

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 Full Year Financial Statements For The Financial Year Ended 31 December 2020

Background

Zheneng Jinjiang Environment Holding Company Limited (the “**Company**” and together with its subsidiaries, the “**Group**”), formerly known as China Jinjiang Environment Holding Company Limited, was incorporated as an exempted company with limited liability under the laws of the Cayman Islands on 8 September 2010. The Company was listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 3 August 2016.

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**”). However, under Rule 705(2A) of the Listing Manual, the Company has 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, if any condition in Rule 705(2) is still met following the expiry of the aforesaid grace period, the Company will carry out Quarterly Reporting thereafter.

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

The Board of Directors of the Company announces the unaudited financial results of the Group for the full year (“**FY**”) ended 31 December 2020.

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

Consolidated Statement of Comprehensive Income

	Group FY2020 RMB'000	Group FY2019 RMB'000	Change +/(-) %
Revenue	3,084,664	3,877,541	(20.4)
Cost of sales	(2,192,172)	(2,927,715)	(25.1)
Gross profit	892,492	949,826	(6.0)
Other income and other losses	192,520	(53,065)	N.M.
Share of (loss) gain of associates	(325)	836	N.M.
Share of gain (loss) of joint ventures	1,004	(8,169)	N.M.
Administrative expenses	(252,518)	(276,644)	(8.7)
Finance costs	(355,490)	(306,587)	16.0
Profit before tax	477,683	306,197	56.0
Income tax expense	(147,194)	(142,229)	3.5
Profit for the year	330,489	163,968	101.6

Other comprehensive (loss) gain

Foreign currency translation	(37,830)	338	N.M.
Total comprehensive income for the period	292,659	164,306	78.1
Profit for the year attributable to:			
- owners of the Company	326,934	153,324	113.2
- non-controlling interests	3,555	10,644	(66.6)
	330,489	163,968	101.6
Total comprehensive income for the year attributable to:			
- owners of the Company	289,104	153,662	88.1
- non-controlling interests	3,555	10,644	(66.6)
	292,659	164,306	78.1

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

	Group FY2020 RMB'000	Group FY2019 RMB'000	Change +/(-) %
Profit before tax has been arrived at after charging (crediting):			
Staff costs (including directors' emoluments)	347,467	327,406	6.1
Cost of inventories recognised as expense	504,975	563,675	(10.4)
Share award expense	-	23,301	(100.0)
Depreciation of property, plant and equipment	413,147	393,002	5.1
Depreciation of investment property	937	966	(3.0)
Amortisation of intangible assets	142,716	91,201	56.5
Total depreciation and amortisation	556,800	485,169	14.8
Under provision of tax in the prior years	(6,163)	(8,664)	(28.9)
Government compensation for closure of plant - net	12,285	21,953	(44.0)
Government grants and tax refund	76,352	43,924	73.8
Bank interest income	19,727	38,947	(49.3)
Foreign exchange gains (losses)	161,276	(32,496)	N.M.
Property, plant and equipment written off	(52,055)	(78,966)	(34.1)
Impairment loss on property, plant and equipment	(4,366)	(53,124)	(91.8)
Loss allowance recognised on:			
- trade receivables	(11,090)	(11,993)	(7.5)
- other receivables	(46,468)	(15,749)	195.1
Sludge outsourcing fee	13,653	4,327	215.5
Others	23,206	30,112	(22.9)
Other income and other losses	192,520	(53,065)	N.M.

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

	Group As at 31 Dec 2020 RMB'000	Group As at 31 Dec 2019 RMB'000	Company As at 31 Dec 2020 RMB'000	Company As at 31 Dec 2019 RMB'000
Assets				
Non-current assets				
Property, plant and equipment	9,291,612	8,233,955	-	-
Intangible assets	3,882,549	3,585,943	-	-
Investment property	26,276	27,205	-	-
Investment in associates	16,147	14,536	-	-
Investment in subsidiaries	-	-	1,798,280	1,790,880
Investment in joint ventures	213,606	210,437	6,394	5,039
Service concession receivables	649,627	628,378	-	-
Amount due from subsidiaries	-	-	2,410,053	3,011,330
Amount due from a related party	-	-	552	-
Other receivables	167,659	202,230	1,155	2,228
Total non-current assets	14,247,476	12,902,684	4,216,434	4,809,477
Current assets				
Inventories	56,784	37,137	-	-
Service concession receivables	49,359	57,983	-	-
Trade and other receivables	1,733,920	1,652,605	-	-
Contract assets	81,540	76,187	-	-
Other tax recoverable	330,802	264,138	-	-
Amounts due from related parties	813,656	548,750	-	-
Amounts due from non-controlling interests	32,114	55,591	-	-
Pledged bank deposits	242,612	571,445	83,526	59,874
Bank balances and cash	361,313	442,123	26,757	85,803
Total current assets	3,702,100	3,705,959	110,283	145,677
Total assets	17,949,576	16,608,643	4,326,717	4,955,154
Current liabilities				
Trade and other payables	1,709,361	1,745,256	8,969	9,006
Amounts due to related parties	255,223	154,180	-	-
Amount due to subsidiaries	-	-	85,885	85,892
Income tax liabilities	148,201	109,384	-	-
Other tax liabilities	78,870	53,827	-	-
Dividends payable	-	1,397	-	-
Borrowings	2,588,705	3,472,771	913,486	1,306,595
Lease liabilities	39,194	151,622	-	-
Deferred grant	17,080	8,968	-	-
Notes payable	-	1,423,212	-	1,423,212
Total current liabilities	4,836,634	7,120,617	1,008,340	2,824,705
Net current liabilities	(1,134,534)	(3,414,658)	(898,057)	(2,679,028)
Total assets less current liabilities	13,112,942	9,488,026	3,318,377	2,130,449
Non-current liabilities				
Borrowings	6,090,635	2,566,525	1,323,305	-
Lease liabilities	5,482	223,578	-	-
Deferred tax liabilities	542,392	482,746	-	-
Deferred grant	345,978	381,476	-	-
Provision for contingent liabilities	2,400	-	-	-
Provision for major overhauls	23,053	19,032	-	-
Total non-current liabilities	7,009,940	3,673,357	1,323,305	-
Net assets	6,103,002	5,814,669	1,995,072	2,130,449

Capital and reserves

Share capital	96	96	96	96
Reserves	5,975,719	5,686,615	1,994,976	2,130,353
Equity attributable to owners of the Company	5,975,815	5,686,711	1,995,072	2,130,449
Non-controlling interests	127,187	127,958	-	-
Total equity	6,103,002	5,814,669	1,995,072	2,130,449

