48,754	28,390	20,364	71.7

Other income increased RMB20.4 million or 71.7% from RMB28.4 million in 1Q2021 to RMB48.8 million in 1Q2022, mainly due to (i) increase of RMB7.9 million in government grants, (ii) increase of RMB4.5 million in value added tax refund, and (iii) increase of RMB4.9 million in gain on sales of scrap materials in 1Q2022 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 3 months ended 31 March 2022 RMB'000	Group 3 months ended 31 March 2021 RMB'000	Increase / (Decrease) RMB'000	Change + / (-) %
Foreign exchange gain/(losses)	7,054	(18,913)	25,967	N.A
Loss on disposal of property, plant and equipment	-	(28)	28	N.A
Gain on disposal of shares of an associate	421	-	421	N.A
Other gains and (losses), net	<u>7,475</u>	<u>(18,941)</u>	<u>26,416</u>	N.A

Other gains and (losses) increased RMB26.4 million from other losses of RMB18.9 million in 1Q2021 to other gains of RMB7.5 million in 1Q2022, mainly due to (i) increased in other gains of RMB26.0 million due to the depreciation of the Chinese Renminbi against the United States Dollar in 1Q2022, which resulted the foreign exchange gain of RMB7.1 million in 1Q2022 as compared to the foreign exchange loss of RMB18.9 million in 1Q2021; and (ii) increase in gain on disposal of shares of an associate, Guizhou Jinning New Energy Co., Ltd., of RMB0.4 million in 1Q2022.

Administrative expenses

Administrative expenses remained consistent for both 1Q2022 and 1Q2021 and amounted to RMB47.6 million and RMB45.1 million, respectively.

Finance costs

Finance costs increased RMB25.6 million from RMB81.8 million in 1Q2021 to RMB107.4 million in 1Q2022, 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 capitalised, and the completion of the power plant upgrading project, and the increase of loan scale in 1Q2022.

Profit before tax

As a result of the foregoing, profit before tax increased RMB28.2 million or 24.0% from RMB117.5 million in 1Q2021 to RMB145.6 million in 1Q2022.

Income tax expense

Income tax expense increased RMB0.3 million from RMB37.1 million in 1Q2021 to RMB37.4 million in 1Q2022. In 1Q2022, some of the 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 increased from RMB74.4 million in 1Q2021 to RMB106.0 million in 1Q2022.

Statement of Financial Position

	31 March 2022	31 December 2021	Increase / (Decrease)	Increase / (Decrease)
	RMB Million	RMB Million	RMB Million	%
Current assets	4,868.8	4,919.7	(50.9)	(1.0)
Non-current assets	15,837.6	15,461.0	376.6	2.4
Total assets	20,706.4	20,380.7	325.7	1.6
Current liabilities	6,986.0	7,050.6	(64.6)	(0.9)
Non-current liabilities	7,069.5	6,785.2	284.3	4.2
Total liabilities	14,055.5	13,835.8	219.7	1.6
Capital and reserves	6,650.9	6,544.9	106.0	1.6

Current assets

The decrease is due to (i) pledged bank deposits increasing RMB27.6 million or 3.4% from RMB818.2 million as at 31 December 2021 to RMB845.8 million as at 31 March 2022, mainly due to the increase in deposits for new loan deposits made during the period, and (ii) trade and other receivables and contract assets increasing RMB55.3 million or 2.2% from RMB2,456.1 million as at 31 December 2021 to RMB2,511.3 million as at 31 March 2022 due to (a) increase in receivables in line with the increase in revenue, and (b) more prepayments made. This was partially offset by (i) the amount due from related parties and joint ventures, which includes interest-bearing advances to joint ventures decreasing RMB49.6 million or 6.9% from RMB719.0 million as at 31 December 2021 to RMB669.4 million as at 31 March 2022, and (ii) cash and cash equivalents decreasing RMB74.3 million or 19.2% from RMB387.8 million as at 31 December 2021 to RMB313.5 million as at 31 March 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 RMB210.3 million or 2.1% from RMB10,037.8 million as at 31 December 2021 to RMB10,248.1 million as at 31 March 2022 due to the new, upgraded and expanded facilities, (ii) intangible assets increased RMB79.3 million or 1.8% from RMB4,289.1 million as at 31 December 2021 to RMB4,368.4 million as at 31 March 2022, arising from the BOT project, 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, (iii) investment in joint ventures increased RMB44.2 million from RMB204.8 million as at 31 December 2021 to RMB249.0 million as at 31 March 2022 due to the proportional capital contribution in joint ventures during the period, and (iv) other receivables increased RMB52.5 million from RMB152.4 million as at 31 December 2021 to RMB204.9 million as at 31 March 2022 due to the increase in prepayments for the construction project.

