



**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)

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**Unaudited Condensed Interim Financial Statements For The Third Quarter and Nine Months Ended  
30 September 2022**

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## Condensed Interim Consolidated Statement of Comprehensive Income

		Group 3 months ended 30 September 2022	Group 3 months ended 30 September 2021	Group 9 months ended 30 September 2022	Group 9 months ended 30 September 2021
	Note	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	3	970,656	790,065	2,809,959	2,403,317
Cost of sales		(684,332)	(558,285)	(2,008,668)	(1,671,153)
<b>Gross profit</b>		<b>286,324</b>	<b>231,780</b>	<b>801,291</b>	<b>732,164</b>
Other income					
- Interest		8,629	1,232	16,722	3,373
- Others		31,057	28,273	108,560	92,807
Other gains and (losses), net		(137,090)	(1,192)	(247,294)	13,741
Expenses					
- Administrative		(61,364)	(61,247)	(175,484)	(183,167)
- Finance		(130,068)	(109,325)	(332,859)	(294,426)
- Others		-	-	-	(70)
Share of profit/(loss) of joint ventures		448	(418)	183	(958)
<b>(Loss)/Profit before income tax</b>	4	<b>(2,064)</b>	<b>89,103</b>	<b>171,119</b>	<b>363,464</b>
Income tax expense		(37,163)	(20,883)	(109,283)	(93,219)
<b>(Loss)/Profit for the period</b>		<b>(39,227)</b>	<b>68,220</b>	<b>61,836</b>	<b>270,245</b>
<b>Other comprehensive income/(loss)</b>					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Currency translation differences arising from consolidation		7,620	8,900	6,219	(3,415)
<b>Other comprehensive income/(loss), net of tax</b>		<b>7,620</b>	<b>8,900</b>	<b>6,219</b>	<b>(3,415)</b>
<b>Total comprehensive (loss)/income for the period</b>		<b>(31,607)</b>	<b>77,120</b>	<b>68,055</b>	<b>266,830</b>
<b>(Loss)/Profit for the period attributable to:</b>					
- equity holders of the Company		(45,752)	65,455	47,737	259,311
- non-controlling interests		6,525	2,765	14,099	10,934
		<b>(39,227)</b>	<b>68,220</b>	<b>61,836</b>	<b>270,245</b>
<b>Total comprehensive (loss)/income for the period attributable to:</b>					
- equity holders of the Company		(38,132)	74,355	53,956	255,896
- non-controlling interests		6,525	2,765	14,099	10,934
		<b>(31,607)</b>	<b>77,120</b>	<b>68,055</b>	<b>266,830</b>
<b>Earnings per share attributable to the equity holders of the Company: (RMB cents per share)</b>					
Basic and diluted earnings per share		(3.15)	4.50	3.28	17.83