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 31 Dec 2020		As at 31 Dec 2019	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
2,596,124	31,775	5,046,425	1,180

Amount repayable after one year

As at 31 Dec 2020		As at 31 Dec 2019	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
6,095,440	677	2,789,203	900

Details of any collateral

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

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

	Group FY2020 RMB'000	Group FY2019 RMB'000
Operating activities		
Profit before tax	477,683	306,197
Adjustments for:		
Finance costs	355,490	306,587
Bank interest income	(19,727)	(38,947)
BOT interest income	(44,193)	(41,993)
Depreciation of property, plant and equipment / ROU assets	413,147	393,002
Depreciation of investment property	937	966
Amortisation of intangible assets	142,716	91,201
Property, plant and equipment written off	-	78,966
Property, plant and equipment disposed off	52,055	-
Compensation income on closure of a WTE plant	(21,026)	(225,011)
Write-off of property, plant and equipment upon closure of a WTE plant	13,128	161,196
Loss allowance recognised on:		
- trade receivables	11,090	11,993
- other receivables and prepayments	46,468	15,749
Impairment loss on property, plant and equipment	4,366	53,124
Deferred grant recognised	(38,502)	(19,590)
Share award expense	-	23,301
Foreign exchange (gains) losses	(188,509)	42,635
Share of loss (gain) of an associate	325	(836)
Share of (gain) loss of joint ventures	(1,004)	8,169
Operating cash flows before movements in working capital	1,204,444	1,166,709
Trade and other receivables	(121,997)	(102,668)
Service concession receivables	(20,404)	(120,719)
Contract assets	(5,353)	(76,187)
Contract costs	-	10,847
Other tax recoverable	(66,664)	(121,646)
Inventories	(19,647)	16,214
Intangible assets	(433,458)	(1,226,516)
Trade and other payables	29,003	172,752
Other tax liabilities	22,385	(7,043)
Amounts due from related parties	(264,906)	112,886
Amounts due from non-controlling interests	23,477	(5,238)
Amounts due to related parties	117,453	26,660
Provision for contingent liabilities	2,400	-
Deferred grants	11,116	238,939
Cash generated from operations	477,849	84,990
Income tax paid	(48,732)	(111,093)
Net cash generated from (used in) operating activities	429,117	(26,103)
Investing activities		
Interest received	18,061	32,102
Payments for property, plant and equipment	(1,490,823)	(996,320)
Proceeds from disposal of property, plant and equipment	8,750	-
Payments for intangible assets - software	(1,844)	(4,001)
Investment in associates	-	(1,500)
Proceeds from closure of WTE plant	40,998	-
Investment in joint ventures	(2,000)	(26,751)
Pledged bank deposits	65,692	(144,351)
Net cash used in investing activities	(1,361,166)	(1,140,821)
Financing activities		
Proceeds from borrowings	6,557,765	3,012,564
Repayment of borrowings	(3,262,397)	(1,535,430)
Repayment of notes payable	(1,415,900)	-
Repayment of lease liabilities	(366,963)	(545,189)

Payment of finance costs	(459,048)	(433,982)
Proceeds from issue of shares	-	9,603
Dividends paid to non-controlling interests	(5,723)	(3,541)
Capital contribution from non-controlling interests	-	17,790
Repayments from (Advances to) non-controlling interests	-	24,454
Pledged bank deposits for borrowings	263,140	93,044
Repayment from (to) related parties	(464,167)	98,517
Advances from related parties	-	8,739
Net cash flow generated from financing activities	846,707	746,569
Net decrease in cash and cash equivalents	(85,342)	(420,355)
Cash and cash equivalents at beginning of the period	442,123	857,487
Effect of exchange rate fluctuations on cash held	4,532	4,991
Cash and cash equivalents at the end of the period	361,313	442,123

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

	Attributable to owners of the Company								Subtotal RMB'000	Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Merger reserves RMB'000	Statutory surplus reserve RMB'000	Translation reserve RMB'000	Other reserves RMB'000	Retained earnings RMB'000			
Group											
At 1 January 2020	96	1,601,100	393,694	(67,642)	118,271	(8,575)	56,172	3,593,595	5,686,711	127,958	5,814,669
Profit for the period	-	-	-	-	-	-	-	326,934	326,934	3,555	330,489
Other comprehensive income for the period	-	-	-	-	-	(37,830)	-	-	(37,830)	-	(37,830)
<u>Transactions with owners, recognised directly in equity</u>											
Appropriation to other reserves	-	-	-	-	37,017	-	-	(37,017)	-	-	-
Dividends paid to non- controlling interest	-	-	-	-	-	-	-	-	-	(4,326)	(4,326)
At 31 December 2020	96	1,601,100	393,694	(67,642)	155,288	(46,405)	56,172	3,883,512	5,975,815	127,187	6,103,002
At 1 January 2019	95	1,568,197	393,694	(67,642)	118,271	(8,913)	41,838	3,440,271	5,485,811	117,399	5,603,210
Profit for the period	-	-	-	-	-	-	-	153,324	153,324	10,644	163,968
Other comprehensive income for the period	-	-	-	-	-	338	-	-	338	-	338
<u>Transactions with owners, recognised directly in equity</u>											
Issue of shares	1	32,903	-	-	-	-	(23,301)	-	9,603	-	9,603
Share award expense	-	-	-	-	-	-	23,301	-	23,301	-	23,301
Capital contribution from non- controlling interests	-	-	-	-	-	-	-	-	-	17,790	17,790
Capital contribution in a subsidiary	-	-	-	-	-	-	14,334	-	14,334	(14,334)	-
Dividends paid to non- controlling interest	-	-	-	-	-	-	-	-	-	(3,541)	(3,541)
At 31 December 2019	96	1,601,100	393,694	(67,642)	118,271	(8,575)	56,172	3,593,595	5,686,711	127,958	5,814,669

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Company						
At 1 January 2020	96	1,601,100	1,057,112	-	(527,859)	2,130,449
Loss and total comprehensive loss for the period	-	-	-	-	(135,377)	(135,377)
At 31 December 2020	96	1,601,100	1,057,112	-	(663,236)	1,995,072
At 1 January 2019	95	1,568,197	1,057,112	-	(311,165)	2,314,239
Loss and total comprehensive loss for the period	-	-	-	-	(216,694)	(216,694)
<u>Transactions with owners, recognised directly in equity</u>						
Issue of shares	1	32,903	-	(23,301)	-	9,603
Share award expense	-	-	-	23,301	-	23,301
At 31 December 2019	96	1,601,100	1,057,112	-	(527,859)	2,130,449

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

There were no changes in the share capital of the Company in FY2020.

