



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 Third Quarter and Nine Months Period
Ended 30 September 2021**

Condensed Interim Consolidated Statement of Comprehensive Income

		Group 3 months ended 30 September 2021	Group 3 months ended 30 September 2020	Group 9 months ended 30 September 2021	Group 9 months ended 30 September 2020
	Note	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	3	790,065	755,288	2,403,317	2,210,754
Cost of sales		(558,285)	(472,546)	(1,671,153)	(1,447,703)
Gross profit		231,780	282,742	732,164	763,051
Other income					
- Bank interest		1,232	4,813	3,373	12,933
- Others		28,273	18,749	92,807	63,424
Loss allowance recognised on financial assets		-	(35,404)	-	(42,930)
Other gains and (losses), net		(1,192)	95,495	13,741	61,177
Expenses					
- Administrative		(61,247)	(57,877)	(183,167)	(181,242)
- Finance		(109,325)	(113,882)	(294,426)	(321,546)
- Others		-	(33,275)	(70)	(33,275)
Share of (loss)/profit of joint ventures		(418)	812	(958)	(3,475)
Profit before income tax	4	89,103	162,173	363,464	318,117
Income tax expense		(20,883)	(62,060)	(93,219)	(108,556)
Profit for the period		<u>68,220</u>	<u>100,113</u>	<u>270,245</u>	<u>209,561</u>
Other comprehensive loss					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Foreign currency translation		8,900	8,305	(3,415)	(4,433)
Other comprehensive loss, net of tax		8,900	8,305	(3,415)	(4,433)
Total comprehensive income for the period		<u>77,120</u>	<u>108,418</u>	<u>266,830</u>	<u>205,128</u>
Profit for the period attributable to:					
- equity holders of the Company		65,455	96,579	259,311	197,628
- non-controlling interests		2,765	3,534	10,934	11,933
		<u>68,220</u>	<u>100,113</u>	<u>270,245</u>	<u>209,561</u>
Total comprehensive income for the period attributable to:					
- equity holders of the Company		74,355	104,884	255,896	193,195
- non-controlling interests		2,765	3,534	10,934	11,933
		<u>77,120</u>	<u>108,418</u>	<u>266,830</u>	<u>205,128</u>
Earnings per share attributable to the equity holders of the Company: (RMB cents per share)					
Basic/Diluted earnings per share		4.50	6.64	17.83	13.59

Condensed Interim Statement of Financial Position

	Note	Group As at 30.09.21 RMB'000	Group As at 31.12.20 RMB'000	Company As at 30.09.21 RMB'000	Company As at 31.12.20 RMB'000
Assets					
Current assets					
Bank balances and cash		426,506	361,313	8,410	26,757
Pledged bank deposits		805,227	242,612	80,412	83,526
Trade and other receivables		1,967,956	1,715,195	-	-
Amounts due from non-controlling interests		25,912	32,114	-	-
Amounts due from related parties		689,197	649,489	-	-
Contract assets		82,506	81,540	-	-
Service concession receivables	6	49,359	49,359	-	-
Other tax recoverable		344,421	330,802	-	-
Inventories		56,851	56,784	-	-
Total current assets		4,447,935	3,519,208	88,822	110,283
Non-current assets					
Other receivables		129,855	167,659	565	1,155
Amount due from a related party		-	-	1,577	552
Amount due from subsidiaries		-	-	2,143,276	2,410,053
Service concession receivables	6	656,680	649,627	-	-
Property, plant and equipment	7	10,207,867	9,291,612	-	-
Investment in associates		16,147	16,147	-	-
Investment in joint ventures		212,648	213,606	5,039	5,039
Investment in subsidiaries		-	-	1,798,280	1,798,280
Investment property		25,438	26,276	-	-
Intangible assets	8	4,151,582	3,882,549	-	-
Total non-current assets		15,400,217	14,247,476	3,948,737	4,215,079
Total assets		19,848,152	17,766,684	4,037,559	4,325,362
Current liabilities					
Amounts due to related parties		83,621	91,056	-	-
Amount due to subsidiaries		-	-	85,885	85,885
Lease liabilities		10,682	39,194	-	-
Trade and other payables		1,677,175	1,690,636	8,067	8,969
Borrowings	9	3,690,945	2,588,705	887,396	913,486
Deferred grant		14,773	17,080	-	-
Other tax liabilities		58,745	78,870	-	-
Income tax liabilities		138,213	148,201	-	-
Total current liabilities		5,674,154	4,653,742	981,348	1,008,340
Net current liabilities		(1,226,219)	(1,134,534)	(892,526)	(898,057)
Non-current liabilities					
Borrowings	9	6,871,413	6,090,635	1,126,431	1,323,305
Lease liabilities		-	5,482	-	-
Deferred tax liabilities		570,098	542,392	-	-
Deferred grant		339,602	345,978	-	-
Provision for major overhauls		23,053	23,053	-	-
Provision for contingent liabilities		-	2,400	-	-
Total non-current liabilities		7,804,166	7,009,940	1,126,431	1,323,305
Total liabilities		13,478,320	11,663,682	2,107,779	2,331,645
NET ASSETS		6,369,832	6,103,002	1,929,780	1,993,717
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		487,692	491,107	1,057,112	1,057,112
Retained profits / (accumulated losses)		4,142,823	3,883,512	(728,528)	(664,591)
		6,231,711	5,975,815	1,929,780	1,993,717
Non-controlling interests		138,121	127,187	-	-
Total equity		6,369,832	6,103,002	1,929,780	1,993,717

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 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	-	-	-	-	-	-	-	193,856	193,856	8,169	202,025
Other comprehensive income for the period	-	-	-	-	-	(12,315)	-	-	(12,315)	-	(12,315)
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
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	-	-	-	-	-	-	-	101,049	101,049	8,399	109,448
Other comprehensive income for the period	-	-	-	-	-	(12,738)	-	-	(12,738)	-	(12,738)
At 30 June 2020	96	1,601,100	393,694	(67,642)	118,271	(21,313)	56,172	3,694,644	5,775,022	136,357	5,911,379
At 1 July 2020	96	1,601,100	393,694	(67,642)	118,271	(21,313)	56,172	3,694,644	5,775,022	136,357	5,911,379
Profit for the period	-	-	-	-	-	-	-	96,579	96,579	3,534	100,113
Other comprehensive income for the period	-	-	-	-	-	8,305	-	-	8,305	-	8,305
At 30 September 2020	96	1,601,100	393,694	(67,642)	118,271	(13,008)	56,172	3,791,223	5,879,906	139,891	6,019,797

	Attributable to owners of the Company								Total RMB'000	Non- controlling interests RMB'000	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			
At 1 October 2020	96	1,601,100	393,694	(67,642)	118,271	(13,008)	56,172	3,791,223	5,879,906	139,891	6,019,797
Profit for the period	-	-	-	-	-	-	-	129,306	129,306	(8,378)	120,928
Other comprehensive income for the period	-	-	-	-	-	(33,397)	-	-	(33,397)	-	(33,397)
<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

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 2021	96	1,601,100	1,057,112	(664,591)	1,993,717
Loss and total comprehensive loss for the period	-	-	-	(45,600)	(45,600)
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 January 2020	96	1,601,100	1,057,112	(527,859)	2,130,449
Loss and total comprehensive loss for the period	-	-	-	(76,198)	(76,198)
At 30 June 2020	96	1,601,100	1,057,112	(604,057)	2,054,251
At 1 July 2020	96	1,601,100	1,057,112	(604,057)	2,054,251
Loss and total comprehensive loss for the period	-	-	-	(28,224)	(28,224)
At 30 September 2020	96	1,601,100	1,057,112	(632,281)	2,026,027
At 1 October 2020	96	1,601,100	1,057,112	(632,281)	2,026,027
Loss and total comprehensive loss for the period	-	-	-	(32,310)	(32,310)
At 31 December 2020	96	1,601,100	1,057,112	(664,591)	1,993,717