Current liabilities

The decrease is mainly due to (i) trade and other payables decreasing RMB178.4 million or 8.6% from RMB2,077.8 million as at 31 December 2021 to RMB1,899.4 million as at 31 March 2022 due to more payables recorded in accordance with contractual payment terms and prior year bonus accruals being paid in 1Q2022, and (ii) amounts due to related parties decreasing RMB6.3 million or 10.4% from RMB60.2 million as at 31 December 2021 to RMB53.9 million as at 31 March 2022 due to the settlement of interest payable and project funds. This was partially offset by (i) current borrowings and lease liabilities increasing RMB108.3 million or 2.3% from RMB4,711.4 million as at 31 December 2021 to RMB4,819.7 million as at 31 March 2022, (ii) income tax liabilities and other tax liabilities increasing RMB11.9 million from RMB184.2 million as at 31 December 2021 to RMB196.0 million as at 31 March 2022.

Non-current liabilities

The increase is mainly due to non-current borrowings increasing RMB283.2 million or 4.9% from RMB5,775.0 million as at 31 December 2021 to RMB6,058.2 million as at 31 March 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 RMB106.0 million or 1.6% from RMB6,544.9 million as at 31 December 2021 to RMB6,650.9 million as at 31 March 2022 is due to the retained earnings for 1Q2022.

Consolidated Statement of Cashflows

	Group 3 months ended 31 March 2022 RMB Million
Net cash from operating activities	40.7
Net cash used in investing activities	(348.1)
Net cash from financing activities	233.6
Cash and cash equivalents at beginning of the period	387.8
Effects of currency translation on cash and cash equivalents	(0.5)
Cash and cash equivalents at the end of the period	<u>313.5</u>

In 1Q2022, operating cash inflow was RMB40.7 million. This is due to (i) operating cash inflow before movements in working capital of RMB375.2 million after deducting abnormal gains and losses without cash flow, (ii) reduced collections from trade and other receivables and from related parties and payments made for trade and other payables, (iii) increase in activities for the construction of BOT projects (which includes, Zhongwei Green Energy WTE Facility in Ningxia Hui Autonomous Region, Expansion Project of Yunnan Green Energy WTE Facility and Jinghong Jiasheng WTE Facility in Xishuangbanna Dai Autonomous Prefecture, Yunnan Province) into operating cash flow, resulting in operating cash outflow of RMB142.6 million, and (iv) payment of income tax resulting a cash outflow of RMB13.8 million.

In 1Q2022, investing cash outflow was RMB348.1 million. This is due to (i) investments in property, plant and equipment of RMB which includes the payment for equipment and construction for the Shijiazhuang Jinhuan Resource Recycling Project and Shijiazhuang Jiasheng WTE Facility in Hebei Province, Reconstruction Project of Wuhu Jinjiang WTE Facility in Anhui Province, and Zhuji Bafang WTE Facility in Zhejiang Province, (ii) proportional capital contribution in joint ventures of RMB44.5 million in 1Q2022, (iii) proceeds from disposal shares of an associate, Guizhou Jinning New Energy Co., Ltd of RMB2.24 million, and (iv) received the final payment of RMB8.47 million for the disposal of Hohhot Jiasheng New Energy Co., Ltd.

In 1Q2022, financing cash inflow was RMB233.6 million. This is due to new borrowings amounting to RMB1,446.9 million, including renewal of RMB317.6 million and new current borrowings, project financing for Shijiazhuang Jiasheng WTE Facility in Hebei Province and Jinghong Jiasheng WTE Facility in Xishuangbanna Dai Autonomous Prefecture, Yunnan Province, and new leases for Wuhu Jinjiang WTE Facility in Anhui Province and Gaomi Lilangmingde WTE Facility in Shandong Province. However, this was offset by the repayment of borrowings and interest of RMB1,182.7 million and increase of pledged bank deposits for borrowings of RMB28.0 million.

Bank balances and cash as at 31 March 2022 was RMB313.5 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 quarter of 2022, in the face of a more complex and severe international environment and multiple challenges brought about by frequent domestic COVID-19 outbreaks, the Chinese government has scientifically coordinated epidemic control and economic and social development. Continuing the momentum of recovery and development, the economy is generally running in a stable fashion, with the nominal gross domestic product of the PRC increasing by 4.8% year-on-year, and the long-term economic fundamentals of China continue to be positive. However, with the current increasing uncertainties in the international and domestic environment and the difficulties and challenges faced by the economic development, the government still puts stable growth in a more prominent position and keeps the economy operating within a reasonable range.

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

2022 is a key year for the implementation of the "14th Five-Year Plan". The 2022 National Ecological Environmental Protection Work Conference proposed that ecological environmental protection will take the "orderly promotion of green and low-carbon development" as the primary focus, promote the coordinated governance of pollution reduction and carbon reduction, and manage the second performance cycle of the national carbon emissions trading market, and strive to achieve synergy between economic development and environmental protection. The government's policy to encourage the development of the WTE industry and the entire environmental protection industry remains stable.