The Company had no outstanding convertibles, treasury shares or subsidiary holdings as at 31 December 2020 and 31 December 2019.

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

The total number of issued Shares as at 31 December 2020 and 31 December 2019 was 1,454,024,700 and 1,454,024,700 respectively. The Company has no treasury shares.

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

Not applicable as the Company has no treasury shares.

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

Not applicable as the Company has no subsidiary holdings.

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

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

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

Not applicable.

(3A) Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

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

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

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

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

Apart from what is disclosed in paragraph (5) below, the same accounting policies and methods of computation have been applied in these unaudited financial statements as those applied in the most recently audited financial statements for the year ended 31 December 2019.

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

The Group has adopted all accounting standards that are effective from 1 January 2020 but the adopted changes have no material effect.

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

	Group	
	FY2020	FY2019
Basic earnings per Share (RMB cents)	22.48	10.61
Weighted average number of Shares	1,454,024,700	1,445,107,095
Fully diluted earnings per Share (RMB cents)	22.48	10.61
Weighted average number of Shares	1,454,024,700	1,445,107,095

The earnings per Share was computed based on the weighted average number of Shares for the period.

The total number of issued Shares as at 31 December 2020 and 31 December 2019 was 1,454,024,700 and 1,454,024,700 respectively.

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

	Group		Company	
	As at 31 Dec 2020	As at 31 Dec 2019	As at 31 Dec 2020	As at 31 Dec 2019
Net asset value per Share (RMB cents)	419.73	399.90	137.21	146.52
Number of Shares in issue at the end of the period	1,454,024,700	1,454,024,700	1,454,024,700	1,454,024,700

The net asset value per Share as at 31 December 2020 and 31 December 2019 was computed based on the number of Shares in issue at the end of the period.

The total number of issued Shares as at 31 December 2020 and 31 December 2019 was 1,454,024,700 and 1,454,024,700 respectively.

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

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

Income Analysis

FY2020 vs FY2019

Revenue

	FY2020		FY2019		Change
	RMB'000	%	RMB'000	%	%
Sales of electricity	1,284,661	41.6	1,085,311	28.0	18.4
Sales of steam	356,709	11.6	391,874	10.1	(9.0)
Revenue from waste treatment fees	801,712	26.0	732,005	18.9	9.5
Waste-to-energy business	2,443,082	79.2	2,209,190	57.0	10.6
Revenue from construction services provided under service concession agreements	384,999	12.5	1,311,377	33.8	(70.6)
Financial income under service concession agreements	44,193	1.4	41,993	1.1	5.2
Construction services	429,192	13.9	1,353,370	34.9	(68.3)
Project technical and management service and EMC business	212,390	6.9	314,981	8.1	(32.6)
Total	3,084,664	100.0	3,877,541	100.0	(20.4)

Revenue decreased by 20.4% (approximately RMB792,877 million) from RMB3,877.5 million in FY2019 to RMB3,084.7 million in FY2020, primarily due to a decrease in revenue from construction services provided under build-operate-transfer (“BOT”) concession agreements and revenue from project technical and management services and energy management contracting (“EMC”) business, offset by an increase in revenue from the waste-to-energy (“WTE”) business (excluding revenue from construction services provided under BOT concession agreements).

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

Revenue from our WTE business (excluding revenue from construction services provided under BOT concession agreements) increased by 10.6% (approximately RMB233.9 million) from RMB2,209.2 million in FY2019 to RMB2,443.1 million in FY2020. The increase was attributable to (1) the new Tangshan Jiasheng WTE Facility and the New Kunming Wuhua WTE Facility being put into operation, which markedly increased the waste treatment capacity and boiler operation efficiency and resulted in an increase in revenue of RMB142.3 million; (2) an increase in revenue of RMB102.5 million contributed by the Group's other WTE facilities, including RM49.2 million resulting from the upgrading and expansion of Jilin Xinxiang WTE Facility and Wenling Green Energy WTE Facility and RMB53.2 million resulting from the optimization of power plant equipment management and some technological improvements; and (3) an increase in revenue from sludge treatment by Wuhu Jinjiang WTE Facility and from fly ash treatment by Xiaoshan Jinjiang WTE Facility amounting to RMB58.7 million. The increase was offset by a decrease of approximately RMB49.8 million in revenue from Zhuji Bafang WTE Facility and a decrease of approximately RMB19.8 million in revenue from our Indian operations (approximately to RMB19.8 million) due to the Coronavirus Disease 2019 (“COVID-19”) pandemic.

Details of the electricity generated and supplied, steam supplied and waste treated for FY2020 and FY2019 are as follows:

	Group FY2020	Group FY2019	Change %
Electricity generated ('000 KWh)	3,081,622	2,750,978	12.0
On-grid electricity supplied ('000 KWh)	2,298,994	1,987,809	15.7
Steam supplied ('000 tonnes)	2,639	2,803	(5.9)
Waste treated ('000 tonnes)	10,661	9,764	9.2

On-grid electricity supplied and waste treated (including waste collection and transportation operations in India) increased 15.7% and 9.2%, respectively, in FY2020 as compared to FY2019. This is mainly due to the new Tangshan Jiasheng WTE Facility and the New Kunming Wuhua WTE Facility and the increase in waste treatment capacity and higher boiler operation efficiency following the completion of the expansion and upgrading work of the Wenling Green Energy Facility and Jilin Xinxiang WTE Facility. Excluding waste collection and transportation operations in India, waste treated increased by 11.0% in FY2020 as compared to FY2019. The decrease in steam supplied is mainly due to the decrease in demand experienced by the Zhuji Bafang WTE Facility as a result of the COVID-19 pandemic.

Construction services provided under BOT concession agreements

Revenue from construction services provided under BOT concession agreements decreased by 68.3% from RMB1,353.4 million in FY2019 to RMB429.2 million in FY2020 due to a decrease in revenue from the provision of construction services under BOT concession agreements from RMB1,311.4 million in FY2019 to RMB385.0 million in FY2020. The decrease is mainly due to a substantial portion of the construction of the New Kunming Wuhua WTE Facility (which was put into operation in the first half of FY2020) having been carried out in FY2019. Therefore, the investment in the New Kunming Wuhua WTE Facility and Linzhou Jiasheng WTE Facility decreased in FY2020 as compared to FY2019, resulting in a year -on-year decrease in the revenue from the provision of construction services under BOT concession agreements. Financial income recognised under service concession agreements increased from RMB42.0 million in FY2019 to RMB44.2 million in FY2020.