Condensed Interim Consolidated Statement of Cash Flows

	Group 3 months ended 30 September 2021 RMB'000	Group 3 months ended 30 September 2020 RMB'000	Group 9 months ended 30 September 2021 RMB'000	Group 9 months ended 30 September 2020 RMB'000
Cash flows from operating activities				
Profit before tax	89,103	162,173	363,464	318,117
Adjustments for:				
- Finance expenses	109,325	113,882	294,426	321,546
- Bank interest income	(1,232)	(4,813)	(3,373)	(12,933)
- BOT interest income	(10,607)	(10,498)	(33,808)	(31,495)
- Depreciation of property, plant and equipment / right-of-use assets	114,773	72,129	315,409	275,923
- Depreciation of investment property	252	241	703	724
- Amortisation of intangible assets	35,357	22,061	111,909	77,640
- Loss allowance on trade receivables	-	35,404	-	42,930
- Impairment loss on prepayments	-	28,910	70	28,910
- Impairment loss on property, plant and equipment	-	4,366	-	4,366
- Loss on disposal on property, plant and equipment	1	-	335	-
- Deferred grant recognised	(6,049)	(7,246)	(29,195)	(19,127)
- Foreign exchange losses/(gains)	1,618	(98,514)	(17,765)	(64,196)
- Share of loss of joint ventures	418	(812)	958	3,475
	332,959	317,283	1,003,133	945,880
Change in working capital				
- Trade and other receivables	(133,833)	(28,898)	(249,235)	(212,485)
- Service concession receivables	(3,339)	(36,300)	(7,053)	(15,303)
- Contract assets	58,486	(2,258)	(966)	43,974
- Other tax recoverable	(11,829)	23,306	(13,619)	(48,855)
- Inventories	6,619	12,789	(67)	(22,552)
- Intangible assets	(218,908)	(54,517)	(380,838)	(235,440)
- Trade and other payables	149,839	197,263	25,459	144,919
- Other tax liabilities	(2,228)	592	(20,125)	(2,119)
- Amount due from related parties	(822)	550	(39,709)	(93,693)
- Amount due from non-controlling interests	-	(475)	6,202	234
- Amount due to related parties	3,554	(25,225)	(10,144)	(25,225)
- Deferred grants	834	11,198	20,512	22,384
- Provision for contingent liabilities	-	-	(2,400)	-
Cash generated from operations	181,332	415,308	331,150	501,719
Income tax paid	(2,333)	(15,622)	(75,501)	(28,852)
Net cash generated from operating activities	178,999	399,686	255,649	472,867
Cash flows from investing activities				
Interest received	1,232	4,813	3,373	12,933
Additions to property, plant and equipment	(116,218)	(488,996)	(909,185)	(1,149,127)
Investment in associates	-	-	-	(2,000)
Bank deposits pledged	2	-	642	-
Proceed from closure of WTE plant	-	-	9,836	-
Proceed from disposal of property, plant and equipment	-	-	2,750	-
Net cash used in investing activities	(114,984)	(484,183)	(892,584)	(1,138,194)
Cash flows from financing activities				
Proceeds from borrowings	564,472	2,475,601	4,105,847	5,430,349
Repayment of borrowings	(393,948)	(1,395,037)	(2,499,662)	(3,148,866)
Repayment of notes payables	-	(1,415,900)	-	(1,415,900)
Payment of finance costs	(102,450)	(159,354)	(303,117)	(379,560)
Pledged bank deposits for borrowings	(11,356)	8,965	(563,257)	298,446
Repayment of lease liabilities	(7,219)	(33,942)	(33,994)	(168,594)
Net cash generated from/(used in) financing activities	49,499	(519,667)	705,817	615,875

	Group 3 months ended 30 September 2021 RMB'000	Group 3 months ended 30 September 2020 RMB'000	Group 9 months ended 30 September 2021 RMB'000	Group 9 months ended 30 September 2020 RMB'000
Net increase / (decrease) in cash and cash equivalents	113,514	(604,164)	68,882	(49,452)
Cash and cash equivalents				
Cash and cash equivalents at beginning of the period	312,899	971,525	361,313	442,123
Effect of exchange rate fluctuations on cash held	93	22,291	(3,689)	(3,019)
Cash and cash equivalents at the end of the period	426,506	389,652	426,506	389,652

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**”), formerly known as China Jinjiang Environment Holding Company Limited, 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 90% controlled by State-owned Assets Supervision and Administration Commission of the People’s Government of Zhejiang Province and the remaining 10% owned by Zhejiang Provincial Finance Development Co., Ltd.

These condensed interim consolidated financial statements as at and for the nine months ended 30 September 2021 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 statement of 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 nine months ended 30 September 2021 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 2020. 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 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with International Financial Reporting Standards (“**IFRSs**”), except for the adoption of new and amended standards as set out in Note 2.4.

2.2 Basis of measurement

The condensed interim financial statements have been prepared on the historical cost basis except as otherwise disclosed.

The condensed interim financial statements are presented in Renminbi (“**RMB**”), which is the Company’s functional currency. All financial information presented in RMB have been rounded to the nearest thousand, unless otherwise stated.

2.3 Going concern

As of 30 September 2021, the current liabilities of the Group exceeded the current assets by approximately RMB1,226 million. This is mainly due to the increase in short-term loans resulting from the new credit facilities secured to repay the US\$200 million syndicated term loan facility arranged by Standard Chartered Bank which was due in June 2021, which had an outstanding amount of RMB913.5 million as at 31 December 2020.

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 Group has reduced the amount of net current liabilities over the medium term, which decreased from RMB3,415 million as at 31 December 2019 to RMB1,226 million as at 30 September 2021, and taken steps to reduce liquidity risks through adjusting the financing structure, including increasing the proportion of long-term debt relative to total debt, and the Group's operating conditions are stable;
- (B) as of 30 September 2021, the Group has obtained loans of RMB840 million, comprising a 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), RMB100 million in project financing and factoring financing of RMB200 million from the Group's largest controlling shareholder Zheneng Group;
- (C) the Group had fully repaid the US\$200 million syndicated term loan facility arranged by Standard Chartered Bank as announced by the Company on 14 June 2021;
- (D) the Company had on 20 October 2021 announced that it had submitted an application to the Shenzhen Stock Exchange ("SZSE") for the proposed issuance of up to RMB1 billion in aggregate principal amount of Asset-Backed Securities for the repayment of short-term borrowings. The application has been accepted by, and is currently under the review of, the SZSE;
- (E) management is actively pursuing various proposals including but not limited to, issuing asset-backed products that meet the Company's needs, such as Real Estate Investment Trusts (in planning stage) and other related products to qualified investors in the PRC and introduction of strategic investors at the company project level; and
- (F) 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 the Group's largest controlling shareholder 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.

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 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 2020.

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 8 – 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 2020. An analysis of revenue is as follows:

Disaggregation of revenue from contracts with customers

	Group 3 months ended 30 September 2021 RMB'000	Group 3 months ended 30 September 2020 RMB'000	Group 9 months ended 30 September 2021 RMB'000	Group 9 months ended 30 September 2020 RMB'000
Waste-to-energy project construction and operation				
<u>Waste-to-energy business</u>				
- Sales of electricity	372,307	361,568	1,083,785	939,569
- Sales of steam	112,520	80,779	329,691	244,880
- Revenue from waste treatment	262,511	211,702	676,519	608,594
	<u>747,338</u>	<u>654,049</u>	<u>2,089,995</u>	<u>1,793,043</u>
<u>Construction services provided under BOT concession agreements</u>				
- Revenue from construction services provided under service concession agreements	25,913	54,440	160,856	235,362
- Financial income under service concession agreements	10,607	10,498	33,808	31,495
	<u>36,520</u>	<u>64,938</u>	<u>194,664</u>	<u>266,857</u>
Total	<u>783,858</u>	<u>718,987</u>	<u>2,284,659</u>	<u>2,059,900</u>
Project technical and management service, equipment selection and sale and EMC business				
	6,207	36,301	118,658	150,854
Total revenue	<u>790,065</u>	<u>755,288</u>	<u>2,403,317</u>	<u>2,210,754</u>

