

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 Half Year Financial Statements For The Period Ended 30 June 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 half year (“**1H**”) ended 30 June 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
1 (a)(ii) Notes to the Consolidated Statement of Comprehensive Income

	Group 1H2020 RMB'000	Group 1H2019 RMB'000	Change +/(-) %
Revenue	1,455,466	1,632,987	(10.9)
Cost of sales	(975,157)	(1,113,019)	(12.4)
Gross profit	480,309	519,968	(7.6)
Other income and other losses	10,951	56,360	(80.6)
Share of (loss) profit of joint ventures	(4,287)	2,996	N.M.
Administrative expenses	(123,365)	(122,187)	1.0
Finance costs	(207,664)	(131,534)	57.9
Profit before tax	155,944	325,603	(52.1)
Income tax expense	(46,496)	(64,481)	(27.9)
Profit for the period	109,448	261,122	(58.1)
Other comprehensive (loss) gain			
Foreign currency translation	(12,738)	9,705	N.M.

	Group 1H2020 RMB'000	Group 1H2019 RMB'000	Change +/(-) %
Total comprehensive income for the period	96,710	270,827	(64.3)
Profit for the period attributable to:			
- owners of the Company	101,049	253,817	(60.2)
- non-controlling interests	8,399	7,305	15.0
	<u>109,448</u>	<u>261,122</u>	(58.1)
Total comprehensive income for the period attributable to:			
- owners of the Company	88,311	263,522	(66.5)
- non-controlling interests	8,399	7,305	15.0
	<u>96,710</u>	<u>270,827</u>	(64.3)

	Group 1H2020 RMB'000	Group 1H2019 RMB'000	Change +/(-) %
Profit before tax has been arrived at after charging (crediting):			
Staff costs (including directors' emoluments)	150,017	118,688	26.4
Cost of inventories recognised as expense	163,209	193,538	(15.7)
Depreciation of property, plant and equipment	203,794	181,666	12.2
Depreciation of investment property	483	472	2.3
Amortisation of intangible assets	55,579	33,573	65.5
Total depreciation and amortisation	<u>259,856</u>	<u>215,711</u>	20.5
Overprovision of tax in the prior years	(21,469)	(28,872)	(25.6)

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 30 Jun 2020 RMB'000	Group As at 31 Dec 2019 RMB'000	Company As at 30 Jun 2020 RMB'000	Company As at 31 Dec 2019 RMB'000
Assets				
Non-current assets				
Property, plant and equipment	8,606,361	8,233,955	-	-
Intangible assets	3,711,287	3,585,943	-	-
Investment property	26,722	27,205	-	-
Investment in associates	16,536	14,536	-	-
Investment in subsidiaries	-	-	1,790,879	1,790,879
Investment in joint ventures	206,150	210,437	5,039	5,039
Amount due from subsidiaries	-	-	2,829,426	3,011,330
Service concession receivables	607,381	628,378	-	-
Other receivables	98,691	202,230	2,229	2,229
Total non-current assets	13,273,128	12,902,684	4,627,573	4,809,477
Current assets				
Inventories	72,478	37,137	-	-
Service concession receivables	57,983	57,983	-	-
Trade and other receivables	1,855,899	1,652,605	-	-
Contract assets	29,955	76,187	-	-
Other tax recoverable	336,299	264,138	-	-
Amounts due from related parties	642,993	548,750	-	-
Amounts due from non-controlling interests	54,882	55,591	-	-
Pledged bank deposits	281,964	571,445	57,711	59,874
Bank balances and cash	971,525	442,123	102,115	85,803
Total current assets	4,303,978	3,705,959	159,826	145,677
Total assets	17,577,106	16,608,643	4,787,399	4,955,154
Current liabilities				
Trade and other payables	1,491,231	1,745,256	9,006	9,006
Amounts due to related parties	130,663	154,180	-	-
Amount due to subsidiaries	-	-	73,497	85,892
Income tax liabilities	136,481	109,384	-	-
Other tax liabilities	51,116	53,827	-	-
Dividends payable	1,397	1,397	-	-
Borrowings	3,366,917	3,472,771	1,199,546	1,306,595
Current portion of lease liabilities	84,555	151,622	-	-
Deferred grant	8,968	8,968	-	-
Notes payable	1,451,099	1,423,212	1,451,099	1,423,212
Total current liabilities	6,722,427	7,120,617	2,733,148	2,824,705
Net current liabilities	-2,418,449	-3,414,658	-2,573,322	-2,679,028
Total assets less current liabilities	10,854,679	9,488,026	2,054,251	2,130,449
Non-current liabilities				
Borrowings	3,874,321	2,566,525	-	-
Lease liabilities	174,015	223,578	-	-
Deferred tax liabilities	488,915	482,746	-	-
Deferred grant	387,017	381,476	-	-
Provision for major overhauls	19,032	19,032	-	-
Total non-current liabilities	4,943,300	3,673,357	-	-
Net assets	5,911,379	5,814,669	2,054,251	2,130,449