Project technical and management services and our EMC business

Revenue from project technical and management services and our EMC business decreased 32.6% from RMB315.0 million in FY2019 to RMB212.4 million in FY2020 due to the reduction in the profit-sharing ratio in the later stages of most of the EMC contracts of our subsidiary Hangzhou Kesheng Energy Technology Co., Ltd and decrease in revenue generated from the technical services and procurement services provided by Hangzhou Zhenghui Construction Engineering Co., Ltd.

Cost of sales

Cost of sales decreased 25.1% (approximately RMB735.5 million) from RMB2,927.7 million in FY2019 to RMB2,192.2 million in FY2020, due to a decrease in the cost of sales from:

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

The cost of sales from our WTE business (excluding cost of sales from construction services provided under BOT concession agreements) increased 8.7% from RMB1,592.9 million in FY2019 to RMB1,730.7 million in FY2020. The increase is attributable to: (1) an increase in operating costs of RMB66.3 million arising from the new Tangshan Jiasheng WTE Facility and the new Kunming Wuhua WTE Facility; (2) an increase in the depreciation expenses and amortization of intangible assets of BOT projects amounting to RMB50.9 million after the upgrading and expansion of the WTE facilities; (3) additional costs of RMB34.8 million expensed on the enhancement and repairment of equipment; (4) an increase of RMB65.9 million in investment on leachate disposal, sewage treatment, and fly ash solidification in response to enhanced environmental protection regulatory requirements, including the increase of cost of approximately RMB39.3 million due to the increase in fly ash treatment by the Xiaoshan Jinjiang WTE Facility; and (5) an increase in labour cost of the Group's plants amounting to RMB15.0 million. These increases are offset by a decrease of approximately RMB77.8 million in coal consumption and a decrease of approximately 16.2 million in coal unit price.

Construction services provided under BOT concession agreements

The cost of sales from construction services provided under BOT concession agreements decreased 71.0% from RMB1,144.9 million in FY2019 to RMB332.1 million in FY2020 due to a substantial portion of the construction of the New Kunming Wuhua WTE Facility (which was put into operation in the first half of FY2020) and the Linzhou Jiasheng WTE Facility having been carried out in FY2019. Therefore, the investment in the New Kunming Wuhua WTE Facility and Linzhou Jiasheng WTE Facility decreased in FY2020 as compared to FY2019.

Project technical and management services and EMC business

The cost of sales from project technical and management services and our EMC business decreased 31.9% from RMB189.9 million in FY2019 to RMB129.4 million in FY2020, due to a decrease in cost of sales from technical and management services including equipment selection and sales.

Gross profit and gross profit margin

	Gross Profit (RMB '000)		Gross Profit Margin (%)	
	FY2020	FY2019	FY2020	FY2019
WTE business (excluding gross profit from construction services provided under BOT concession agreements)	712,421	616,308	29.2	27.9
Construction services provided under BOT concession agreements	52,885	166,484	13.7	12.7
Financial income under service concession agreements	44,193	41,993	N.A	N.A.
Project technical and management service and EMC business	82,993	125,041	39.1	39.7
Total	892,492	949,826	28.9	24.5

As a result of the foregoing, the gross profit decreased 6.0% from RMB949.8 million in FY2019 to RMB892.5 million in FY2020.

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

The gross profit of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) increased 15.6% from RMB616.3 million in FY2019 to RMB712.4 million in FY2020. The gross profit margin of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) increased from 27.9% in FY2019 to 29.2% in FY2020. The improvement in both the gross profit and gross profit margin attributable are to the upgrading and expansion of the WTE facilities and management optimisation which effectively improved the unit contribution of waste disposal.

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

The gross profit from construction services provided under BOT concession agreements decreased 53.4% from RMB208.5 million in FY2019 to RMB97.1 million in FY2020. Finance income recorded a gross profit of RMB44.2 million in FY2020, increased RMB2.2 million from FY2019. The gross profit margin including financial income remained largely consistent for both FY2019 and FY2020.

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

The gross profit from project technical and management services and our EMC business decreased 33.6% from RMB125.0 million in FY2019 to RMB83.0 million in FY2020 and the gross profit margin of project technical and management services and our EMC business decreased from 39.7% in FY2019 to 39.1% in FY2020.

Other income and other losses

	Group FY2020 RMB'000	Group FY2019 RMB'000	Increase / (Decrease) RMB'000	Change +/(-) %
Government compensation for closure of plant - net	12,285	21,953	(9,668)	(44.0)
Government grants and tax refund	76,352	43,924	32,428	73.8
Bank interest income	19,727	38,947	(19,220)	(49.3)
Foreign exchange gain/ (losses)	161,276	(32,496)	193,772	N.M.
Property, plant and equipment written off	(52,055)	(78,966)	26,911	(34.1)
Impairment loss on property, plant and equipment	(4,366)	(53,124)	48,758	(91.8)
Loss allowance recognised on:				
- trade receivables	(11,090)	(11,993)	903	(7.5)
- other receivables	(46,468)	(15,749)	(30,719)	195.1
Sludge outsourcing fee	13,653	4,327	9,326	215.5
Others	23,206	30,112	(6,906)	(22.9)
Other income and other losses	192,520	(53,065)	245,585	N.M.

In terms of other income and other losses, we recorded a loss of RMB53.1 million in FY2019 and a gain of RMB192.5 million in FY2020, primarily due to (1) increases of RMB22.8 million and RMB9.6 million in government grants and tax refund, respectively, in FY2020; (2) a decrease of RMB26.9 million in write-off of property, plant and equipment ("PPE") to RMB52.1 million in FY2020, which mostly comprise RMB50.4 million of PPE that was written-off in connection with the expansion of the Lianyungang Sunrise WTE Facility; (3) impairment loss on property, plant and equipment decreased by RMB48.8 million due to a one-off impairment of RMB36.9 million on the assets of the Kunshan Jinkangrui resource recycling project and impairment of the work in progress amounting to RMB16.4 million for the Xiaoshan Jinjiang WTE Facility net-zero emission project in FY2019; and (4) foreign exchange gains amounting to RMB161.3 million resulting from the appreciation of the Chinese Renminbi against the United States Dollar in FY2020. This increase is offset by (1) the decrease of RMB9.67 million in government compensation for the closure of WTE Facilities, which arose from compensation income of RMB22.0 million being recorded in FY2019 in respect of the Zibo Jinjiang WTE Facility and compensation income of RMB5.0 million and RMB7.3 million being recorded in FY2020 in respect of Kunshan Jinkangrui resource recycling project, and (2) the increase in credit impairment losses of other receivables and prepayments in FY2020, which was mainly due to the cancellation or adjustment of contracts for some projects in India due to design modifications, and the provision of an impairment of RMB33.2 million on prepayments expected to be uncollectible.