Timing of revenue recognition

	Group 3 months ended 30 September 2021 RMB'000	Group 3 months ended 30 September 2020 RMB'000	Group 9 months ended 30 September 2021 RMB'000	Group 9 months ended 30 September 2020 RMB'000
<u>At a point in time</u>				
- Sales of electricity	372,307	361,568	1,083,785	939,569
- Sales of steam	112,520	80,779	329,691	244,880
- Equipment selection and sale	943	524	87,224	38,568
	<u>485,770</u>	<u>442,871</u>	<u>1,500,700</u>	<u>1,223,017</u>
<u>Over time</u>				
- Revenue from waste treatment	262,511	211,702	676,519	608,594
- Revenue from construction services provided under service concession agreements	25,913	54,440	160,856	235,362
Project technical and management service and EMC business	5,264	35,777	31,434	112,286
	<u>293,688</u>	<u>301,919</u>	<u>868,809</u>	<u>956,242</u>
- Financial income under service concession agreements	10,607	10,498	33,808	31,495
Total revenue	<u>790,065</u>	<u>755,288</u>	<u>2,403,317</u>	<u>2,210,754</u>

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Profit for the period

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

	Group 3 months ended 30 September 2021 RMB'000	Group 3 months ended 30 September 2020 RMB'000	Group 9 months ended 30 September 2021 RMB'000	Group 9 months ended 30 September 2020 RMB'000
Profit for the period has been arrived at after charging (crediting):				
Amortisation of intangible assets	35,357	22,061	111,909	77,640
Cost of inventories recognised as expense	137,901	162,835	380,760	326,044
Depreciation of investment property	252	241	703	724
Depreciation of property, plant and equipment / right-of-use assets	114,773	72,129	315,409	275,923
Employee compensation	104,235	98,817	268,115	248,834
Foreign exchange (gains)/losses	1,191	(95,495)	(14,076)	(61,177)
Loss allowance recognised on trade receivables	-	35,404	-	42,930
Impairment loss on prepayments	-	28,910	70	28,910
Impairment loss on property, plant and equipment	-	4,366	-	4,366
Loss on disposal on property, plant and equipment	1	-	335	-
Government grants	(6,049)	(7,246)	(29,195)	(19,127)
Government tax refund	(9,512)	(5,158)	(15,513)	(18,457)
Overprovision of tax in prior years	-	-	(312)	(21,469)

5. Related party 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.

In addition to the information disclosed elsewhere in the condensed interim financial statements, the following transactions took place between the Group and its related parties at terms agreed between the parties.

	Group 9 months ended 30 September 2021 RMB'000	Group 9 months ended 30 September 2020 RMB'000
Companies in which Zheneng Group has control over:		
- Purchases of materials	37,683	3,576
- Interest expense	17,737	9,393
	<hr/>	<hr/>
Companies in which Jinjiang Group has control over:		
- Purchases of materials	21,721	88,425
- Revenue from EMC business	(22,876)	(44,173)
- Rendering of technical and management services	(847)	(22,839)
	<hr/>	<hr/>
Joint ventures:		
- Interest income	(21,117)	(21,617)
	<hr/>	<hr/>

6. Service concession receivables

	Group As at 30 September 2021 RMB'000	Group As at 31 December 2020 RMB'000
Service concession receivables	706,039	698,986
Less: Amount due within one year shown under current assets	(49,359)	(49,359)
Service concession receivables due after one year	<hr/> 656,680	<hr/> 649,627
Expected collection schedule is analysed as follows		
Within 1 year	49,359	49,359
Within 2 to 5 years	190,340	190,340
Over 5 years	466,340	459,287
	<hr/> 706,039	<hr/> 698,986

7. Property, plant and equipment

<u>Group</u>	Property, plant and equipment	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000
Cost			
At 1 January 2020	8,216,085	2,285,700	10,501,785
Additions	1,718,039	38,849	1,756,888
Disposals/Written off	(394,255)	(5,758)	(400,013)
Exchange difference	(1,693)	-	(1,693)
At 31 December 2020	9,538,176	2,318,791	11,856,967
Additions	1,229,531	3,117	1,232,648
Disposals/Written off	(2,947)	-	(2,947)
Exchange difference	(109)	-	(109)
At 30 September 2021	10,764,651	2,321,908	13,086,559
Accumulated depreciation			
At 1 January 2020	(1,524,713)	(683,307)	(2,208,020)
Depreciation for the year	(321,116)	(92,030)	(413,146)
Disposals/Written off	82,574	540	83,114
Exchange difference	187	-	187
At 31 December 2020	(1,763,068)	(774,797)	(2,537,865)
Depreciation for the year	(246,809)	(68,600)	(315,409)
Disposals/Written off	2,059	-	2,059
Exchange difference	13	-	13
At 30 September 2021	(2,007,805)	(843,397)	(2,851,202)
Accumulated impairment			
At 1 January 2020	(59,810)	-	(59,810)
Impairment losses	(4,366)	-	(4,366)
Impairment write-off	36,686	-	36,686
At 31 December 2020 and 30 September 2021	(27,490)	-	(27,490)
Carrying values			
At 30 September 2021	8,729,356	1,478,511	10,207,867
At 31 December 2020	7,747,618	1,543,994	9,291,612

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 nine months ended 30 September 2021. For the nine months ended 30 September 2020, an impairment of RMB4,366,000 was recognised on the capitalised initial expenses incurred in preparatory stages due to business strategy changes of the Group's Brazil subsidiaries.

8. Intangible assets

	Group 2021 RMB'000	Group 2020 RMB'000
Software	6,206	7,861
Service concession arrangement (Note (a))	4,145,376	3,874,688
	<u>4,151,582</u>	<u>3,882,549</u>
 (a) Service concession arrangement		
Cost		
At 1 January	4,294,085	3,856,607
Additions	380,838	437,478
At 30 September 2021/31 December 2020	<u>4,674,923</u>	<u>4,294,085</u>
Accumulated amortisation		
At 1 January	(419,397)	(281,088)
Amortisation	(110,150)	(138,309)
At 30 September 2021/31 December 2020	<u>(529,547)</u>	<u>(419,397)</u>
Net book value	<u>4,145,376</u>	<u>3,874,688</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 2021 and 2020 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.

9. Bank borrowings

	Group As at 30 September 2021 RMB'000	Group As at 31 December 2020 RMB'000
Amount repayable within one year or less, or on demand		
- Secured borrowings	3,670,445	2,588,705
- Unsecured borrowings	20,500	-
	<u>3,690,945</u>	<u>2,588,705</u>
 Amount repayable after one year		
- Secured borrowings	6,652,163	6,090,635
- Unsecured borrowings	219,250	-
	<u>6,871,413</u>	<u>6,090,635</u>
Total borrowings net of transaction costs	<u>10,562,358</u>	<u>8,679,340</u>

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-used assets and intangible assets.

Included in the above are borrowings with an aggregate principal amount of RMB840 million (31 December 2020: RMB100 million) from subsidiaries of Zheneng Group, namely Zhejiang Provincial Energy Group Finance Co., Ltd. and Shanghai Puneng Finance Leasing Co., Ltd.

10. Share capital

	Group and Company	
	No. of ordinary shares	Share Capital RMB'000
Fully paid ordinary shares		
As at 1 January 2020, as at 31 December 2020 and as at 30 September 2021	1,454,024,700	96

Fully paid ordinary shares have a par value of US\$0.00001 (2020: US\$0.00001), carry one vote per share and carry a right to dividend, amounting to equivalent RMB96,000 (2020: RMB96,000).

There were no changes in the share capital of the Company in 3Q2021.

The total number of issued Shares as at 30 September 2021 and 31 December 2020 was 1,454,024,700.

The Company had no convertibles, treasury shares or subsidiary holdings as at 30 September 2021 and 30 September 2020.

11. Earnings per share

	Group 9 months ended 30 September 2021	Group 9 months ended 30 September 2020
Basic and fully diluted earnings per share (RMB cents)	17.83	13.59
Weighted average number of shares	1,454,024,700	1,454,024,700

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

The total number of issued shares as at 30 September 2021 and 30 September 2020 was 1,454,024,700.

12. Net asset value

	Group As at 30 September 2021	Group As at 31 December 2020	Company As at 30 September 2021	Company As at 31 December 2020
Assets				
Net asset value per Share (RMB cents)	438.08	419.73	132.72	137.12
Number of Shares in issue at the end of the period	1,454,024,700	1,454,024,700	1,454,024,700	1,454,024,700

The net asset value per Share as at 30 September 2021 and 31 December 2020 was computed based on the number of Shares in issue at the end of the period.