In March 2022, the National Development and Reform Commission ("**NDRC**") and the National Energy Administration ("**NEA**") issued the Modern Energy System Plan ("**Plan**") within the "14th Five-Year Plan" to promote the construction of a modern energy system, and proposed the main goal of modern energy system construction during China's "14th Five-Year Plan" period. The Plan proposes to develop other renewable energy sources according to local conditions, promotes the diversified utilization of biomass energy, steadily develops urban waste incineration power generation, orderly develops agricultural and forestry biomass power generation and biogas power generation, and develops biomass energy for clean heating according to local conditions.

In March 2022, the NDRC, the NEA and the Ministry of Finance jointly issued the "Notice on Carrying out the Self-Inspection of Renewable Energy Power Generation Subsidies", requiring the nationwide verification of renewable energy power generation subsidies to further identify the base number of subsidies, which is conducive to standardizing the use and management of subsidy funds and improving the utilization rate. As of 31 March 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 relevant 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 1Q2022. The first phase of Jinghong Jiasheng WTE Facility in Xishuangbanna Dai Autonomous Prefecture, Yunnan Province (BOT) officially started construction in 1Q2022. As of 31 March 2022, the Group has 4 WTE projects and 1 Resource Recycling project under construction in China, which are expected to be put into operation successively in 2022 and 2023. The Group's total waste treatment capacity is expected to increase by 3,850 tonnes/day and 125MW installed capacity upon completion of the aforesaid projects.

The Group is committed to building an urban ecological complex, actively expanding the "Recycling and Synergy" business, disposing of all urban waste, striving to implement the "carbon peaking and carbon neutrality goal" and responding to the construction of a "zero-waste city". The Group successfully secured the Baoding Jinhuan WTE Project in Baoding City, Hebei Province in the first quarter of 2022, with a daily waste treatment capacity of 1,200 tonnes. It will jointly contribute to the "harmless, reduction and recycling" of local waste treatment together with the Gaobeidian Resource Recycling Project upon its completion. As of 31 March 2022, the Group has 15 WTE projects, 4 kitchen waste projects and 1 Resource Recycling project under preparation in China, which are undertaking preparatory works for construction on schedule.

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

In addition, the Group actively promotes and optimises the development of overseas projects with a view towards achieving sustainable and long-term growth of its business. In 1Q2022, the Group signed a supplementary agreement to the concession agreement with the government of Palembang, Indonesia. The waste treatment fee has been increased from about US\$22/tonne to about US\$28/tonne, which will be further increased yearly from its second year of operation after the project is put into operation, laying a solid foundation for the subsequent development of the Palembang Project in Indonesia. On the other hand, in August 2018, the Company incorporated a subsidiary, Jinjiang Environment Holding Limitada ("**Jinjiang Environment Holding**"), in Sao Paulo, Brazil, as the Group's platform for exploring and investing in potential future business opportunities in Brazil. However due to various risks associated with the project including difficulties in obtaining debt financing and exchange rate risks, the WTE project in Sao Paulo, Brazil which is currently in the preparatory stage, is no longer eligible for development and considering that the existence of Jinjiang Environment Holding will continue to incur expenses and investment management costs, the Company intends to wind up Jinjiang Environment Holding to further optimise the Company's structure. The winding up of the aforesaid subsidiary is not expected to have any material financial impact to the Group arising therefrom.

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 40,410 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 1Q2022, there were a series of localised COVID-19 outbreaks in China, which affected several provinces, especially in the provinces and cities where the Group's headquarters and certain of its WTE facilities including Jilin Xinxiang WTE Facility, Linyungang Sunrise WTE Facility and Tangshan Jiasheng WTE Facility are located. The Group quickly implemented prevention and control arrangements in response. As of 31 March 2022, the Group's domestic facilities have maintained normal and stable operations, the local waste can be processed in a timely manner and the disposal standards have been achieved.

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

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
Energy management contracting services provided to:			
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	Associate of Mr. Dou	-	2,252
Jilin Shuangjia Environmental Protection Energy Utilization Co., Ltd.*	Associate of Mr. Dou	-	1,315
Purchases of materials from:			
Zhejiang Petroleum Integrated Energy Sales Co., Ltd	Associate of Zheneng Group	-	1,690
Zhejiang Zheneng Oil New Energy Co., Ltd.	Associate of Zheneng Group	-	315
Purchases of coal from:			
Zhejiang Zheneng Fuxing Fuel Co., Ltd.	Associate of Zheneng Group	-	9,439
Hangzhou Huawang Shiye Group Co., Ltd.	Associate of Mr. Dou	-	5,034
Rental income from:			
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	Associate of Mr. Dou	1,137	-
Total		1,137	20,045

* Due subsequent changes in shareholding, as at 31 March 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 first quarter and three months ended 31 March 2022 to be false or misleading in any material respect.

The unaudited interim financial results of the Group for the first quarter and three months ended 31 March 2022 have been reviewed by the Board without the assistance of a functioning Audit and Risk Management Committee, which presently comprises only Mr. Ang Swee Tian following the retirement of Mr. Hee Theng Fong and Mr. Tan Huay Lim at the conclusion of the Annual General Meeting of the Company held on 25 April 2022.

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
11 May 2022