Administrative expenses

Administrative expenses decreased 8.7% from RMB276.6 million in FY2019 to RMB252.5 million in FY2020. The decrease is mainly due to the absence of any grant of share awards to employees under the Jinjiang Environment PSP in FY2020.

Finance costs

Finance costs increased 16.0% from RMB306.6 million in FY2019 to RMB355.5 million in FY2020, due to a lower amount of finance costs being capitalized in FY2020 following the completion of construction and commencement of operations of new plants.

Profit before tax

As a result of the foregoing, profit before tax increased 56.0% from RMB306.2 million in FY2019 to RMB477.7 million in FY2020.

Income tax expense

Income tax expense increased 3.5% from RMB142.2 million in FY2019 to RMB147.2 million in FY2020 and the effective tax rate was higher than the statutory tax rate of 25%. This is due to the impairment losses and write-offs in FY2020, the operating losses of overseas incorporated subsidiaries and foreign exchange losses which cannot be offset against the profit of PRC-incorporated subsidiaries in the computation of income tax expenses for FY2020.

Total comprehensive income for the period

As a result of the foregoing, total comprehensive income for the period increased 78.1% from RMB164.3 million in FY2019 to RMB292.7 million in FY2020.

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

Financial Position

	31 December 2020	31 December 2019	Increase / (Decrease)	Increase / (Decrease)
	RMB Million	RMB Million	RMB Million	%
Current assets	3,702.0	3,706.0	(4.0)	(0.1)
Non-current assets	14,247.5	12,902.6	1,344.9	10.4
Total assets	17,949.5	16,608.6	1,340.9	8.1
Current liabilities	4,836.6	7,120.6	(2,284.0)	(32.1)
Non-current liabilities	7,009.9	3,673.4	3,336.5	90.8
Total liabilities	11,846.5	10,794.0	1,052.5	9.8
Capital and reserves	6103.0	5,814.6	288.4	5.0

Current assets

The increase is due to (i) trade and other receivables increasing 4.9% from RMB1,652.6 million as at 31 December 2019 to RMB1,733.9 million as at 31 December 2020 mainly due to the increase in revenue from the WTE business and more prepayments made, (ii) the amount due from related parties and joint ventures, which includes interest-bearing advances made to joint ventures for the construction of WTE facilities, increasing 48.3% from RMB548.8 million as at 31 December 2019 to RMB813.7 million as at 31 December 2020, and (iii) inventory increasing 52.9% from RMB37.1 million as at 31 December 2019 to RMB56.8 million as at 31 December 2020 to meet the expected demand. This is offset by (i) pledged deposits decreasing 57.5% from RMB571.4 million as at 31 December 2019 to RMB242.6 million as at 31 December 2020 as some deposits matured and were released by the banks, and (ii) bank balances decreasing 18.3% from RMB442.1 million as at 31 December 2019 to RMB361.3 million as at 31 December 2020.

Non-current assets

The increase is attributable to new and BOT projects being constructed which resulted in increases in property, plant and equipment and intangible assets. Property, plant and equipment, including prepaid leases, increased 12.8% from RMB8,234.0 million as at 31 December 2019 to RMB9,291.6 million as at 31 December 2020 due to upgrading and expansion of facilities. Intangible assets increased 8.3% from RMB3,585.9 million as at 31 December 2019 to RMB3,882.5 million as at 31 December 2020, arising from the construction of the New Kunming Wuhua WTE Facility and the Linzhou Jiasheng WTE Facility and the expansion of the Wenling Green Energy Facility (these projects have been completed in year 2020). Other receivables decreased from RMB202.2 million as at 31 December 2019 to RMB167.7 million as at 31 December 2020, as a result of the transfers in advances and prepayment for equipment for the upgrading of existing facilities and construction of new facilities to property, plant and equipment.

Current liabilities

The decrease is mainly due to (i) current borrowings decreasing 25.5% from RMB3,472.8 million as at 31 December 2019 to RMB2,588.7 million as at 31 December 2020, which was attributable to the maturity and redemption of 27 July 2020 of the US\$200 million in aggregate principal amount of 6.0% senior unsecured notes (which were classified as current borrowings as at 31 December 2019), (ii) lease liabilities decreased 74.2% from RMB151.6 million as at 31 December 2019 to RMB39.2 million as at 31 December 2020 due to the repayment and reclassification into short term lease liabilities, and (iii) trade and other payables decreasing 2.1% from RMB1,745.3 million as at 31 December 2019 to RMB1,709.4 million as at 31 December 2020 due to lower payables recorded in accordance with contractual payment terms. This is offset by amounts due to related parties increasing by 83.1% from RMB154.2 million as at 31 December 2019 to RMB282.4 million as at 31 December 2020 due to more payables that remain outstanding before year end.

Non-current liabilities

The increase is mainly due to (i) non-current borrowings increasing 137.3% from RMB2,566.5 million as at 31 December 2019 to RMB6,090.6 million as at 31 December 2020 due to new borrowings for the Wuhu Jinjiang WTE Facility, Lianyungang Sunrise WTE Facility and Jilin Xinxiang WTE Facility, additional borrowings for the Kunming Wuhua construction project, Linzhou Jiasheng WTE Facility project and the Shijiazhuang Jiasheng WTE Facility and (ii) borrowing in respect of the syndicated loan facility arranged by Standard Chartered Bank amounting to RMB207.9 million that were recorded as current liabilities as at 31 December 2019 being reclassified as non-current liabilities as at 31 December 2020, offset by the decrease in non-current lease liabilities which decreased 97.5% from RMB223.6 million as at 31 December 2019 to RMB5.4 million as at 31 December 2020 due to repayment, reclassification of lease contracts signed from FY2019 onward to borrowing and a reclassification into short term lease liabilities based on the repayment schedule.