The total number of issued Shares as at 30 September 2021 and 31 December 2020 were 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 30 September 2021 RMB'000	Group As at 31 December 2020 RMB'000
Property, plant and equipment	1,092,592	1,475,812

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 2021 to 30 September 2021			
Segment revenue			
External revenue	2,284,659	118,658	2,403,317
Inter-segment revenue	-	269,660	269,660
	2,284,659	388,318	2,672,977
Elimination	-	(269,660)	(269,660)
Revenue	2,284,659	118,658	2,403,317
Segment profit			
	696,576	35,588	732,164
Government grants and VAT refund			44,708
Loss on disposal on property, plant and equipment			(335)
Impairment loss on prepayment			(70)
Foreign exchange gains			14,076
Other income			51,472
Administrative expenses			(183,167)
Finance costs			(294,426)
Share of loss of joint ventures			(958)
Profit before tax			363,464

	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
As at 30 September 2021			
Assets and Liabilities			
Segment assets	16,261,978	1,255,248	17,517,226
Unallocated			2,330,926
Consolidated total assets			<u>19,848,152</u>
Segment liabilities	11,947,640	747,576	12,695,216
Unallocated			783,104
Consolidated total liabilities			<u>13,478,320</u>
1 January 2021 to 30 September 2021			
Other segment information			
Depreciation and amortisation	410,269	17,752	428,021
Additions to non-current assets	1,607,880	5,710	1,613,590
1 January 2020 to 30 September 2020			
Segment revenue			
External revenue	2,059,900	150,854	2,210,754
Inter-segment revenue	-	62,985	62,985
	<u>2,059,900</u>	<u>213,839</u>	<u>2,273,739</u>
Elimination	-	(62,985)	(62,985)
Revenue	<u>2,059,900</u>	<u>150,854</u>	<u>2,210,754</u>
Segment profit	697,994	65,057	763,051
Government grants and VAT refund			37,584
Impairment loss on property, plant and equipment			(4,366)
Impairment loss on prepayment			(28,910)
Loss allowance on trade receivables			(42,930)
Foreign exchange losses			61,177
Other income			38,774
Administrative expenses			(181,242)
Finance costs			(321,546)
Share of loss of joint ventures			(3,475)
Profit before tax			<u>318,117</u>
As at 31 December 2020			
Assets and Liabilities			
Segment assets	15,033,801	1,099,278	16,133,079
Unallocated			1,633,605
Consolidated total assets			<u>17,766,684</u>
Segment liabilities	10,246,973	628,891	10,875,864
Unallocated			787,818
Consolidated total liabilities			<u>11,663,682</u>
1 January 2020 to 30 September 2020			
Other segment information			
Depreciation and amortisation	329,092	25,195	354,287
Additions to non-current assets	1,810,674	7,012	1,817,686

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 nine months ended 30 September 2021 and 2020, 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

Third quarter ended 30 September (“3Q”) 2021 vs 3Q2020

Revenue

	3 months ended 30 September 2021		3 months ended 30 September 2020		Change
	RMB'000	%	RMB'000	%	%
Waste-to-energy project construction and operation					
<u>Waste-to-energy business</u>					
- Sales of electricity	372,307	47.1	361,568	47.9	3.0
- Sales of steam	112,520	14.2	80,779	10.7	39.3
- Revenue from waste treatment	262,511	33.2	211,702	28	24.0
	<u>747,338</u>	94.6	<u>654,049</u>	86.6	14.3
<u>Construction services provided under BOT concession agreements</u>					
- Revenue from construction services provided under service concession agreements	25,913	3.3	54,440	7.2	(52.4)
- Financial income under service concession agreements	10,607	1.3	10,498	1.4	1.0
	<u>36,520</u>	4.6	<u>64,938</u>	8.6	(43.8)
Total					
Project technical and management service, equipment selection and sale and EMC business	6,207	0.8	36,301	4.8	(82.9)
Total revenue	<u>790,065</u>	100	<u>755,288</u>	100	4.6

Details of the electricity generated and supplied, steam supplied and waste treated for 3Q2021 and 3Q2020 are as follows:

	Group 3 months ended 30 September 2021	Group 3 months ended 30 September 2020	Change %
Electricity generated ('000 KWh)	883,139	821,904	7.5
On-grid electricity supplied ('000 KWh)	667,445	614,444	8.6
Steam supplied ('000 tonnes)	678	614	10.4
Waste treated ('000 tonnes)	3,021	2,909	3.9

Gross profit and gross profit margin

	Gross Profit (RMB '000)		Gross Profit Margin	
	3 months ended 30 September 2021	3 months ended 30 September 2020	3 months ended 30 September 2021	3 months ended 30 September 2020
WTE business (excluding gross profit from construction services provided under BOT concession agreements)	214,783	239,980	28.74%	36.69%
Construction services provided under BOT concession agreements	3,535	7,425	13.64%	13.64%
Financial income under service concession agreements	10,607	10,498	N.A.	N.A.
Project technical and management service and EMC business	2,855	24,839	45.99%	68.43%
Total	231,780	282,742	29.34%	37.43%

The decrease of gross profit by RMB51.0 million from RMB282.7 million in 3Q2020 to RMB231.8 million in 3Q2021 and decrease of gross profit margin by 8.1% 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 RMB93.3 million or 14.3% from RMB654.0 million in 3Q2020 to RMB747.3 million in 3Q2021. On-grid electricity supplied and waste treated (including waste collection and transportation operations in India) increased 8.6% and 3.9% respectively in 3Q2021 as compared to 3Q2020. Excluding waste collection and transportation operations in India, waste treated increased by 1.4% in 3Q2021 as compared to 3Q2020. This was mainly due to commencement of operations of the Tangshan Jiasheng WTE Facility and the New Kunming Wuhua WTE Facility, 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 and the full resumption of operation and production in most areas which are no longer materially affected by the Coronavirus Disease 2019 (“COVID-19”) pandemic situation, and hence resulted in a higher amount of waste treated and electricity generated. The increase of 10.4% in steam supplied is due to the increase in the number of customers purchasing steam generated by the Zhengzhou Xingjin WTE Facility and Zhuji Bafang WTE Facility as a result of the recovery from the COVID-19 pandemic.

The gross profit of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) decreased by RMB25.2 million or 10.5% from RMB240.0 million in 3Q2020 to RMB214.8 million in 3Q2021 is mainly due to:

1. Due to the shutdown and maintenance of boiler in New Kunming Wuhua WTE Facility as planned in 3Q2021, this resulted in a decrease of RMB7.7 million in gross profit in 3Q2021 as compared to 3Q2020. For Tangshan Jiasheng WTE Facility, the temporary shutdown of its boiler for 10 days due to flooding incidents in Hebei Province in July 2021 and the increase in costs due to investment on leachate disposal and sewage treatment in response to the enhanced environmental protection regulatory requirements and the method of fly ash disposal overall resulted in a decrease of RMB4.1 million in gross profit in 3Q2021 as compared to 3Q2020.
2. The Zhuji Bafang WTE Facility generates its revenue mainly from the supply of steam, which in turn is generated using coal. The gross profit decreased RMB26.8 million in 3Q2021 as compared to 3Q2020 due to an increase in raw material expenses arising from increases in the unit price of coal. The company has actively sought for the increase in unit price of steam supplied and adjusted part of the production of steam from coal stove to waste incineration. In 3Q2021, due to the rise in coal prices, the gross profit decreased by RMB49.0 million and this was offset by the increase of RMB4.3 million from the decrease in coal consumption. As the power supply of waste furnaces was adjusted for the steam supply and the price of steam increased, the sales of steam increased by RMB26.9 million and the sales of electricity decreased by RMB8.6 million as compared to 3Q2020.
3. Except for the New Kunming Wuhua WTE Facility, Tangshan Jiasheng WTE Facility and Zhuji Bafang WTE Facility, the gross profit of the other WTE facilities increased by RMB13.5 million. The increase is due to (i) an increase in gross profit of RMB15.8 million 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) an increase in gross profit of RMB1.5 million due to the increase of RMB3.9 million in revenue resulting from the increase in the number of customers purchasing steam; and (iii) an increase in gross profit of RMB7.0 million in 3Q2021 due to the increase in the volume of waste treated, resulting from the full resumption of operation and production in most areas which are no longer materially affected by the COVID-19 pandemic situation. This amount has been offset against the increase in overhaul expenses for plant and equipment and coal price in the 3Q2021 as compared to 3Q2020 and resulting in a decrease in gross profit of RMB7.0 million and RMB3.0 million respectively. The increase was offset by (i) a decrease in gross profit of RMB4.4 million due to reduction in social security exemptions and increase in provision of employee bonus following the abatement of the COVID-19 pandemic in the PRC, and (ii) a decrease in gross profit of RMB6.3 million due to investment on leachate disposal and sewage treatment in response to the enhanced environmental protection regulatory requirements and the method of fly ash disposal in the Wuhu area being changed from landfilling in 3Q2020 to treatment by third party contractors in 3Q2021.