## Condensed Interim Statement of Financial Position

	Note	Group As at 30.09.22 RMB'000	Group As at 31.12.21 RMB'000	Company As at 30.09.22 RMB'000	Company As at 31.12.21 RMB'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		200,083	387,801	37,718	15,722
Pledged bank deposits		1,216,246	818,234	87,603	79,423
Trade and other receivables		2,499,658	2,438,221	-	-
Amounts due from non-controlling interests		25,896	25,896	-	-
Amounts due from related parties	5	344,075	718,976	4,108	2,258
Contract assets		7,000	17,832	-	-
Service concession receivables	6	63,976	63,976	-	-
Other tax recoverable		342,812	386,550	-	-
Inventories		69,205	62,216	-	-
<b>Total current assets</b>		<b>4,768,951</b>	<b>4,919,702</b>	<b>129,429</b>	<b>97,403</b>
<b>Non-current assets</b>					
Other receivables		70,356	152,448	-	-
Amount due from subsidiaries		-	-	2,352,196	2,116,567
Service concession receivables	6	730,763	736,432	-	-
Property, plant and equipment	7	10,525,698	10,037,818	-	-
Investment in associates		13,793	15,613	-	-
Investment in joint ventures		270,715	204,765	5,039	5,039
Investment in subsidiaries		-	-	1,798,280	1,798,280
Investment property		25,018	24,875	-	-
Intangible assets	8	4,547,503	4,289,074	-	-
<b>Total non-current assets</b>		<b>16,183,846</b>	<b>15,461,025</b>	<b>4,155,515</b>	<b>3,919,886</b>
<b>Total assets</b>		<b>20,952,797</b>	<b>20,380,727</b>	<b>4,284,944</b>	<b>4,017,289</b>
<b>Current liabilities</b>					
Amounts due to non-controlling interests		5,120	4,507	-	-
Amounts due to related parties	5	53,337	55,680	-	-
Amount due to subsidiaries		-	-	116,339	85,884
Lease liabilities		4,136	5,035	-	-
Trade and other payables		1,996,406	2,077,756	9,901	10,505
Borrowings	9	4,984,261	4,706,413	1,931,828	2,014,633
Deferred grant		17,065	17,065	-	-
Other tax liabilities		58,917	61,096	-	-
Income tax liabilities		115,698	123,057	-	-
<b>Total current liabilities</b>		<b>7,234,940</b>	<b>7,050,609</b>	<b>2,058,068</b>	<b>2,111,022</b>
<b>Net current liabilities</b>		<b>(2,465,989)</b>	<b>(2,130,907)</b>	<b>(1,928,639)</b>	<b>(2,013,619)</b>
<b>Non-current liabilities</b>					
Borrowings	9	6,030,307	5,774,970	392,168	-
Lease liabilities		330	2,457	-	-
Deferred tax liabilities		683,313	618,953	-	-
Deferred grant		366,134	364,020	-	-
Provision for major overhauls		24,826	24,826	-	-
<b>Total non-current liabilities</b>		<b>7,104,910</b>	<b>6,785,226</b>	<b>392,168</b>	<b>-</b>
<b>Total liabilities</b>		<b>14,339,850</b>	<b>13,835,835</b>	<b>2,450,236</b>	<b>2,111,022</b>
<b>NET ASSETS</b>		<b>6,612,947</b>	<b>6,544,892</b>	<b>1,834,708</b>	<b>1,906,267</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	10	96	96	96	96
Share premium		1,601,100	1,601,100	1,601,100	1,601,100
Reserves		522,109	515,890	1,057,112	1,057,112
Retained profits / (accumulated losses)		4,333,318	4,285,581	(823,600)	(752,041)
		6,456,623	6,402,667	1,834,708	1,906,267
Non-controlling interests		156,324	142,225	-	-
<b>Total equity</b>		<b>6,612,947</b>	<b>6,544,892</b>	<b>1,834,708</b>	<b>1,906,267</b>

## Condensed Interim Consolidated Statement of Changes in Equity

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Merger reserve RMB'000	Statutory surplus reserve RMB'000	Foreign currency translation reserve RMB'000	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total Equity RMB'000
<b>Group</b>											
<b>At 1 January 2022</b>	96	1,601,100	393,694	(67,642)	191,243	(57,577)	56,172	4,285,581	6,402,667	142,225	6,544,892
Profit for the period	-	-	-	-	-	-	-	105,484	105,484	2,737	108,221
Other comprehensive loss for the period	-	-	-	-	-	(2,195)	-	-	(2,195)	-	(2,195)
<b>At 31 March 2022</b>	96	1,601,100	393,694	(67,642)	191,243	(59,772)	56,172	4,391,065	6,505,956	144,962	6,650,918
<b>At 1 April 2022</b>	96	1,601,100	393,694	(67,642)	191,243	(59,772)	56,172	4,391,065	6,505,956	144,962	6,650,918
(Loss)/Profit for the period	-	-	-	-	-	-	-	(11,995)	(11,995)	4,837	(7,158)
Other comprehensive income for the period	-	-	-	-	-	794	-	-	794	-	794
<b>At 30 June 2022</b>	96	1,601,100	393,694	(67,642)	191,243	(58,978)	56,172	4,379,070	6,494,755	149,799	6,644,554
<b>At 1 July 2022</b>	96	1,601,100	393,694	(67,642)	191,243	(58,978)	56,172	4,379,070	6,494,755	149,799	6,644,554
(Loss)/Profit for the period	-	-	-	-	-	-	-	(45,752)	(45,752)	6,525	(39,227)
Other comprehensive income for the period	-	-	-	-	-	7,620	-	-	7,620	-	7,620
<b>At 30 September 2022</b>	96	1,601,100	393,694	(67,642)	191,243	(51,358)	56,172	4,333,318	6,456,623	156,324	6,612,947
<b>At 1 January 2021</b>	96	1,601,100	393,694	(67,642)	155,288	(46,405)	56,172	3,883,512	5,975,815	127,187	6,103,002
Profit for the period	-	-	-	-	-	-	-	77,048	77,048	3,308	80,356
Other comprehensive loss for the period	-	-	-	-	-	(5,922)	-	-	(5,922)	-	(5,922)
<b>At 31 March 2021</b>	96	1,601,100	393,694	(67,642)	155,288	(52,327)	56,172	3,960,560	6,046,941	130,495	6,177,436