Capital and reserves

The increase from RMB5,814.6 million as at 31 December 2019 to RMB6,103.0 million as at 31 December 2020 is due to the retained earnings for FY2020.

Negative working capital position

The Group was in a negative working capital position with net current liabilities of RMB1,134.5 million as at 31 December 2020, as compared to net current liabilities of RMB3,414.7 million as at 31 December 2019. The net current liabilities of RMB1,134.5 million as at 31 December 2020 is mainly due to the reclassification of the outstanding amount of RMB913.4 million under the US\$200 million term loan facility arranged by Standard Chartered Bank, which is due and payable in June 2021, as current liabilities as at 31 December 2020.

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

- (a) through its improved financial position as at 31 December 2020 and stable operating conditions throughout the COVID-19 pandemic, the Group has successfully reduced a substantial portion of the liquidity risk associated with the net current liabilities of RM3,414.7 million as at 31 December 2019;
- (b) as of the date of this announcement, the Group has secured additional borrowings in FY2021 amounting to RMB890 million, of which RMB840 million has been drawn down;
- (c) Management is actively pursuing various proposals including issuing asset-backed securities to qualified investors in the PRC; and
- (d) the Group has obtained loans of RM450 million, including project financing of RMB250 million, from, and will continue to actively seek the support of, the Group's largest controlling shareholder Zhejiang Provincial Energy Group Co., Ltd., which is a state-owned provincial energy enterprise with great financial strength and good credit standing that can enhance the stability of the Group's capital structure. This will help to improve the Group's financing channels and reduce financing costs in relation to the Group's future fund-raising plans, so as to strengthen the working capital position of the Group.

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

Cashflow Review

	Group FY2020 RMB Million
Net cash flow from operating activities	429.1
Net cash used in investing activities	(1,361.2)
Net cash flow from financing activities	846.7
Cash and cash equivalents at beginning of the period	442.1
Effect of exchange rate fluctuations on cash held	4.5
Cash and cash equivalents at the end of the period	<u>361.3</u>

In FY2020, operating cash inflow was RMB429.1 million. This is due to (i) operating cash flows before movements in working capital increasing by RMB37.7 million; (ii) collections from trade and other receivables and from related parties and payments made for trade and other payables, and (iii) classification of capital expenditure pertaining to the BOT projects (which includes, Linzhou Jiasheng WTE Facility, the New Kunming Wuhua WTE Facility, the Songyuan Xinxiong WTE Facility, and the Wenling Organic Waste Project) into operating cash flow, resulting in an increase of operating cash inflow of RMB587million, offset by the payment of income tax resulting a cash outflow of RMB48.73 million.

In FY2020, investing cash outflow was RMB1,361.2 million. This is due to investments in both property, plant and equipment and intangible assets which includes (i) the upgrading and expansion of the existing operational WTE facilities, (ii) prepayment for equipment and construction for the Baishan Green New Energy WTE Facility, Shijiazhuang Jiasheng WTE Facility and the Shijiazhuang Jinhuan WTE Facility and (iii) preparatory and project costs for local projects.

In FY2020, financing cash inflow was RMB846.7 million. This is due to (i) a new syndicate loan of RMB1,471.8 million, and (ii) new borrowings and leases for the Wuhu Jinjiang WTE Facility, Lianyungang Sunrise WTE Facility, Hankou Jinjiang WTE Facility, Xiaoshan Jinjiang WTE Facility and Shijiazhuang Jiasheng WTE Facility, New Kunming Wuhua WTE Facility, and the Linzhou Jiasheng WTE Facility, offset by repayment of borrowings and interest.

Bank balances and cash as at 31 December 2020 was RMB361.3 million.

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

Not applicable.

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

(A) Economic Outlook and Environmental Policies in the PRC

The domestic and international environments in 2020 were challenging, given the severe impact arising from the COVID-19 pandemic. Despite this, China implemented and coordinated prevention and control measures in relation to the COVID-19 pandemic, and continued to promote its development plans and achieved the main objectives of economic and social development. The "13th Five-Year Plan" concluded and the annual gross domestic product ("GDP") of the PRC increased by 2.3% year-on-year.

However, the COVID-19 pandemic has not lifted yet. Recently, there are sporadic cases and even local clusters of pandemics have appeared in some places in the country, which has brought some uncertainties to the continued economic recovery. However, the impact on the PRC economy remains manageable and at present, the economic operations in most areas in the PRC are generally stable.

During the 75th United Nations General Assembly, China commented that it will increase its national independent contributions by adopting more vigorous policies and measures, strive to reach its carbon dioxide emissions peak by 2030, and strive to achieve carbon neutrality by 2060. The Central Economic Work Conference held in December 2020 regarded "doing a good job in achieving carbon peaks and carbon neutrality" as a key mission for the year of 2021, clarifying that clean energy and low carbon dioxide emissions are a direction in the energy field.

In October 2020, the Ministry of Finance, the National Development and Reform Commission, and the National Energy Administration issued a supplementary notice on matters related to the "Several Opinions on Promoting the Healthy Development of Non-aqueous Renewable Energy Power Generation" (Cajjian [2020] No. 426) (the "Notice"), which determines the reasonable utilization hours of various projects throughout the life cycle, and then determines the total amount of central fiscal subsidy funds for renewable energy power generation projects, thereby "confirming the rights" of project subsidy rights. The issuance of the Notice further clarifies relevant policies and helps stabilize industry expectations. From a long-term perspective, the subsidy method of subsidy hours throughout the life cycle is conducive to confirming the rights of subsidy funds and improving the planning and stability of subsidy funds.

In November 2020, the Ministry of Housing and Urban-Rural Development and other departments issued a notice on "Several Opinions on Further Promoting the Classification of Domestic Waste", requesting that by the end of 2020, municipalities, provincial capitals, cities under separate state planning and the first batch of demonstration cities for domestic waste classification strive to achieve basically full coverage of the classified release and classified collection of domestic waste, the classification and transportation system has basically been completed, and the classification and processing capacity has been significantly enhanced; other prefecture-level cities have initially established a domestic waste classification and promotion work mechanism. The PRC aims to use another five years or so to establish fundamentally a complete system of laws and regulations for domestic waste classification; cities at prefectural level and above shall basically establish fundamentally a system for domestic waste sorting, separate collection, classified transportation, and sorting treatment according to local conditions. Residents generally form household waste sorting habits and the recycling rate of domestic garbage in cities across the country has reached over 35%.