The gross profit margin decreased from 36.7% in 3Q2020 to 28.8% in 3Q2021. This is mainly due to significant increases in the price of coal in 3Q2021 as compared to 3Q2020, the shutdown and maintenance of boiler as planned in 3Q2021, and the increased investment required in response to more stringent environmental protection regulatory requirements, which resulted in increases in cost in 3Q2021. However, this is partially offset by the contribution of waste treatment capacity after the optimization of the power plant management and upgrading of the WTE facilities and the increase in the steam price of Zhuji Bafang WTE facility.

Construction services provided under BOT concession agreements

In 3Q2021, BOT revenue was recorded for first phase of the Zhongwei WTE Project in Ningxia Hui Autonomous Region and the Linzhou Jiasheng WTE Facility in Henan Province. The BOT revenue in 3Q2021, based on the construction progress of the aforesaid two projects, is lower than in 3Q2020.

The gross profit from construction services provided under BOT concession agreements (includes financial income) decreased RMB3.8 million from RMB17.9 million in 3Q2020 to RMB14.1 million in 3Q2021. The gross profit from the construction services provided under BOT concession agreements decreased RMB3.9 million in 3Q2021 compared to that in 3Q2020. The gross profit from financial income under service concession agreements slightly increased to RMB10.6 million in 3Q2021 from RMB10.5 million in 3Q2020. The gross profit margin including financial income increased from 27.6% in 3Q2020 to 38.7% in 3Q2021.

Project technical and management services, equipment selection and sale and our EMC business

The revenue from project technical and management services and our EMC business decreased 82.9% from RMB36.3 million in 3Q2020 to RMB6.2 million in 3Q2021 due to the reduction in profit-sharing ratio in the later stages of most of the EMC contracts of our subsidiary Hangzhou Kesheng Energy Technology Co., Ltd and hence resulted the decrease in revenue from project technical and management services.

The gross profit from project technical and management services and our EMC business decreased RMB21.9 million or 88.5% from RMB24.8 million in 3Q2020 to RMB2.9 million in 3Q2021. The gross profit margin of project technical and management services and our EMC business decreased from 68.4% in 3Q2020 to 46.0% in 3Q2021, mainly due to the decrease in the portion of EMC business in 3Q2021 compared to 3Q2020.

Other income

	Group 3Q2021 RMB'000	Group 3Q2020 RMB'000	Increase / (Decrease) RMB'000	Change + / (-) %
Bank interest income	1,232	4,813	(3,581)	(74.4)
Government grants	6,049	7,246	(1,197)	(16.5)
Value added tax refund	9,512	5,158	4,354	84.4
Gain on sales of scrap materials, sludge disposal fees and others	12,712	6,345	6,367	100.3
Other income	29,505	23,562	5,943	25.2

Other income increased RMB5.9 million or 25.2% from RMB23.6 million in 3Q2020 to RMB29.5 million in 3Q2021, mainly due to (i) a decrease of RMB1.2 million in government grants, (ii) an increase of RMB4.4 million in value added tax refund, (iii) a decrease of RMB3.6 million in bank interest income and (iv) an increase of RMB6.4 million in gain on sales of scrap materials, sludge disposal fees and others.

Other gains and (losses), net

	Group 3Q2021 RMB'000	Group 3Q2020 RMB'000	Increase / (Decrease) RMB'000	Change +/(-) %
Foreign exchange (loss)/gain	(1,191)	95,495	(96,686)	N.A.
Property, plant and equipment written off	(1)	-	(1)	N.A.
Other gains and (losses), net	(1,192)	95,495	(96,687)	N.A.

Other gains and (losses) decreased RMB96.7 million from other gains of RMB95.5 million in 3Q2020 to other losses of RMB1.2 million in 3Q2021, mainly due to foreign exchange gains decreasing by RMB96.7 million to RMB1.2 million in 3Q2021 resulting from the depreciation of the Chinese Renminbi against the United States Dollar.

Administrative expenses

Administrative expenses increased RMB3.4 million from RMB57.9 million in 3Q2020 to RMB61.3 million in 3Q2021, mainly due to increase in group and employer's liability insurance in 2021 and the increase of travel expenses after COVID-19 pandemic.

Finance costs

Finance costs decreased RMB4.6 million from RMB113.9 million in 3Q2020 to RMB109.3 million in 3Q2021, mainly due to a gradual decrease in the interest rate and finance costs due to the good credit standing of Zheneng Group, the largest controlling shareholder of the Company, which has been an important point of support when negotiating with financial institutions to reduce the higher interest rate loans.

Profit before tax

As a result of the foregoing, profit before tax decreased RMB73.1 million or 45.1% from RMB162.2 million in 3Q2020 to RMB89.1 million in 3Q2021.

Income tax expense

Income tax expense decreased RMB41.1 million or 66.4% from RMB62.1 million in 3Q2020 to RMB20.9 million in 3Q2021. The effective tax rate was higher than the statutory tax rate of 25% and this is due to the operating losses of the subsidiaries and foreign exchange losses which cannot be offset against the profit of WTE subsidiaries in the computation of income tax expenses.

Total comprehensive income for the period

As a result of the foregoing, total comprehensive income for the period increased 28.9% from RMB108.4 million in 3Q2020 to RMB77.1 million in 3Q2021.

Nine months ended 30 September (“9M”) 2021 vs 9M2020

Revenue

	9 months ended 30 September 2021		9 months ended 30 September 2020		Change
	RMB'000	%	RMB'000	%	%
Waste-to-energy project construction and operation					
<u>Waste-to-energy business</u>					
- Sales of electricity	1,083,785	45.1	939,569	42.5	15.3
- Sales of steam	329,691	13.7	244,880	11.1	34.6
- Revenue from waste treatment	676,519	28.1	608,594	27.5	11.2
	<u>2,089,995</u>	87.0	<u>1,793,043</u>	81.1	16.6
<u>Construction services provided under BOT concession agreements</u>					
- Revenue from construction services provided under service concession agreements	160,856	6.7	235,362	10.6	(31.7)
- Financial income under service concession agreements	33,808	1.4	31,495	1.4	7.3
	<u>194,664</u>	8.1	<u>266,857</u>	12.1	(27.1)
Total	<u>2,284,659</u>	95.1	<u>2,059,900</u>	93.2	(1.9)
Project technical and management service, equipment selection and sale and EMC business	118,658	4.9	150,854	6.8	(21.3)
Total revenue	<u>2,403,317</u>	100.0	<u>2,210,754</u>	100.0	8.7

Details of the electricity generated and supplied, steam supplied and waste treated for 9M2021 and 9M2020 are as follows:

	Group	Group	Change
	9 months ended 30 September 2021	9 months ended 30 September 2020	%
Electricity generated ('000 KWh)	2,588,740	2,232,383	16.0
On-grid electricity supplied ('000 KWh)	1,949,422	1,653,468	17.9
Steam supplied ('000 tonnes)	2,155	1,804	19.5
Waste treated ('000 tonnes)	8,499	7,959	6.8

Gross profit and gross profit margin

	Gross Profit (RMB '000)		Gross Profit Margin	
	9 months ended 30 September 2021	9 months ended 30 September 2020	9 months ended 30 September 2021	9 months ended 30 September 2020
WTE business (excluding gross profit from construction services provided under BOT concession agreements)	640,827	634,396	30.66%	35.38%
Construction services provided under BOT concession agreements	21,941	32,103	13.64%	13.64%
Financial income under service concession agreements	33,808	31,495	N.A.	N.A.
Project technical and management service and EMC business	35,588	65,057	29.99%	43.13%
Total	<u>732,164</u>	<u>763,051</u>	<u>30.46%</u>	<u>34.52%</u>