Attributable to owners of the Company

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Merger reserve RMB'000	Statutory surplus reserve RMB'000	Foreign currency translation reserve RMB'000	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total Equity RMB'000
<b>Group</b>											
<b>At 1 April 2021</b>	96	1,601,100	393,694	(67,642)	155,288	(52,327)	56,172	3,960,560	6,046,941	130,495	6,177,436
Profit for the period	-	-	-	-	-	-	-	116,808	116,808	4,861	121,669
Other comprehensive loss for the period	-	-	-	-	-	(6,393)	-	-	(6,393)	-	(6,393)
<b>At 30 June 2021</b>	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
<b>At 1 July 2021</b>	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
<b>At 30 September 2021</b>	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
<b>At 1 October 2021</b>	96	1,601,100	393,694	(67,642)	155,288	(49,820)	56,172	4,142,823	6,231,711	138,121	6,369,832
Profit for the period	-	-	-	-	-	-	-	178,713	178,713	4,104	182,817
Other comprehensive loss for the period	-	-	-	-	-	(7,757)	-	-	(7,757)	-	(7,757)
<u>Transactions with owners, recognised directly in equity</u>											
Appropriation to other reserves	-	-	-	-	35,955	-	-	(35,955)	-	-	-
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	5,265	5,265
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(5,265)	(5,265)
<b>At 31 December 2021</b>	96	1,601,100	393,694	(67,642)	191,243	(57,577)	56,172	4,285,581	6,402,667	142,225	6,544,892

## Condensed Interim Statement of Changes in Equity

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
<b>Company</b>					
<b>At 1 January 2022</b>	96	1,601,100	1,057,112	(752,041)	1,906,267
Loss and total comprehensive loss for the period	-	-	-	(12,505)	(12,505)
<b>At 31 March 2022</b>	96	1,601,100	1,057,112	(764,546)	1,893,762
<b>At 1 April 2022</b>	96	1,601,100	1,057,112	(764,546)	1,893,762
Loss and total comprehensive loss for the period	-	-	-	(6,078)	(6,078)
<b>At 30 June 2022</b>	96	1,601,100	1,057,112	(770,624)	1,887,684
<b>At 1 July 2022</b>	96	1,601,100	1,057,112	(770,624)	1,887,684
Loss and total comprehensive loss for the period	-	-	-	(52,976)	(52,976)
<b>At 30 September 2022</b>	96	1,601,100	1,057,112	(823,600)	1,834,708
<b>At 1 January 2021</b>	96	1,601,100	1,057,112	(664,591)	1,993,717
Loss and total comprehensive loss for the period	-	-	-	(15,307)	(15,307)
<b>At 31 March 2021</b>	96	1,601,100	1,057,112	(679,898)	1,978,410
<b>At 1 April 2021</b>	96	1,601,100	1,057,112	(679,898)	1,978,410
Loss and total comprehensive loss for the period	-	-	-	(30,293)	(30,293)
<b>At 30 June 2021</b>	96	1,601,100	1,057,112	(710,191)	1,948,117
<b>At 1 July 2021</b>	96	1,601,100	1,057,112	(710,191)	1,948,117
Loss and total comprehensive loss for the period	-	-	-	(18,337)	(18,337)
<b>At 30 September 2021</b>	96	1,601,100	1,057,112	(728,528)	1,929,780
<b>At 1 October 2021</b>	96	1,601,100	1,057,112	(728,528)	1,929,780
Loss and total comprehensive loss for the period	-	-	-	(23,513)	(23,513)
<b>At 31 December 2021</b>	96	1,601,100	1,057,112	(752,041)	1,906,267