In December 2020, the State Council Executive Meeting reviewed and approved the "Regulations on the Management of Pollution Discharge Permits (Draft)", which clarified that the pollutant discharge units shall be classified according to the amount of pollutants produced, discharged, and the degree of environmental impact, and standardize the approval of pollutant permit applications procedures, therefore the pollution discharge permit system is guaranteed by law.

2021 is the first year of China's "14th Five-Year Plan". Ecological and environmental protection is still an important part of the "14th Five-Year Plan" and longer-term development. The government's policy to encourage the development of the WTE industry and the entire environmental protection industry remains stable.

(B) Operational Matters

The Group's operating companies maintain normal operations and strive for subsidies in accordance with national policies. In particular, the Hohhot New Energy WTE Facility in Inner Mongolia was officially included in the National Renewable Energy Subsidy Listing in September 2020. The expansion project of the Jilin Xinxiang WTE Facility and Songyuan Xinxiang WTE Facility in Jilin Province, and the Gaomi Liliangmingde WTE Facility in Shandong Province were officially included in the National Renewable Energy Subsidy Listing in October 2020. The Wuhu Jinjiang WTE Facility in Anhui Province was included in the National Renewable Energy Subsidy Listing in November 2020, and the expansion of Yinchuan Zhongke WTE Facility in Ningxia Hui Autonomous Region was included in the same listing in February 2021. The New Kunming Wuhua WTE Facility in Yunnan Province and Zibo New Energy WTE Facility in Shandong Province were new projects in FY2020 and were included in the 2020 National Renewable Energy Development Fund's 1.5 billion biomass power generatio subsidy budget. In addition, Zhuji Bafang WTE Facility in Zhejiang Province, Songyuan Xinxiang WTE Facility in Jilin Province, Qitaihe Green Energy WTE Facility and Suihua Green Energy WTE Facility in Heilongjiang Province were included in the fourth batch of national environmental protection facilities and municipal sewage treatment facilities open to the public in early 2021. Currently, 12 of the Group's WTE facilities are listed as publicly open units of China's national environmental protection facilities. The Group's four WTE facilities and a testing company located in Zhejiang, Anhui and Heilongjiang provinces were recognized as "National High-tech Enterprises" in 2020. Currently, a total of 10 of the Group's enterprises have been accredited with the National High-tech Enterprise Certification.

At the same time, the Group's project construction is proceeding on schedule in an orderly manner. The first phase of the Linzhou Jiasheng WTE Facility in Henan Province, the second phase of the Tangshan Jiasheng WTE Facility in Hebei Province and the Qianxi Resource Recycling Project in Hebei Province were put into trial operation in the fourth quarter, adding a total of additional 1,000 tons/day of waste treatment capacity. The expansion project of the Xishan WTE Facility (BOT) in Yunnan Province officially commenced construction in the fourth quarter. The Shijiazhuang Jiasheng WTE Facility (BOO) in Hebei Province, the Baishan Green New Energy WTE Facility (BOO) in Jilin Province, the Leting Jinhuan New Energy WTE Facility (BOO) in Hebei Province, the Wuhu Luzhou WTE Facility (BOO) in Anhui province, the Lianyungang Sunrise WTE Facility (BOO) in Jiangsu, the first phase of the Zhongwei Project (BOT) in Ningxia, the Wuji Resource Recycling Project (BOO) in Hebei Province, the Gaocheng Resource Recycling Project (BOO) in Hebei Province and Songyuan Resource Recycling Project (BOO) in Jilin Province are expected to be completed and put into operation in 2021. The Jinghong Jiasheng Project (BOT) in Yunnan Province and the Wuchang Resource Recycling Project (BOO) in Hubei Province are expected to commence construction in 2021. The Gurgaon WTE Project (BOT) and the Lucknow WTE Project (BOT) in India are still under preparation.

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. 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, in relation to the closure of the Kunshan Jinkangrui Resource Recycling Project, as disclosed in the Company's announcement in relation to its results for the half-year ended 30 June 2020, according to the signed compensation agreement, the Group will receive a total of RMB 19,997,000 in compensation. Compensation payments of RMB10 million were received in October 2020, and the remaining portion is expected to be received before the end of the first half of 2021.

Currently, the Group has 22 operational WTE facilities and 1 Organic Waste Treatment Facility in the PRC with a total installed waste treatment capacity of 38,060 t/d. 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 63,206 t/d upon the completion of these projects.

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

As of the fourth quarter of year 2020, the Company has preliminarily recovered from the impact of the

COVID-19 pandemic, and the amount of waste treated, and electricity generated and supplied has increased as compared to the same period in the previous year. The Group received a total of RMB24.3 million in subsidies in FY2020 associated with the COVID-19 pandemic.

At the beginning of 2021, there were outbreaks in multiple local areas in China. Many WTE facilities and projects of the Group that are either under construction or pending are in areas with medium and high pandemic risk (Hebei Province, Heilongjiang Province and etc.). The Group's working group established for COVID-19 prevention and control act quickly, is organized and has convened special meetings on pandemic prevention and control, and require all subsidiaries and project companies to maintain a high degree of vigilance to ensure that the overall situation of epidemic prevention and control is stable. At present, China has made substantial progress in controlling the pandemic, and there are no longer any medium and high-risk areas. The Group's facilities have maintained stable operations, and the local waste can be processed in a timely manner to meet the compliance with discharge standards.

While the prices of certain raw materials have also increased, the Group has not experienced any significant disruptions with regard to the supply of its raw materials. The Company and its subsidiaries have not exercised temporary relief, force majeure clauses or termination of contractual obligations for material contracts nor faced any threats to its contractual rights or ability to fulfill its obligations for material contracts as a result of the COVID-19 situation. There were no material contractual terms that have been waived or newly imposed. The Company has not been in breach of any COVID-19 restrictions which may lead to penalties from the authorities.

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 the 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.

(11) If a decision regarding dividend has been made:-

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

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

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

Not applicable.

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

None.

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

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

Not applicable.