Capital and reserves

Share capital	96	96	96	96
Reserves	5,774,926	5,686,615	2,054,155	2,130,353
Equity attributable to owners of the company	5,775,022	5,686,711	2,054,251	2,130,449
Non-controlling interests	136,357	127,958	-	-
Total equity	5,911,379	5,814,669	2,054,251	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 30 Jun 2020		As at 31 Dec 2019	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
4,801,151	1,180	3,780,956	1,180

Amount repayable after one year

As at 30 Jun 2020		As at 31 Dec 2019	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
4,147,676	900	4,054,672	900

Details of any collateral

The borrowings are secured by the pledge of electricity tariffs receivables, certain property, plant and equipment, investment property, leasehold land 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 1H2020 RMB'000	Group 1H2019 RMB'000
Operating activities		
Profit before tax	155,944	325,603
Adjustments for:		
Finance costs	207,664	131,534
Bank interest income	(8,120)	(2,527)
BOT interest income	(20,997)	(22,482)
Depreciation of property, plant and equipment	203,794	181,666
Depreciation of investment property	483	472
Amortisation of intangible assets	55,579	33,573
Deferred grant recognised	(5,645)	5,313
Foreign exchange losses	34,318	7,723
Share of loss (profit) of joint ventures	4,287	(2,996)
Operating cash flows before movements in working capital	627,307	657,879
Trade and other receivables	(182,297)	91,662
Service concession receivables	20,997	2,153
Other tax recoverable	(72,161)	(55,657)
Inventories	(35,341)	(7,382)
Contract costs	46,232	2,003
Intangible assets	(180,923)	(454,290)
Trade and other payables	(52,344)	103,717
Other tax liabilities	(2,711)	5,002
Amount due from related parties	(94,243)	51,118
Amount due from non-controlling interests	709	8,565
Deferred grants	11,186	137,137
Cash generated from operations	86,411	541,907
Income tax paid	(13,230)	(58,829)
Net cash from operating activities	73,181	483,078
Investing activities		
Interest received	8,120	2,527
Payments for property, plant and equipment	(660,131)	(979,490)
Investment in associates	(2,000)	-
Net cash used in investing activities	(654,011)	(976,963)
Financing activities		
Proceeds from borrowings	2,954,748	915,131
Repayment of borrowings	(1,753,829)	(495,141)
Proceeds from lease liabilities	-	651,000
Repayment of lease liabilities	(134,652)	(479,059)
Payment of finance costs	(220,206)	(185,935)
Pledged bank deposits	289,481	(50,781)
Prepayment from related parties	-	20,933
Repayment from non-controlling interests	-	8,254
Net cash from financing activities	1,135,542	384,402
Net increase (decrease) in cash and cash equivalents	554,712	(109,483)
Cash and cash equivalents at beginning of the period	442,123	857,487
Effect of exchange rate fluctuations on cash held	(25,310)	(18,802)
Cash and cash equivalents at the end of the period	971,525	729,202

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										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	Subtotal RMB'000			
Group												
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	-	-	-	-	-	-	-	253,817	253,817	7,305	261,122	
Other comprehensive income for the period	-	-	-	-	-	9,705	-	-	9,705	-	9,705	
Capital contribution in a subsidiary	-	-	-	-	-	-	18,245	-	18,245	(18,245)	-	
At 30 June 2019	95	1,568,197	393,694	(67,642)	118,271	792	60,083	3,694,088	5,767,578	106,459	5,874,037	
At 1 July 2019	95	1,568,197	393,694	(67,642)	118,271	792	60,083	3,694,088	5,767,578	106,459	5,874,037	
Loss for the period	-	-	-	-	-	-	-	(100,493)	(100,493)	3,339	(97,154)	
Other comprehensive loss for the period	-	-	-	-	-	(9,367)	-	-	(9,367)	-	(9,367)	
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	17,790	17,790	
Capital contribution in a subsidiary	-	-	-	-	-	-	(3,911)	-	(3,911)	3,911	-	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(3,541)	(3,541)	
<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	
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	
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 loss 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	

	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 2019	95	1,568,197	1,057,112	-	(311,165)	2,314,239
Loss and total comprehensive loss for the period	-	-	-	-	(93,836)	(93,836)
At 30 June 2019	95	1,568,197	1,057,112	-	(405,001)	2,220,403
At 1 July 2019	95	1,568,197	1,057,112	-	(405,001)	2,220,403
Loss and total comprehensive loss for the period	-	-	-	-	(122,858)	(122,858)
<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
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

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 1H2020.