## Condensed Interim Consolidated Statement of Cash Flows

	Group 3 months ended 30 September 2022 RMB'000	Group 3 months ended 30 September 2021 RMB'000	Group 9 months ended 30 September 2022 RMB'000	Group 9 months ended 30 September 2021 RMB'000
<b>Cash flows from operating activities</b>				
(Loss)/Profit before tax	(2,064)	89,103	171,119	363,464
Adjustments for:				
- Amortisation of intangible assets	38,764	35,357	121,666	111,909
- Deferred grant recognised	(6,409)	(6,049)	(29,054)	(29,195)
- Depreciation of investment property	250	252	723	703
- Depreciation of property, plant and equipment	107,414	93,587	299,942	246,809
- Depreciation of right-of-use assets	20,658	21,186	63,304	68,600
- Finance expenses	130,068	109,325	332,859	294,426
- Foreign exchange losses/(gains)	140,434	1,618	258,995	(17,765)
- Financial income under service concession arrangements	(10,650)	(10,607)	(31,951)	(33,808)
- Bank interest income	(8,629)	(1,232)	(16,722)	(3,373)
- Loss on disposal of property, plant and equipment	161	1	31	335
- Gain on disposal of shares of an associate	-	-	(421)	-
- Impairment loss on prepayment	-	-	-	70
- Share of (profit)/loss of joint ventures	(448)	418	(183)	958
	409,549	332,959	1,170,308	1,003,133
Change in working capital				
- Trade and other receivables	12,748	(133,833)	(220,692)	(249,235)
- Service concession receivables	1,890	(3,339)	5,669	(7,053)
- Contract assets	7,137	58,486	10,832	(966)
- Other tax recoverable	42,056	(11,829)	43,738	(13,619)
- Inventories	13,100	6,619	(6,989)	(67)
- Intangible assets	(84,403)	(218,908)	(378,030)	(380,838)
- Trade and other payables	(60,316)	149,839	(70,467)	25,459
- Other tax liabilities	1,958	(2,228)	(2,179)	(20,125)
- Amount due from related parties	50,779	(822)	192,746	(39,709)
- Amount due from non-controlling interests	-	-	-	6,202
- Amount due to related parties	102	3,554	(1,661)	(10,144)
- Deferred grants	13,396	834	31,168	20,512
- Provision for contingent liabilities	-	-	-	(2,400)
Cash generated from operations	407,996	181,332	774,443	331,150
Income tax paid	(14,928)	(2,333)	(47,934)	(75,501)
<b>Net cash generated from operating activities</b>	<b>393,068</b>	<b>178,999</b>	<b>726,509</b>	<b>255,649</b>
<b>Cash flows from investing activities</b>				
Interest received	8,629	1,232	16,722	3,373
Additions to property, plant and equipment	(62,626)	(116,218)	(576,177)	(909,185)
Additions to intangible assets - software	-	-	(1,255)	-
Investment in joint venture	(3,660)	-	(65,767)	-
Proceeds from disposal shares of an associate	-	-	2,241	-
Proceeds from disposal of subsidiaries	-	-	114,255	-
Receipt of non-trade amounts due from joint ventures	-	-	182,154	-
Bank deposits pledged	(3,968)	2	(3,180)	642
Proceeds from closure of WTE plant	-	-	-	9,836
Proceeds from disposal of property, plant and equipment	11	-	302	2,750
<b>Net cash used in investing activities</b>	<b>(61,614)</b>	<b>(114,984)</b>	<b>(330,705)</b>	<b>(892,584)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	1,542,861	564,472	5,164,940	4,105,847
Repayment of borrowings	(1,570,685)	(393,948)	(5,024,313)	(2,499,662)
Payment of finance costs	(123,594)	(102,450)	(334,631)	(303,117)
Pledged bank deposits for borrowings	(460,463)	(11,356)	(394,832)	(563,257)
Repayment of lease liabilities	(1,663)	(7,219)	(5,997)	(33,994)
<b>Net cash (used in)/generated from financing activities</b>	<b>(613,544)</b>	<b>49,499</b>	<b>(594,833)</b>	<b>705,817</b>