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

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

(13) If the Group has obtained a general mandate from shareholders for Interested Person Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) 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
Purchases of coal from:			
Hangjin International Trading Co., Ltd	Associate of Mr. Dou Zhenggang, a controlling shareholder of the Company ("Mr. Dou")	-	15,284
Ningbo Daxie Development Zone Fuyuan Fuel Co., Ltd.	Associate of Zhejiang Energy Group Co., Ltd. (浙江省能源集团有限公司), a controlling shareholder of the Company ("Zheneng Group")	-	4,041
Project technical and management services provided to:			
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd	Associate of Mr. Dou	-	7,830
Lianyungang Jinchi Bio-technology Co., Ltd	Associate of Mr. Dou	-	1,549
Energy management contracting services provided to:			
Xiaoyi Xing'an Chemical Engineering Co., Ltd.	Associate of Mr. Dou	-	58,763
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	Associate of Mr. Dou	-	9,860
Inner Mongolia Pulate Transport Energy Co., Ltd	Associate of Mr. Dou	-	1,257
Guangxi Tiandong Jinsheng Chemical Engineering Co., Ltd	Associate of Mr. Dou	-	505
Purchase of materials from:			
Zhejiang Water Conservancy and Electric Power Materials Co., Ltd.	Associate of Zheneng Group	-	2,056
Huzhou Sende High Tech Materials Co., Ltd.	Associate of Mr. Dou	-	5,000
Zhejiang Zheneng Xikemu Technology Co., Ltd	Associate of Zheneng Group	-	980
Zhejiang Jiyang Xielian Thermal Power Co., Ltd.	Associate of Mr. Dou	-	6,881
Beijing Tiandiren Environment Technology Co., Ltd	Associate of Mr. Dou	-	13,306

Technical services obtained from:			
Suzhou Jinrui Environmental Technology Co., Ltd.	Associate of Mr. Dou	4,830	-
Zhejiang Tiandi Environmental Technology Co., Ltd.	Associate of Zheneng Group	1,684	-
Purchase land from			
Zhongwei Jinrui Environmental Technology Co., Ltd.	Associate of Mr. Dou	2,270	-
Interest paid to:			
Zhejiang Zheneng Finance Leasing Co., Ltd.	Associate of Zheneng Group	1,866	-
Shanghai Puneng Finance Leasing Co., Ltd.	Associate of Zheneng Group	52,807	-
Total		63,457	127,312

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

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

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

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

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

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

31 December 2020

	Waste-to-energy project construction and services RMB '000	Project technical and management services and EMC business RMB '000	Total RMB '000
Segment revenue			
External revenue	2,872,274	212,390	3,084,664
Inter-segment revenue	-	190,643	190,643
	<u>2,872,274</u>	<u>403,033</u>	<u>3,275,307</u>

Elimination	-	(190,643)	(190,643)
Revenue	2,872,274	212,390	3,084,664
Segment profit	809,500	82,993	892,493
Government grants and VAT refund			76,352
Property, plant and equipment written off			(52,055)
Impairment loss on property, plant and equipment			(4,366)
Government compensation for closure of plant - net			12,285
Foreign exchange losses			161,276
Other income (expense)			(973)
Administrative expenses			(252,518)
Finance costs			(355,490)
Share of gain of an associate			(325)
Share of loss of joint ventures			1,004
Profit before tax			477,683
Assets and Liabilities			
Segment assets	14,941,246	1,106,933	16,048,179
Unallocated			1,901,397
Consolidated total assets			17,949,576
Segment liabilities	10,307,229	656,044	10,963,273
Unallocated			883,301
Consolidated total liabilities			11,846,574
Other segment information			
Depreciation and amortisation	520,963	35,837	556,800
Additions to non-current assets	2,262,635	9,473	2,272,108

31 December 2019

	Waste-to-energy project construction and services	Project technical and management services and EMC business	Total
	RMB '000	RMB '000	RMB '000
Segment revenue			
External revenue	3,562,560	314,981	3,877,541
Inter-segment revenue	-	116,321	116,321
	3,562,560	431,302	3,993,862
Elimination	-	(116,321)	(116,321)
Revenue	3,562,560	314,981	3,877,541
Segment profit	824,786	125,040	949,826
Government grants and VAT refund	41,925	1,999	43,924
Property, plant and equipment written off	(78,966)	-	(78,966)
Impairment loss on property, plant and equipment	(53,124)	-	(53,124)
Government compensation for closure of plant - net	21,953	-	21,953

Other income (expense)			13,148
Administrative expenses			(276,644)
Finance costs			(306,587)
Share of gain of an associate			836
Share of loss of joint ventures			<u>(8,169)</u>
Profit before tax			<u><u>306,197</u></u>
Assets and Liabilities			
Segment assets	14,069,424	625,326	14,694,750
Unallocated			<u>1,913,893</u>
Consolidated total assets			<u><u>16,608,643</u></u>
Segment liabilities	9,606,179	531,702	10,137,881
Unallocated			<u>656,093</u>
Consolidated total liabilities			<u><u>10,793,974</u></u>
Other segment information			
Depreciation and amortisation	445,501	39,668	485,169
Additions to non-current assets	<u>2,752,653</u>	<u>3,664</u>	<u>2,756,317</u>

Geographical information

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

Information about major customers

- (1) Waste-to-energy project construction and operation
In 2020 and 2019, no single customer accounted for 10% or more of the Group's revenue.
- (2) Project technical and management service and EMC business
In 2020 and 2019, no single customer accounted for 10% or more of the Group's revenue.

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

Please refer to notes 8 and 15.

(17) A breakdown of sales as follows:-

	Group 31 Dec 2020 RMB '000	Group 31 Dec 2019 RMB '000	% Increase / (Decrease)
(a) Sales reported for first half	1,455,466	1,632,987	(10.9)
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	109,448	261,122	(58.1)
(c) Sales reported for second half	1,629,198	2,244,554	(27.4)
(d) Operating (loss) profit after tax before deducting non-controlling interests reported for second half year	221,041	(97,154)	N.M.

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

	31 Dec 2020 SGD	31 Dec 2019 SGD
Ordinary	Nil	Nil
Preference	Nil	Nil
	Nil	Nil

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

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

Shareholders and investors should note that there is no certainty that the pre-conditions to the mandatory cash offer (“Offer”) as stated in the pre-conditional mandatory cash offer announcement by China International Capital Corporation (Singapore) Pte. Limited, for and on behalf of Zhejiang Zheneng Electric Power Investment (Hong Kong) Limited, on 12 October 2020, will be fulfilled and/or waived and that the Offer will be made. In the meantime, Shareholders are advised to refrain from taking any action in relation to their shares which may be prejudicial to their interests until they or their advisers have considered the information and the recommendation of the directors who are regarded as independent for the purposes of the Offer (“Independent Directors”), as well as the advice of the independent financial adviser to the Independent Directors, which will be set out in the Offeree Circular to be issued (if and when the Offer is made) in due course.

BY ORDER OF THE BOARD

Wei Dongliang
Executive Chairman
1 March 2021