The Company had no outstanding convertibles, treasury shares or subsidiary holdings as at 30 June 2020 and 30 June 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 30 June 2020 and 31 December 2019 was 1,454,024,700. 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	
	1H2020	1H2019
Basic earnings per Share (RMB cents)	6.95	17.59
Weighted average number of Shares	1,454,024,700	1,443,246,800
Fully diluted earnings per Share (RMB cents)	6.95	17.59
Weighted average number of Shares	1,454,024,700	1,443,246,800

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

The total number of issued Shares as at 30 June 2020 and 30 June 2019 was 1,454,024,700.

(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 30 Jun 2020	As at 31 Dec 2019	As at 30 Jun 2020	As at 31 Dec 2019
Net asset value per Share (RMB cents)	397.17	391.10	141.28	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 30 June 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 30 June 2020 and 31 December 2019 were 1,454,024,700.

(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

1H2020 vs 1H2019

Revenue

	1H2020		Revenue		1H2019		Change	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Sales of electricity	578,001	39.7	525,033	32.2			10.1	
Sales of steam	164,101	11.3	192,688	11.8			(14.8)	
Revenue from waste treatment fees	396,892	27.3	344,639	21.1			15.2	
Waste-to-energy business	1,138,994	78.3	1,062,360	65.1			7.2	
Revenue from construction services provided under service concession agreements	180,922	12.4	461,878	28.3			(60.8)	
Financial income under service concession agreements	20,997	1.4	22,482	1.4			(6.6)	
Construction services	201,919	13.9	484,360	29.7			(58.3)	
Project technical and management service and EMC business	114,553	7.9	86,267	5.3			32.8	
Total	1,455,466	100.0	1,632,987	100.0			(10.9)	

Revenue decreased 10.9% from RMB1,633.0 million in 1H2019 to RMB1,455.5 million in 1H2020, primarily due to a decrease in revenue from construction services provided under build-operate-transfer (“**BOT**”) concession agreements, offset by an increase in revenue from the waste-to-energy (“**WTE**”) business (excluding revenue from construction services provided under BOT concession agreements) and an increase in revenue from project technical and management services and energy management contracting (“**EMC**”) business.

Construction services provided under BOT concession agreements

Revenue from construction services provided under BOT concession agreements decreased by 58.3% from RMB484.4 million in 1H2019 to RMB201.9 million in 1H2020 primarily due to a decrease in revenue from the provision of construction services under BOT concession agreements from RMB461.9 million in 1H2019 to RMB180.9 million in 1H2020. In 1H2020, BOT revenue was recorded for the Kunming Wuhua construction project and the Linzhou Jiasheng WTE Facility. The Kunming Wuhua construction project commenced operations in 1H2020 but its progress was impacted by the Coronavirus Disease 2019 (“**COVID-19**”) pandemic situation. Thus, the amount of work was reduced as compared to 1H2019 where BOT revenue was recorded for the Kunming Wuhua construction project and the expansion of the Wenling Green Energy WTE Facility. Financial income decreased from RMB22.5 million in 1H2019 to RMB21.0 million in 1H2020.

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 7.2% from RMB1,062.4 million in 1H2019 to RMB1,139.0 million in 1H2020. The increase was attributable to (i) an increase in revenue of RMB61.5 million due to the commencement of operations of the Tangshan Jiasheng WTE Facility in June 2019 and the New Kunming Wuhua WTE Facility in May 2020, (ii) an increase in revenue of RMB59.7 million arising from

the expansion of the Wenling Green Energy WTE Facility and the substantial completion of the expansion and upgrading of seven out of eight WTE facilities by the end of 2019 under the Group's upgrading project, which markedly increased waste treatment capacity and boiler operation efficiency and resulted in a higher amount of waste treated and electricity generated, as well as an increase in revenue from other WTE Facilities, and (iii) an increase of RMB32.3 million from fly ash treatment subsidies in Xiaoshan WTE Plant, partially offset by (i) a decrease of RMB52.7 million in sales of steam and electricity due to the reduction in the number of customers purchasing steam and electricity generated by the Zhuji Bafang WTE Facility as a result of the COVID-19 pandemic, (ii) retrospective payments amounting to RMB19.6 million in 1H2019 by the relevant government authorities in respect of waste treatment fees for prior years for the Old Kunming Wuhua WTE Facility and (iii) a decrease in revenue of RMB4.6 million from waste collection and transportation operations in India.

Details of the electricity generated and supplied, steam supplied and waste treated for 1H2020 and 1H2019 are as follows:

	Group 1H2020	Group 1H2019	Change %
Electricity generated ('000 KWh)	1,410,479	1,292,692	9.1
On-grid electricity supplied ('000 KWh)	1,039,024	925,770	12.2
Steam supplied ('000 tonnes)	1,190	1,403	(15.2)
Waste treated ('000 tonnes)	5,050	4,665	8.3

On-grid electricity supplied and waste treated (including waste collection and transportation operations in India) increased 12.2% and 8.3% in 1H2020 as compared to 1H2019, due to commencement of operations of the Tangshan Jiasheng WTE Facility in June 2019 and the new Kunming Wuhua WTE Facility in May 2020, the expansion of Wenling Green Energy WTE Facility and the substantial completion of the expansion and upgrading of seven out of eight WTE facilities by the end of 2019, which resulted in a higher amount of waste treated and electricity generated. Excluding waste collection and transportation operations in India, waste treated increased by 9.6% in 1H2020 as compared to 1H2019. The decrease in steam supplied is due to the reduction in the number of customers purchasing steam generated by the Zhuji Bafang WTE Facility as a result of the COVID-19 pandemic.