	<b>Group 3 months ended 30 September 2022 RMB'000</b>	<b>Group 3 months ended 30 September 2021 RMB'000</b>	<b>Group 9 months ended 30 September 2022 RMB'000</b>	<b>Group 9 months ended 30 September 2021 RMB'000</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	(282,090)	113,514	(199,029)	68,882
<b>Cash and cash equivalents</b>				
Cash and cash equivalents at beginning of the period	478,668	312,899	387,801	361,313
Effects of currency translation on cash and cash equivalents	3,505	93	11,311	(3,689)
<b>Cash and cash equivalents at the end of the period</b>	<b>200,083</b>	<b>426,506</b>	<b>200,083</b>	<b>426,506</b>



## Notes to the Condensed Interim Consolidated Financial Statements

These notes form an integral part of the condensed interim financial statements.

### 1. General information

Zheneng Jinjiang Environment Holding Company Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) was incorporated as an exempt company with limited liability in Cayman Islands on 8 September 2010.

The Company was listed on the Mainboard of Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 3 August 2016.

The single largest shareholder is Zhejiang Provincial Energy Group Co., Ltd. (“**Zheneng Group**”), which is controlled by State-owned Assets Supervision and Administration Commission of the People’s Government of Zhejiang Province.

These condensed interim consolidated financial statements as at and for the third quarter and nine months ended 30 September 2022 comprise the Company and the Group. The principal activity of the Company is that of an investment holding company. The Group is mainly engaged in the generation and sales of electricity and steam, operation of waste-to-energy plants and project management, technical consulting and advisory services and energy management contracting business, principally in the People’s Republic of China (the “**PRC**”).

The condensed interim financial statements have not been audited or reviewed by auditors.

### 2. Basis of preparation

#### 2.1 Statement of compliance

The condensed interim financial statements as at and for the third quarter and nine months ended 30 September 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board, and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2021. The condensed interim financial statements do not include all the information required for complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

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

#### 2.2 Basis of measurement

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

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

## 2.3 Going concern

As of 30 September 2022, the current liabilities of the Group exceeded the current assets by approximately RMB2,466 million. This is mainly due to borrowings due for repayment within the next 12 months and the reclassification of non-current borrowings of approximately RMB331 million to current borrowings as at 30 September 2022, owing to non-compliance of a Financial Covenant (as explained in note 9 to the condensed interim financial statements) and the consequential cross default in relation to other borrowings.

Notwithstanding the above, the Board of Directors of the Company believes that the Company and the Group will be able to continue as a going concern, and have prepared the interim financial statements on a going concern basis, after considering the following:

- (A) the lenders of the borrowings have not called on the repayment of the borrowings mentioned above;
- (B) the Group's ability to finalise and obtain additional financing subsequent to 30 September 2022 including:
  - (i) additional credit facilities from financial institutions; and
  - (ii) as at the date of this announcement, new short-term borrowings of RMB112 million were obtained.
- (C) the Group has continued to generate operating profits in the nine months ended 30 September 2022 and has been able to generate positive cash flows from its operations;
- (D) as at the date of this announcement, the Group has RMB3,100 million of undrawn credit facilities;
- (E) with regard to the proposed issuance of up to RMB1 billion in aggregate principal amount of asset-backed securities ("**ABS**"), the Company has obtained improved credit ratings of AA+ under a credit rating report issued by a new credit rating agency and is also in the process of obtaining green bonds certification for the proposed ABS issuance. The Company intends to submit an updated application to the Shenzhen Stock Exchange ("**SZSE**") for the proposed ABS issuance and upon receiving the necessary approval, the proceeds from the issuance of the ABS will be mainly used for the repayment of the current borrowings, working capital and others, and will help optimize the Group's financing structure;
- (F) the Group has continued to receive financial support, credit support and loans from its largest controlling shareholder, the Zheneng Group, as follows:
  - (i) as of 30 September 2022, the Group has obtained and re-financed 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 and 17 May 2022) from Zheneng Group. RMB540 million has been included in current liabilities as at 30 September 2022;
  - (ii) the credit assessment and credit approval process of the Group's bankers generally involves the relevant banks assessing the Group's credit based on their credit assessment of Zheneng Group, and the relevant banks would typically earmark credit lines to be extended to the Group out of the overall credit lines and limits extended to Zheneng Group; and
  - (iii) Management will continue to actively seek an even greater degree of support from Zheneng Group, which is a state-owned provincial energy enterprise with great financial strength and good credit standing that can enhance the stability of the Group's capital structure. This will help to improve broadening the Group's financing channels and reduce financing costs in relation to the Group's future fund-raising plans, so as to strengthen the working capital position and the relevant financial ratios of the Group.