The decrease of gross profit by RMB30.9 million from RMB763.1 million in 9M2020 to RMB732.2 million in 9M2021 and decrease of gross profit margin by 4.1% 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 RMB297.0 million or 16.6% from RMB1,793.0 million in 9M2020 to RMB2,090.0 million in 9M2021. On-grid electricity supplied and waste treated (including waste collection and transportation operations in India) increased 17.9% and 6.8% respectively in 9M2021 as compared to 9M2020. Excluding waste collection and transportation operations in India, waste treated increased by 7.2% in 9M2021 as compared to 9M2020. This was mainly due to commencement of operations of the Tangshan Jiasheng WTE Facility and the New Kunming Wuhua WTE Facility, 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 and the full resumption of operation and production in most areas (except for Suihua and certain other areas) which are no longer materially affected by the COVID-19 pandemic situation, and hence resulted in a higher amount of waste treated and electricity generated. The increase of 19.5% in steam supplied is due to the increase in the number of customers purchasing steam generated by the Zhengzhou Xingjin WTE Facility and Zhuji Bafang WTE Facility as a result of the recovery from the COVID-19 pandemic.

The gross profit of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) increased by RMB6.4 million or 1.0% from RMB634.4 million in 9M2020 to RMB640.8 million in 9M2021 is mainly due to:

1. The commencement of operations of New Kunming Wuhua WTE Facility and Tangshan Jiasheng WTE Facility in the second half of 2020 resulted in a steady increase in the waste treatment capacity and power generation, which contributed to an increase of RMB7.1 million in gross profit in 9M2021 as compared to 9M2020.
2. Except for the New Kunming Wuhua WTE Facility, Tangshan Jiasheng WTE Facility and Zhuji Bafang WTE Facility, the gross profit of the other WTE facilities increased by RMB30.3 million. The increase is due to (i) an increase in gross profit of RMB47.6 million 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) an increase in gross profit of RMB5.9 million due to the increase of RMB14.14 million in revenue resulting from the increase in the number of customers purchasing steam; and (iii) an increase in gross profit of RMB44.8 million in the first half of 2021 due to the increase in the volume of waste treated, resulting from the full resumption of operation and production in most areas (except for Suihua and certain other areas) which are no longer materially affected by the COVID-19 pandemic situation. The increase was offset by (i) a decrease in gross profit of RMB30.4 million due to reduction in social security exemptions and increase in provision of employee bonus following the abatement of the COVID-19 pandemic in the PRC, and (ii) a decrease in gross profit of RMB37.5 million due to investment on leachate disposal and sewage treatment in response to the enhanced environmental protection regulatory requirements and the method of fly ash disposal in the Wuhu area being changed from landfilling in 9M2020 to treatment by third party contractors in 9M2021. The Group has received subsidies of approximately RMB18.4 million from the relevant governments as at 30 September 2021 to help defray the cost of fly ash treatment incurred in the Wuhu area. The Group is still in the process of communicating with the government for other grants, which are expected to be paid out together with the settlement of waste treatment fees.
3. The Zhuji Bafang WTE Facility generates its revenue mainly from the supply of steam, which in turn is generated using coal. The gross profit decreased RMB31.0 million in 9M2021 as compared to 9M2020 due to an increase of RMB79.2 million in raw material expenses arising from increases in the unit price of coal, an increase of RMB16.9 million in raw material costs arising from increased coal consumption and enhanced environmental protection investment and depreciation expenses of RMB4.4 million associated with the Zhuji Bafang WTE Facility. The decrease was offset by the increase of RMB34.3 million arising from a higher unit price of steam supplied, an increase of RMB27.7 million in sales of steam following recovery from the COVID-19 pandemic, and an increase of RMB7.5 million in sales of electricity and waste treatment fees.

The gross profit margin decreased from 35.4% in 9M2020 to 30.7% in 9M2021. This is mainly due to significant increases in the price of coal in 9M2021 as compared to 9M2020, and the increased investment required in response to more stringent environmental protection regulatory requirements, which resulted in increases in cost in 9M2021. However, this is partially offset by the contribution of waste treatment capacity after the optimization of the power plant management and upgrading of the WTE facilities and the increase in the steam price of Zhuji Bafang WTE facility.

Construction services provided under BOT concession agreements

In 9M2021, BOT revenue was recorded for first phase of the Zhongwei WTE Project in Ningxia Hui Autonomous Region and the Linzhou Jiasheng WTE Facility in Henan Province. The BOT revenue recorded in 9M2020 was largely in respect of the Kunming Wuhua Reconstruction Project which had commenced operations in May 2020. The BOT revenue in 9M2021, based on the construction progress of the aforesaid two projects, is lower than in 9M2020.

The gross profit from construction services provided under BOT concession agreements (includes financial income) decreased RMB7.9 million from RMB63.6 million in 9M2020 to RMB55.7 million in 9M2021. The gross profit from the construction services provided under BOT concession agreements decreased RMB 10.2 million in 9M2021 compared to that in 9M2020. The gross profit from financial income under service concession agreements increased to RMB33.8 million in 9M2021 from RMB31.5 million in 9M2020. The gross profit margin including financial income increased from 23.8% in 9M2020 to 28.6% in 9M2021.

Project technical and management service, equipment selection and sale and our EMC business

The revenue from project technical and management services and our EMC business decreased 21.3% from RMB150.9 million in 9M2020 to RMB118.7 million in 9M2021 due to the reduction in profit-sharing ratio in the later stages of most of the EMC contracts of our subsidiary Hangzhou Kesheng Energy Technology Co., Ltd offset by an increase in revenue generated from the technical services and procurement services provided by our subsidiary Hangzhou Zhenghui Construction Engineering Co., Ltd.

The gross profit from project technical and management services and our EMC business decreased RMB29.5 million or 45.3% from RMB65.1 million in 9M2020 to RMB35.6 million in 9M2021. The gross profit margin of project technical and management services and our EMC business decreased from 43.1% in 9M2020 to 30.0% in 9M2021, mainly due to the decrease in the portion of EMC business in 9M2021 compared to 9M2020.

Other income

	Group 9M2021 RMB'000	Group 9M2020 RMB'000	Increase / (Decrease) RMB'000	Change +/(-) %
Bank interest income	3,373	12,933	(9,560)	(73.9)
Government grants	29,195	19,127	10,068	52.6
Value added tax refund	15,513	18,457	(2,944)	(16.0)
Gain on sales of scrap materials, sludge disposal fees and others	48,099	25,840	22,259	86.1
Other income	96,180	76,357	19,823	26.0

Other income increased RMB19.8 million or 26.0% from RMB76.4 million in 9M2020 to RMB96.2 million in 9M2021, mainly due to (i) an increase of RMB10.1 million in government grants, (ii) a decrease of RMB2.9 million in value added tax refund, (iii) a decrease of RMB9.6 million in bank interest income and (iv) an increase of RMB22.3 million in gain on sales of scrap materials, sludge disposal fees and others.

Other gains and (losses), net

	Group 9M2021 RMB'000	Group 9M2020 RMB'000	Increase / (Decrease) RMB'000	Change +/(-) %
Foreign exchange gain	14,076	61,177	(47,101)	(77.0)
Property, plant and equipment written off	(335)	-	(335)	N.M.
Other gains and (losses), net	13,741	61,177	(47,436)	(77.5)

Net other gains decreased RMB47.4 million from RMB61.2 million in 9M2020 to RMB13.7 million in 9M2021, mainly due to (i) foreign exchange gains decreasing by RMB47.1 million to RMB14.1 million in 9M2021 resulting from the depreciation of the Chinese Renminbi against the United States Dollar and (ii) property, plant and equipment written off during the period amounting to RMB0.3 million.

Administrative expenses

Administrative expenses remained consistent for both 9M2020 and 9M2021 and amounted to RMB181.2 million and RMB183.2 million, respectively.