Project technical and management services and our EMC business

In 1H2020, Hangzhou Kesheng Energy Technology Co., Ltd. had secured a total of 21 new business contracts, including 4 EMC contracts and 17 project technical and management consulting contracts. A total of 213 business contracts had been implemented in 1H2020 comprising (i) 47 EMC projects including 8 EMC projects undergoing construction and (ii) 166 project technical and management consulting projects. With the exception of the 8 EMC projects undergoing construction, all other projects have enjoyed the benefits arising from energy saving, consulting or design services.

The revenue from project technical and management services and our EMC business increased 32.8% from RMB86.3 million in 1H2019 to RMB114.6 million in 1H2020. This is due to an increase in the provision of project technical and procurement services from subsidiaries like Hangzhou Zhenghui. The revenue arising from the profit sharing in 1H2020 from the later stages of the EMC contracts remained stable as compared to 1H2019.

Cost of sales

Cost of sales decreased 13.7% from RMB1,113.0 million in 1H2019 to RMB960.2 million in 1H2020, due to a decrease in the cost of sales from:-

Construction services provided under BOT concession agreements

The cost of sales from construction services provided under BOT concession agreements decreased 60.8% from RMB398.9 million in 1H2019 to RMB156.2 million in 1H2020 due to a decrease in construction services provided under BOT concession agreements in 1H2020, and hence lower costs were recorded. In 1H2020, BOT revenue was recorded for the Kunming Wuhua construction project and the Linzhou Jiasheng WTE Facility whereas in 1H2019, BOT revenue was recorded for the Kunming Wuhua construction project and the expansion of the Wenling Green Energy WTE Facility.

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 11.8% from RMB666.0 million in 1H2019 to RMB744.6 million in 1H2020. The increase is due to (i) an increase of RMB44.2 million in operating costs, including depreciation, following the commencement of operations of new, expanded and upgraded facilities and (ii) an increase of RMB90.5 million in repair and maintenance costs, environmental protection auxiliary materials, labour costs, logistics costs and other charges arising from the higher volume of waste treated. This was partially offset by a decrease of RMB51.7 million in coal costs due to (i) lower coal usage in the Zhuji Bafang WTE Facility as a result of lower demand for steam, (ii) lower coal usage in certain other WTE facilities as a result of waste having a higher calorific value through the use of waste dehydrating equipment and (iii) lower unit price of coal, and a decrease of approximately RMB4.4 million in costs for the waste collection and transportation operations in India.

Project technical and management services and EMC business

The cost of sales from project technical and management services and our EMC business increased 54.3% from RMB48.2 million in 1H2019 to RMB74.3 million in 1H2020 due to an increase in revenue from project technical and procurement services.

Gross profit and gross profit margin

	Gross Profit (RMB '000)		Gross Profit Margin	
	1H2020	1H2019	1H2020	1H2019
WTE business (excluding gross profit from construction services provided under BOT concession agreements)	394,416	396,390	34.6%	37.3%
Construction services provided under BOT concession agreements	24,678	63,000	13.6%	13.6%
Project technical and management service and EMC business	40,218	38,096	35.1%	44.2%
Financial income under service concession agreements	20,997	22,482	N.A.	N.A.
Total	480,309	519,968	33.0%	31.8%

As a result of the foregoing, the gross profit decreased by 7.6% from RMB520.0 million in 1H2019 to RMB480.3 million in 1H2020.

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

Gross profit decreased from RMB63.0 million in 1H2019 to RMB24.7 million in 1H2020 and finance income decreased from RMB22.5 million in 1H2019 to RMB21.0 million in 1H2020. The gross profit margin increased from 17.7% in 1H2019 to 22.6% in 1H2020.

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 by 0.5% from RMB396.4 million in 1H2019 to RMB394.4 million in 1H2020. The gross profit margin of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) decreased from 37.3% in 1H2019 to 34.6% in 1H2020, due to idle production capacity arising from the COVID-19 pandemic. The gross profit decreased due to the additional depreciation and retrospective payments in 1H2019 by the relevant government authorities for the Old Kunming Wuhua WTE Facility. The increase in depreciation charges accounted for a 3.8% drop in gross profit margin.

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 increased 5.6% from RMB38.1 million in 1H2019 to RMB40.2 million in 1H2020. The gross profit margin of project technical and management services and our EMC business decreased from 44.2% in 1H2019 to 35.1% in 1H2020.