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

#### **2.4 New and amended standards adopted by the Group**

A number of new standards and amendments to standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

#### **2.5 Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are included in the following notes:

- Note 3 – Service concession arrangements
- Note 7 – Impairment of property, plant and equipment

### 3. Revenue

The Group's operations and main revenue streams are those described in the last annual financial statements for the year ended 31 December 2021. An analysis of revenue is as follows:

Disaggregation of revenue from contracts with customers

	<b>Group 3 months ended 30 September 2022 RMB'000</b>	<b>Group 3 months ended 30 September 2021 RMB'000</b>	<b>Group 9 months ended 30 September 2022 RMB'000</b>	<b>Group 9 months ended 30 September 2021 RMB'000</b>
<b>Waste-to-energy project construction and operation</b>				
<u>Waste-to-energy business</u>				
- Sales of electricity	423,323	372,307	1,147,139	1,083,785
- Sales of steam	162,399	112,520	495,920	329,691
- Revenue from waste treatment	278,079	262,511	736,611	676,519
	<u>863,801</u>	<u>747,338</u>	<u>2,379,670</u>	<u>2,089,995</u>
<u>Construction services provided under BOT concession agreements</u>				
- Revenue from construction services provided under service concession agreements	84,404	25,913	378,030	160,856
- Financial income under service concession agreements	10,650	10,607	31,951	33,808
	<u>95,054</u>	<u>36,520</u>	<u>409,981</u>	<u>194,664</u>
<b>Total</b>	<b>958,855</b>	<b>783,858</b>	<b>2,789,651</b>	<b>2,284,659</b>
<b>Project technical and management service, equipment selection and sale and EMC business</b>				
	11,801	6,207	20,308	118,658
<b>Total revenue</b>	<b>970,656</b>	<b>790,065</b>	<b>2,809,959</b>	<b>2,403,317</b>

Timing of revenue recognition

	<b>Group 3 months ended 30 September 2022 RMB'000</b>	<b>Group 3 months ended 30 September 2021 RMB'000</b>	<b>Group 9 months ended 30 September 2022 RMB'000</b>	<b>Group 9 months ended 30 September 2021 RMB'000</b>
<u>At a point in time</u>				
- Sales of electricity	423,323	372,307	1,147,139	1,083,785
- Sales of steam	162,399	112,520	495,920	329,691
- Equipment selection and sale	-	943	-	87,224
	<u>585,722</u>	<u>485,770</u>	<u>1,643,059</u>	<u>1,500,700</u>
<u>Over time</u>				
- Revenue from waste treatment	278,079	262,511	736,611	676,519
- Revenue from construction services provided under service concession agreements	84,404	25,913	378,030	160,856
- Project technical and management service and EMC business	11,801	5,264	20,308	31,434
	<u>374,284</u>	<u>293,688</u>	<u>1,134,949</u>	<u>868,809</u>
- Financial income under service concession agreements	10,650	10,607	31,951	33,808
<b>Total revenue</b>	<b>970,656</b>	<b>790,065</b>	<b>2,809,959</b>	<b>2,403,317</b>

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 2022 RMB'000	Group 3 months ended 30 September 2021 RMB'000	Group 9 months ended 30 September 2022 RMB'000	Group 9 months ended 30 September 2021 RMB'000
<b>Profit for the period has been arrived at after charging (crediting):</b>				
Amortisation of intangible assets	38,764	35,357	121,666	111,909
Cost of inventories recognised as expense	183,867	137,901	526,943	380,760
Depreciation of investment property	250	252	723	703
Depreciation of property, plant and equipment	107,414	93,587	299,942	246,809
Depreciation of right-of-use assets	20,658	21,186	63,304	68,600
Employee compensation	98,042	104,235	270,853	268,115
Foreign exchange losses/(gains)	136,929	1,191	247,684	(14,076)
Government grants	(6,409)	(6,049)	(29,054)	(29,195)
Government tax refund	(10,272)	(9,512)	(23,400)	(15,513)
Impairment loss on prepayment	-	-	-	70
Loss on disposal of property, plant and equipment	161	1	31	335
Gain on disposal of shares of an associate	-	-	(421)	-
Overprovision of tax in prior years	-	-	(1,861)	(312)