Finance costs

Finance costs decreased RMB27.1 million from RMB321.5 million in 9M2020 to RMB294.4 million in 9M2021, mainly due to a gradual decrease in the interest rate and finance costs due to the good credit standing of Zheneng Group, the largest controlling shareholder of the Company, which has been an important point of support when negotiating with financial institutions to reduce the higher interest rate loans. This was partially offset by an increase of RMB59.8 million in finance costs for the incremental loan borrowing.

Profit before tax

As a result of the foregoing, profit before tax increased RMB45.4 million or 14.3% from RMB318.1 million in 9M2020 to RMB363.5 million in 9M2021.

Income tax expense

Income tax expense decreased RMB15.3 million or 14.1% from RMB108.6 million in 9M2020 to RMB93.2 million in 9M2021. The effective tax rate was higher than the statutory tax rate of 25% and this is due to the operating losses of the subsidiaries and foreign exchange losses which cannot be offset against the profit of WTE subsidiaries in the computation of income tax expenses.

Total comprehensive income for the period

As a result of the foregoing, total comprehensive income for the period increased 30.1% from RMB205.1 million in 9M2020 to RMB266.8 million in 9M2021.

Statement of Financial Position

	30 September 2021	31 December 2020	Increase / (Decrease)	Increase / (Decrease)
	RMB Million	RMB Million	RMB Million	%
Current assets	4,447.9	3,519.2	928.7	26.4
Non-current assets	15,400.3	14,247.5	1,152.8	8.1
Total assets	19,848.2	17,766.7	2,081.5	11.7
Current liabilities	5,674.2	4,653.7	1,020.5	21.9
Non-current liabilities	7,804.2	7,009.9	794.3	11.3
Total liabilities	13,478.4	11,663.7	1,814.7	15.6
Capital and reserves	6,369.8	6,103.0	266.8	4.4

Current assets

The increase is due to (i) pledge bank deposits increasing 231.9% by RMB562.6 million from RMB242.6 million as at 31 December 2020 to RMB805.2 million as at 30 September 2021, mainly due to the deposits amounting to RMB672.2 million placed with banks in accordance with the terms of the respective credit facilities, the proceeds of which were used to repay the 2018 syndicated loan arranged by Standard Chartered Bank. This was offset by the release of deposits amounting to RMB100.6 million as the aforesaid syndicated loan was fully repaid in 9M2021, (ii) trade and other receivables increasing 14.7% by RMB252.8 million from RMB1,715.2 million as at 31 December 2020 to RMB1,968.0 million as at 30 September 2021 due to increase in revenue from the WTE business and more prepayments made, (iii) 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 6.1% by RMB39.7 million from RMB649.5 million as at 31 December 2020 to RMB689.2 million as at 30 September 2021 and (iv) bank balances and cash increasing 18.0% by RMB65.2 million from RMB361.3 million as at 31 December 2020 to RMB426.5 million as at 30 September 2021.

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. Property, plant and equipment increased RMB916.3 million or 9.9% from RMB9,291.6 million as at 31 December 2020 to RMB10,207.9 million as at 30 September 2021 due to the new, upgraded and expanded facilities. Intangible assets increased 6.9% by RMB269.0 million from RMB3,882.5 million as at 31 December 2020 to RMB4,151.6 million as at 30 September 2021, arising from the first phase of the Linzhou Jiasheng WTE Facility and the Zhongwei WTE Project in Ningxia Hui Autonomous Region. Other receivables decreased from RMB167.7 million as at 31 December 2020 to RMB129.9 million as at 30 September 2021, due to decrease of RMB37.8 million in prepayments for the construction project and equipment.

Current liabilities

The increase is mainly due to current borrowings and current portion of lease liabilities increasing RMB1,073.7 million or 40.9% from RMB2,627.9 million as at 31 December 2020 to RMB3,701.6 million as at 30 September 2021 due to the new credit facilities amounting to RMB672.0 million secured in June 2021 to repay the US\$200 million term loan facility arranged by Standard Chartered Bank, and increase in financial lease liabilities. This is offset by (i) trade and other payables decreasing RMB13.4 million or 0.8% from RMB1,690.6 million as at 31 December 2020 to RMB1,677.2 million as at 30 September 2021 due to lower payables recorded in accordance with contractual payment terms and (ii) income tax liabilities and other tax liabilities decreasing RMB30.1 million from RMB227.1 million as at 31 December 2020 to RMB197.0 million as at 30 September 2021.

Non-current liabilities

The increase is mainly due to non-current borrowings increasing RMB780.8 million or 12.8% from RMB6,090.6 million as at 31 December 2020 to RMB6,871.4 million as at 30 September 2021 due to new borrowings for the Jilin Xinxiang, Lianyungang Sunrise, Tianjin Sunrise, Zibo Green Energy, and Zhuji Bafang WTE Facilities and refinancing of certain short-term borrowings into new long-term borrowings.

Capital and reserves

The increase from RMB266.8 million or 4.4% from RMB6,103.0 million as at 31 December 2020 to RMB6,369.8 million as at 30 September 2021 is due to the retained earnings for 9M2021.

Consolidated Statement of Cashflows

	Group 3 months ended 30 September 2021 RMB Million	Group 9 months ended 30 September 2021 RMB Million
Net cash from operating activities	179.0	255.6
Net cash used in investing activities	(115.0)	(892.6)
Net cash from financing activities	49.5	705.8
Cash and cash equivalents at beginning of the period	312.9	361.3
Effect of exchange rate fluctuations on cash held	0.1	(3.7)
Cash and cash equivalents at the end of the period	426.5	426.5

In 3Q2021, operating cash inflow was RMB179.0 million. This is due to (i) operating cash flow before movements in working capital of RMB179.0 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) increased investment in BOT projects (which includes, Linzhou Jiasheng WTE Facility, the New Kunming Wuhua WTE Facility, the first phase of the Zhongwei WTE Project and Jinghong Jiasheng WTE Project) into operating cash flow, resulting in an increase of operating cash outflow of RMB65.0 million, and (iv) payment of income tax resulting a cash outflow of RMB2.3 million.

In 9M2021, operating cash inflow was RMB255.6 million. This is due to (i) operating cash flow before movements in working capital of RMB1,003.1 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) increased investment in BOT projects (which includes, Linzhou Jiasheng WTE Facility, the New Kunming Wuhua WTE Facility, the first phase of the Zhongwei WTE Project and Jinghong Jiasheng WTE Project) into operating cash flow, resulting in an increase of operating cash outflow of RMB406.9 million, and (iv) payment of income tax resulting a cash outflow of RMB75.5 million.

In 3Q2021, investing cash outflow was RMB115.0 million. This is due to investments in both property, plant and equipment and intangible assets which includes the payment for equipment and construction for the Wuchang WTE Facility, Leting Jinhuan New Energy WTE Facility, Jilin Xinxiang WTE Facility, Zhuji Bafang WTE Facility, Shijiazhuang Jinhuan WTE Facility and Wuhu Jinjiang WTE Facility.

In 9M2021, investing cash outflow was RMB892.6 million. This is due to investments in both property, plant and equipment and intangible assets which includes the payment for equipment and construction for the Wuchang WTE Facility, Leting Jinhuan New Energy WTE Facility, Jilin Xinxiang WTE Facility, Zhuji Bafang WTE Facility, Shijiazhuang Jinhuan WTE Facility and Wuhu Jinjiang WTE Facility.

In 3Q2021, financing cash inflow was RMB49.5 million. This is due to (i) new borrowings amounting to RMB564.5 million, including new borrowings for Green Energy (Hangzhou) Corporate Management Co, Ltd, Wuhu Jinjiang WTE Facility, Zhuji Bafang WTE Facility, Lianyungang Sunrise WTE Facility, Jilin Xinxiang, Wenling Green Energy WTE Facility and (ii) increased in pledged bank deposits for borrowings of RMB11.4 million. However, this was offset by repayment of borrowings and interest of RMB503.6 million.

In 9M2021, financing cash inflow was RMB705.8 million. This is due to (i) new borrowings amounting to RMB4,105.8 million, including new borrowings for the Lianyungang Sunrise, Tianjin Sunrise, Zibo Green Energy, and Jilin Xinxiang WTE Facilities, project financing for Shijiazhuang Jiasheng WTE Facility and Leting Jinhuan WTE Facility and new credit facilities secured in June 2021 to repay the US\$200 million term loan facility arranged by Standard Chartered Bank and (ii) increased in pledged bank deposits for borrowings of RMB563.3 million. However, this was offset by repayment of borrowings and interest of RMB2,836.7 million.