Other income and other losses

	Group 1H2020 RMB'000	Group 1H2019 RMB'000	Increase / (Decrease) RMB'000	Change + / (-) %
Government grants	11,881	18,771	(6,890)	(36.7)
Value added tax refund	13,299	9,494	3,805	40.1
Bank interest income	8,120	2,527	5,593	221.3
Gain on sales of scrap materials, sludge disposal fees and others	19,495	33,291	(13,796)	(41.4)
Foreign exchange losses	(34,318)	(7,723)	(26,595)	344.4
Loss allowance on trade receivables	(7,526)	-	(7,526)	N.M.
Other income and other losses	10,951	56,360	(45,409)	(80.6)

Other income and other losses decreased 80.6% from RMB56.4 million in 1H2019 to RMB11.0 million in 1H2020, mainly due to (i) an increase of RMB26.6 million in foreign exchange losses arising from the exchange rate fluctuations between the Chinese Renminbi and the United States Dollar, (ii) a decrease of RMB3.1 million in government grants and value added tax refund, (iii) a RMB7.5 million loss allowance for trade receivables for the Gwalior project in India and (iv) a decrease of RMB13.8 million in other income due to the decrease in sludge disposal fees for the Shijiazhuang Jiasheng WTE Facility and the reclassification of interest income from joint ventures, offset by an increase in bank interest of RMB5.6 million.

Administrative expenses

Administrative expenses increased slightly by 1.0% from RMB122.2 million in 1H2019 to RMB123.4 million in 1H2020. Excluding the impact of the new facilities that were put into operation, administrative expenses would have decreased slightly year on year.

Finance costs

Finance costs increased 57.9% from RMB131.5 million in 1H2019 to RMB207.7 million in 1H2020, due to an increase of RMB41.1 million in finance costs for new bank borrowings and an increase of RMB46.5 million in finance costs attributable to the project bank borrowings for the new and upgraded facilities that were put into operation being expensed off. This was partially offset by a decrease of RMB11.4 million in finance costs attributable to a gradual decrease in the interest rate and finance costs for many of the Group's WTE facilities due to the good credit standing of the largest controlling shareholder of the Company, Zhejiang Provincial Energy Group Co., Ltd. ("**Zheneng Group**") which has supported the Company in negotiations with financial institutions.

Profit before tax

As a result of the foregoing, profit before tax decreased 52.1% from RMB325.6 million in 1H2019 to RMB155.9 million in 1H2020.

Income tax expense

Income tax expense decreased 27.9% from RMB64.5 million in 1H2019 to RMB46.5 million in 1H2020 due to several of the Group's subsidiaries attaining the status of "National High-Tech Enterprise" and enjoying preferential corporate income tax rates.

Total comprehensive income for the period

As a result of the foregoing, total comprehensive income for the period decreased 64.3% from RMB270.8 million in 1H2019 to RMB96.7 million in 1H2020.

(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

	30 June 2020	31 December 2019	Increase / (Decrease)	Increase / (Decrease)
	RMB Million	RMB Million	RMB Million	%
Current assets	4,304.0	3,706.0	598.0	16.1
Non-current assets	13,273.1	12,902.7	370.4	2.9
Total assets	17,577.1	16,608.6	968.5	5.8
Current liabilities	6,722.4	7,120.6	(398.2)	(5.6)
Non-current liabilities	4,943.3	3,673.4	1,269.9	34.6
Total liabilities	11,665.7	10,794.0	871.8	8.1
Capital and reserves	5,911.4	5,814.7	96.7	1.7

Current assets

The increase is due to (i) bank balances increasing 119.7% by RMB529.4 million from RMB442.1 million as at 31 December 2019 to RMB971.5 million as at 30 June 2020, (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 17.2% by RMB94.2 million from RMB548.8 million as at 31 December 2019 to RMB643.0 million as at 30 June 2020 and (iii) trade and other receivables increasing 12.3% by RMB203.3 million from RMB1,652.6 million as at 31 December 2019 to RMB1,855.9 million as at 30 June 2020 due mainly to the delay in payment cycle of waste treatment fees by the various local authorities as well as the state subsidised electricity fees caused by the pandemic and the increase in revenue from our WTE business. This is offset by pledged deposits decreasing 50.7% by RMB289.5 million from RMB571.4 million as at 31 December 2019 to RMB282.0 million as at 30 June 2020 due to the release of RMB200 million offshore deposit for onshore loan by the Bank of Communications and the release of RMB81 million acceptance deposits for Zhenghui and Xingyang projects, offset by increase in bank guarantees issued for local and overseas projects.

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 increased 4.5% by RMB372.4 million from RMB8,234.0 million as at 31 December 2019 to RMB8,606.4 million as at 30 June 2020 due to the new, upgraded and expanded facilities. Intangible assets increased 3.5% by RMB125.3 million from RMB3,585.9 million as at 31 December 2019 to RMB3,711.3 million as at 30 June 2020, arising from the Kunming Wuhua construction project and the Linzhou Jiasheng WTE Facility. Other receivables decreased from RMB202.2 million as at 31 December 2019 to RMB98.7 million as at 30 June 2020, due to decrease in prepayments for the construction project and equipment.

Current liabilities

The decrease is mainly due to (i) current borrowings decreasing 3.0% by RMB105.9 million from RMB3,472.8 million as at 31 December 2019 to RMB3,366.9 million as at 30 June 2020, due to reclassification of borrowings between current and non-current liabilities, (ii) current portion of lease liabilities decreasing 44.2% by RMB67.1 million from RMB151.6 million as at 31 December 2019 to RMB84.6 million as at 30 June 2020 due to repayment and the reclassification of lease liabilities between current and non-current liabilities, (iii) trade and other payables decreasing 14.6% by RMB254.1 million from RMB1,745.3 million as at 31 December 2019 to RMB1,491.2 million as at 30 June 2020 due to lower payables recorded in accordance with contractual payment terms and advance project payments and (iv) amount due to related parties decreasing 15.3% by RMB23.5 million from RMB154.2 million as at 31 December 2019 to RMB130.7 million as at 30 June 2020 due to repayment.

Non-current liabilities

The increase is mainly due to (i) non-current borrowings increasing 51.0% by RMB1,307.8 million from RMB2,566.5 million as at 31 December 2019 to RMB3,874.3 million as at 30 June 2020 due to new borrowings for the Wuhu Jinjiang, Lianyungang Sunrise, Jilin Xinxiang, Shijiazhuang Jiasheng and Linzhou Jiasheng WTE Facilities and Kunming Wuhua construction project, offset by reclassification into short term borrowings, (ii) deferred tax liabilities increasing 1.3% by RMB6.2 million from RMB482.7 million as at 31 December 2019 to RMB488.9 million as at 30 June 2020 arising from construction services provided under the BOT concession agreements and (iii) deferred grant increasing 1.5% by RMB5.5 million from RMB381.5 million as at 31 December 2019 to RMB387.0 million as at 30 June 2020, arising mainly from the receipts of government grants amounting to RMB8.0 million by the Shijiazhuang WTE Facility and RMB3.2 million by the Linzhou Jiasheng WTE Facility. This is offset by non-current lease liabilities decreasing 22.2% by RMB49.6 million from RMB223.6 million as at 31 December 2019 to RMB174.0 million as at 30 June 2020 due to reclassification into short term lease liabilities.

Capital and reserves

The increase from RMB5,814.7 million as at 31 December 2019 to RMB5,911.4 million as at 30 June 2020 is due to the retained earnings for 1H2020.

Negative working capital position

The Group was in a negative working capital position with net current liabilities of RMB2,418.4 million as at 30 June 2020. This is mainly due to the reclassification of (i) the US\$200 million in aggregate principal amount of 6.0% senior unsecured notes which matured on 27 July 2020 and (ii) the US\$200 million syndicated loan due and payable in June 2021, from non-current liabilities to current liabilities.

Notwithstanding the above, the Board of Directors of the Company believe that the Company and the Group will be able to continue as going concerns, after considering the following:

- (a) as at the date of this announcement, the Company has successfully refinanced the US\$200 million in aggregate principal amount of 6.0% senior unsecured notes which matured on 27 July 2020, through securing a new syndicated term loan facility of up to US\$270 million (of which US\$207 million has been drawn down);
- (b) the Company is planning to issue asset-backed securities amounting to approximately RMB1 billion to qualified investors in the People's Republic of China ("PRC") and explore other financing methods, with a view to refinancing the Group's existing facilities, including the US\$200 million syndicated loan due and payable in June 2021. It is expected that the working capital position of the Group will revert to positive after the aforesaid refinancing proposals are completed; and
- (c) the Group will continue to actively seek the support of its largest controlling shareholder Zheneng Group and rely on its strong credit standing, which will help to improve the Group's various financing channels and reduce financing costs in relation to the Group's future fund-raising plans.

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.

Cashflow Review

	Group 1H2020 RMB Million
Net cash from operating activities	73.2
Net cash used in investing activities	(654.0)
Net cash from financing activities	1,135.5
Cash and cash equivalents at beginning of the period	442.1
Effect of exchange rate fluctuations on cash held	<u>(25.3)</u>
Cash and cash equivalents at the end of the period	<u>971.5</u>

In 1H2020, operating cash inflow was RMB73.2 million. This is due to (i) profit for 1H2020, (ii) reduced collections from trade and other receivables and from related parties and payments made for trade and other payables, (iii) increased service concession receivables and intangible assets in respect of BOT projects and (iv) payment of income tax.