Bank balances and cash as at 30 September 2021 was RMB426.5 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 3Q2021, in the face of complex and severe domestic and foreign environments, the Chinese government has coordinated an epidemic control and economic development strategy, based on scientific principles, to effectively respond to multiple threats such as the COVID-19 pandemic, and the national economy has continued to resume its development. On the whole, the national economy in the first three quarters has been on a recovery trend, structural changes to the economy are steadily progressing, and new progress has been made as a result of promoting high-quality development. In the first nine months of 2021, the nominal gross domestic product of the PRC has increased by 9.8% year-on-year. The long-term economic fundamentals of China continue to be positive with resilient growth, great potential, and room for significant economic rebound. However, with the current increasing uncertainties in the international environment and domestic economic recovery unstable and uneven, it is still necessary to continue promoting economic stability and recovery.

During the 75th 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.

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 encourages proper management for pollution prevention and control to achieve synergistic effects of pollution reduction and carbon reduction. The government's policy to encourage the development of the WTE industry and the entire environmental protection industry remains stable. In July 2021, the National Development and Reform Commission ("NDRC") issued the "14th Five-Year Plan for Circular Economy Development", which focuses on the overall improvement of resource utilization efficiency and the development of the circular economy.

In May 2021, the NDRC and the Ministry of Housing and Urban-Rural Development jointly issued the "Notice on Printing and Distributing the Development Plan for Urban Domestic Waste Classification and Treatment Facilities in the 14th Five-Year" (Fagai Huanzi [2021] No. 642), which targets that by the end of 2025, the resource utilisation rate of the national urban domestic waste is to reach about 60%, and the national domestic waste collection and transportation capacity is to reach about 700,000 tons per day. The national urban domestic waste incineration treatment capacity is to reach about 800,000 tons per day, and the urban domestic waste incineration treatment rate is to reach 65%.

In August 2021, the NDRC issued the "Notice on Printing and Distributing the Construction Work Plan for Biomass Power Generation Projects in 2021" (Fagai Energy [2021] No. 1190), further clarifying that the central government's share of the biomass power generation subsidies will be adjusted year on year and reduced in an orderly manner, as well as increasing the competitiveness of central government subsidies.

(B) Operational Matters

In 3Q2021, heavy rain in several places caused severe flooding, especially in Hebei Province where the Tangshan Jiasheng WTE Facility is located and in Henan Province where the Zhengzhou Xingjin WTE Facility and Linzhou Jiasheng WTE Facility are located. This resulted in temporary interruption in the supply of power and water to the Zhengzhou Xingjin WTE Facility, which managed to resume operations after 36 hours following round-the-clock repair works. Typhoon In-fa also made landfall in Zhejiang Province and the Group's three WTE facilities in Zhejiang province were impacted. The Group took rigorous efforts to mitigate the impact of such unexpected natural disasters on the operations of the aforesaid WTE facilities to ensure the effective treatment of domestic waste in the city.

The Group's operating companies maintain normal operations and actively strive for subsidies in accordance with national policies in 3Q2021. In particular, the second phase of Wenling Green Energy WTE Facility in Zhejiang Province was included in the National Renewable Energy Subsidy Listing in September 2021. Currently, 16 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 need not be included in the aforesaid list to enjoy the relevant subsidies, and four of the Group's newly commissioned WTE facilities (including expansion and reconstruction project) are in the process of applying for such subsidy.

At the same time, the Group's project construction is proceeding on schedule in an orderly manner. The fourth boiler of Wuhu Jinjiang WTE Facility Reconstruction Project (BOO) in Anhui Province and one boiler and one turbine of Lianyungang Sunrise WTE Facility Expansion Project (BOO) in Jiangsu Province were put into operation in 3Q2021, adding an additional 750 tons/day in operational waste treatment capacity.

As of 30 September 2021, the Group has 6 WTE projects and 2 Resource Recycling projects under preparation in China. Among them, two boilers and two turbines of Shijiazhuang Jiasheng WTE Facility (BOO) in Hebei Province, the Baishan Green Energy WTE Facility (BOO) in Jilin Province, the first phase of Zhongwei WTE Project (BOT) in Ningxia Hui Autonomous Region, the expansion project of Hohhot New Energy WTE Facility (BOO) in Inner Mongolia, the Shijiazhuang Jinhuan Resource Recycling Project (BOO) in Hebei Province and the Songyuan Xinxiang Resource Recycling Project in Jilin Province under construction are expected to put into operation by the end of 2021. The Group's total waste treatment capacity is expected to increase by 3,450 tons/day and 116MW installed capacity upon completion of the aforesaid projects. The fifth boiler of Wuhu Jinjiang WTE Facility Reconstruction Project (BOO) in Anhui Province and Yunnan Green Energy WTE Facility Expansion Project (BOT) are still under construction according to the established construction plan and are expected to successively be put into operation in 2022.

As of 30 September 2021, the Group has 14 WTE projects, 4 kitchen waste projects and 1 Resource Recycling project under preparation in China, which are undertaking preparatory works for construction on schedule.

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.

Currently, the Group has 23 operational WTE facilities, 1 organic waste treatment facility and 7 waste recycling facilities in the PRC with a total installed waste treatment capacity of 39,310 tons/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 63,251 tons/day upon the completion of these projects.

In addition, in 3Q2021, Zheneng Jinjiang Environment continues to be awarded the "2021 Global Top 500 New Energy Companies" granted by China Energy News and its think tank China Energy Economic Research Institute and "2021 China Top 50 Environmental Companies" granted by China Environment Chamber of Commerce. The Group will fulfill its corporate social responsibilities as the top 500 global new energy companies and the top 50 environmental companies in China under the background of doing a good job in "carbon peaking and carbon neutrality", and contribute more to the construction of a beautiful China.

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

In 3Q2021, 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. Although the COVID-19 pandemic is raging overseas, 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. Special vehicles are also arranged to transport medical and domestic waste generated in high-risk areas such as isolation points and hospitals. At the same time, the waste is classified and processed according to the risk level. In September 2021, the government of Haryana State of India awarded the "Beautiful City" award to the Group's subsidiary in India, Ecogreen Energy, for its contributions to the city cleaning campaign, especially during the COVID-19 pandemic period.

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 has carried out Quarterly Reporting for the third quarter ended 30 September 2021 and will continue to do so thereafter 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
Project technical and management services provided to:			
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	Associate of Mr. Dou Zhenggang, a controlling shareholder of the Company ("Mr. Dou")	-	1,779
Lianyuangang Jinchi Bio-technology Co., Ltd	Associate of Mr. Dou	-	972
Energy management contracting services provided to:			
Xiaoyi Xing'an Chemical Engineering Co., Ltd.	Associate of Mr. Dou	-	12,705
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	Associate of Mr. Dou	-	6,319
Purchases of materials from:			
Hangzhou Jinjiang Group Environment Technology Co., Ltd.	Associate of Mr. Dou	-	4,992
Beijing Yunchuang Tiandi Environmental Protection Technology Service Co., Ltd.	Associate of Mr. Dou	-	1,898
Beijing TDR Environ-Tech Co., Ltd.	Associate of Mr. Dou	-	12,106
Zhejiang Petroleum Integrated Energy Sales Co., Ltd	Associate of Zheneng Group	-	658
Zhejiang Zheneng Xingyuan Energy Saving Technology Co., Ltd	Associate of Zheneng Group	-	1,580
Purchases of coal from:			
Zhejiang Zheneng Fuxing Fuel Co., Ltd.	Associate of Zheneng Group	-	35,552
Technical services obtained from:			
Suzhou Jinrui Environmental Technology Co., Ltd	Associate of Mr. Dou	3,266	-
Interest expenses to:			
Zhejiang Provincial Energy Group Finance Co., Ltd.	Associate of Zheneng Group	24,570	-
Total		27,836	78,561

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 third quarter and nine months ended 30 September 2021 to be false or misleading in any material respect.

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

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

BY ORDER OF THE BOARD

Wei Dongliang
Executive Chairman
1 November 2021