In 1H2020, investing cash outflow was RMB654.0 million. This is due to investments in both property, plant and equipment and intangible assets which includes (i) the prepayment for equipment and construction for the Kunming Wuhua construction project, Linzhou Jiasheng, Leting and Baishan Green Energy WTE Facilities and (iii) project payment and balance payment for construction and expansion projects.

In 1H2020, financing cash inflow was RMB1,135.5 million. This is due to new borrowings amounting to RMB2.95 billion for the Kunming Wuhua construction project, Shijiazhuang Jiasheng and Linzhou Jiasheng WTE Facilities and leases for Xiaoshan Jinjiang, Wuhu Jinjiang, Jilin Xinxiang, Lianyungang Sunrise and Qitaihe Green Energy WTE Facilities, offset by repayment of borrowings and interest of RMB2.1 billion.

Bank balances and cash as at 30 June 2020 was RMB971.5 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 PRC's economy has gradually overcome the adverse effects of the COVID-19 pandemic and the complex domestic and international environment and showed a trend of recovery growth and steady recovery, which further demonstrates its resilience and vitality. During the first half of 2020, the PRC's economy initially contracted but subsequently expanded such that gross domestic product (GDP) in the first half of 2020 only decreased by 1.6% year-on-year. In the second quarter of 2020, its economic growth turned from negative to positive, with a year-on-year GDP growth of 3.2%.

However, at present, the COVID-19 pandemic is still spreading globally. The huge impact of the pandemic on the global economy will continue to develop and evolve. The external risks and challenges are increasing and this puts pressure on the recovery of the domestic economy.

The Group continues to operate in a stable regulatory environment where the PRC government encourages the development of the WTE industry. For example, the 13th Five-Year Plan of the PRC (i) targets the harmless treatment of over 95% of municipal solid waste and effectively disposing over 90% waste in rural areas, (ii) targets for more than 50% and 60% of harmless waste treatment in certain cities and the eastern region respectively, to be by way of incineration, (iii) seeks to achieve zero use of landfills for the disposal of municipal solid waste in certain municipalities, cities and the built-up area of provincial capital cities by end-2020 and (iv) makes clean energy projects a priority.

In March 2020, the Ministry of Finance issued the Notice on Reviewing the List of Renewable Energy Power Generation Subsidy Projects (Finance Document [2020] No. 6) to initiate the examination and approval of the new renewable energy supplementary subsidy catalogue. In April 2020, the National Development and Reform Commission engaged in a public consultation on the Notice on Matters relating to Orderly Promotion on the Construction of New WTE projects, which set out principles, important procedures and the establishment of early warning mechanism for new WTE projects and laid out the direction of the implementation of the principle of "determining expenditure based on revenue" in the field of new WTE projects. In June 2020, the Ministry of Finance and the Ministry of Ecology and Environment issued the Notice on Reducing Additional Subsidies for Renewable Energy Electricity Price of Illegal WTE Projects, which promoted the transformation and upgrading of the whole environmental protection industry and will drive enterprises to operate in strict compliance with emission standards.

(B) Operational Matters

As disclosed in its annual report for the financial year ended 31 December 2019, the Group has completed the upgrading works for seven out of eight WTE facilities under its ongoing upgrading project ("**Upgrading Project**"). For the eighth facility, namely, the Lianyungang Sunrise WTE Facility, the upgrading of the existing third boiler has been completed. In order to satisfy the demand for heating, a new fourth boiler will be first constructed before the upgrading of the remaining two existing boilers under the Upgrading Project, which will be carried out depending on the rate of growth of the volume of municipal solid waste in Lianyungang. Due to the impact of the COVID-19 pandemic, the new fourth boiler, originally expected to be operational by the end of 2020, is now expected to be operational by January 2021. Currently, the upgraded equipment that has been put into operation has resulted in a marked increase in waste treatment capacity and higher boiler operation efficiency. The upgrading of the seven WTE facilities, namely Xiaoshan WTE Plant in Zhejiang Province, Wuhu WTE Plant in Anhui Province, Changchun WTE Plant in Jilin Province, Zichuan WTE Plant in Shandong Province, Xingyang WTE Plant in Henan Province, Hankou WTE Plant and Wuchang WTE Plant in Hubei Province, to date has increased the waste treatment capacity of these seven WTE facilities by 3,410 t/d in aggregate from 13,830 t/d to 17,240 t/d.

As disclosed in the Company's announcement dated 14 July 2020, the Group had ceased operations at the Old Kunming Wuhua WTE Facility on 30 June 2020 pursuant to a governmental notice following changes in the land use planning and environmental policies, and had smoothly completed the relocation of its operations and staff to the New Kunming Wuhua WTE Facility. The waste previously

treated by the Old Kunming Wuhua WTE Facility is now treated by the New Kunming Wuhua WTE Facility, which has a waste treatment capacity of 2,250 t/d which far exceeds that of the Old Kunming Wuhua WTE Facility of 1,200 t/d. The Company has initiated discussions with the local authorities regarding compensation for the closure of the Old Kunming Wuhua WTE Facility and engaged a third party asset valuation company to assess the assets of the Old Kunming Wuhua WTE Facility. According to the results of the evaluation report, no impairment of the Group's assets is currently required. In addition, as disclosed in the Company's announcement dated 3 August 2020, the Group had signed a compensation agreement with the local government in relation to the Group's voluntary cessation of operations at the Kunshan Jinkangrui resource recycling project since the end of December 2019 following changes in the land use planning and environmental policies, under which the Group expects to receive a total compensation of RMB19.997 million before 30 September 2020. The Company had recognised an impairment loss of RMB36.7 million in its consolidated financial statements FY2019 based on the irrecoverable amount of the assets of Kunshan Jinkangrui, and no additional impairment loss is considered necessary as of the date of this announcement.

In 1H2020, the Group's Wuhan Jinjiang WTE Facility in Hubei Province received approval from the government to establish a 500 t/d integrated production line for the treatment of kitchen waste. The Songyuan Xinxiang WTE Facility also signed a cooperation agreement in relation to the comprehensive utilisation of kitchen waste and sludge resources with a treatment capacity of 100 t/d of kitchen waste and 50 t/d of sludge. These projects will further enrich the Company's WTE business value chain and realise the integrated treatment of municipal solid waste. The Group's project construction is proceeding on schedule in an orderly manner. Amongst them, the Jinghong WTE project in Yunnan Province has obtained RMB10 million preliminary work funds from the local government and the Baishan WTE project in Jilin Province has obtained RMB 30 million Central Budget Funds.

Currently, the Group has 21 operational WTE facilities in the PRC with a total installed waste treatment capacity of 34,840 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 65,106 t/d upon the completion of these projects.

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

Currently, the COVID-19 situation in the PRC continues to improve. The resumption of work, production, business and market activities has been accelerated. The Group's WTE and other facilities in the PRC have remained operational in 1H2020. The crucial role and continued operation of the Group's WTE facilities has gained recognition from the local government authorities and positive media coverage. In particular, its two WTE facilities located in Wuhan had received a letter of appreciation from the government which commended the Wuhan WTE facilities for their all-round excellence in the prevention and control work and continued operation in a safe, environmentally friendly and efficient manner during the pandemic period, which helped to ensure the timely treatment of waste and avoidance of any secondary transmission.

While impacted by the COVID-19 pandemic, the amount of waste treated and electricity generated and supplied still increased slightly in 1H2020 as compared with the same period last year. The steam supply business was affected to a certain extent, resulting in a 15.2% year-on-year decrease in steam supplied in 1H2020. However, the relevant enterprises are actively liaising with customers in order to restore the steam supply business to its pre-pandemic level as soon as possible. In addition, the Group has been actively seeking to rely on the safeguards and support measures introduced by the government in response to the pandemic. In 1H2020, the Group had obtained RMB 12.35 million social security relief and RMB 2.13 million various subsidies.

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 that none of the Group's employees have tested positive for COVID-19. 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. Dividends, if any, will usually be recommended in the announcement of the full year financial statements.

(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:			
Ningbo Daxie Development Zone Fuyuan Fuel Co., Ltd.	Associate of Zhejiang Provincial Energy Group Co., Ltd. (浙江省能源集团有限公司), a controlling shareholder of the Company (" Zheneng Group ")	-	1,793
Hangjin International Trading Co., Ltd.	Associate of Mr. Dou Zhenggang, a controlling shareholder of the Company (" Mr. Dou ")	-	15,300
Project technical and management services provided to:			
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	Associate of Mr. Dou	-	6,300
Energy management contracting services provided to:			
Xiaoyi Xing'an Chemical Engineering Co., Ltd.	Associate of Mr. Dou	-	33,882
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	Associate of Mr. Dou	-	8,001
Inner Mongolia Pulate Transport Energy Co., Ltd.	Associate of Mr. Dou	-	1,085
Guangxi Tiandong Jinsheng Chemical Engineering Co., Ltd.	Associate of Mr. Dou	-	512
Purchases of materials from:			
Zhejiang Water Conservancy and Electric Power Materials Co., Ltd.	Associate of Zheneng Group	-	1,359
Huzhou Sende High Tech Materials Co., Ltd.	Associate of Mr. Dou	-	5,000
Zhejiang Zheneng Xikemu Technology Co., Ltd.	Associate of Zheneng Group	-	980
Technical services obtained from:			
Suzhou Jinrui Environmental Technology Co., Ltd	Associate of Mr. Dou	1,350	-
Interest paid to:			
Zhejiang Provincial Energy Group Finance Co., Ltd.	Associate of Zheneng Group	1,866	-

Total

3,216

74,212

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) 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 half year ended 30 June 2020 to be false or misleading in any material respect.

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

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

BY ORDER OF THE BOARD

Wei Dongliang
Executive Chairman
11 August 2020