#### 5. Related party balances and transactions

Zheneng Group is the largest shareholder of the Group whilst Hangzhou Jinjiang Group Co., Ltd. (“**Jinjiang Group**”) is the second largest shareholder of the Group (collectively known as the “**major shareholders**”).

- (a) In addition to the information disclosed in Note 9 on borrowings from Zheneng Group, the following transactions took place between the Group and its related parties at terms agreed between the parties.

	Group 9 months ended 30 September 2022 RMB'000	Group 9 months ended 30 September 2021 RMB'000
Companies in which Zheneng Group has control over:		
- Purchases of materials	69,445	37,683
- Interest expense	24,813	17,737
Companies in which Jinjiang Group has control over:		
- Purchases of materials	14,391	21,721
- Revenue from EMC business	(4,132)	(22,876)
- Rendering of technical and management services	(802)	(847)
Joint ventures:		
- Interest income	(16,150)	(21,117)

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

	<b>Group As at 30 September 2022 RMB'000</b>	<b>Group As at 31 December 2021 RMB'000</b>
Trade:		
Amounts due from companies in which major shareholders have control over	13,092	197,743
Amounts due from joint ventures	6,756	10,513
	<u>19,848</u>	<u>208,256</u>
Non-trade:		
Amounts due from companies in which Jinjiang Group has control over	1,753	6,329
Amounts due from joint ventures	322,474	504,391
	<u>324,227</u>	<u>510,720</u>
	<u>344,075</u>	<u>718,976</u>
Trade:		
Amounts due to companies in which major shareholders have control over	49,007	50,252
Amounts due to joint ventures	30	448
	<u>49,037</u>	<u>50,700</u>
Non-trade:		
Amounts due to companies in which major shareholders have control over	3,864	4,345
Amounts due to joint ventures	436	635
	<u>4,300</u>	<u>4,980</u>
	<u>53,337</u>	<u>55,680</u>

The non-trade amounts due from joint ventures are the interest-bearing advances to the joint venture, Zibo Green New Energy Co., Ltd. (31 December 2021: Zibo Green New Energy Co., Ltd. and Hohhot Jiasheng New Energy Co., Ltd.), for financing the construction and operating costs of their WTE facilities.

## 6. Service concession receivables

	<b>Group As at 30 September 2022 RMB'000</b>	<b>Group As at 31 December 2021 RMB'000</b>
Service concession receivables	794,739	800,408
Less: Amount due within one year shown under current assets	(63,976)	(63,976)
Service concession receivables due after one year	<u>730,763</u>	<u>736,432</u>
Expected collection schedule is analysed as follows		
Within 1 year	63,976	63,976
Within 2 to 5 years	209,308	209,308
Over 5 years	521,455	527,124
	<u>794,739</u>	<u>800,408</u>

## 7. Property, plant and equipment

<u>Group</u>	Property, plant and equipment	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000
<b>Cost</b>			
At 1 January 2021	9,538,176	2,318,791	11,856,967
Additions	1,160,679	60,322	1,221,001
Disposals/Written off	(103,207)	-	(103,207)
Exchange difference	(2,881)	(1,839)	(4,720)
<b>At 31 December 2021</b>	<b>10,592,767</b>	<b>2,377,274</b>	<b>12,970,041</b>
Additions	835,496	14,551	850,047
Disposals/Written off	(2,039)	-	(2,039)
Exchange difference	1,239	791	2,030
<b>At 30 September 2022</b>	<b>11,427,463</b>	<b>2,392,616</b>	<b>13,820,079</b>
<b>Accumulated depreciation</b>			
At 1 January 2021	(1,763,068)	(774,797)	(2,537,865)
Depreciation for the year	(375,149)	(81,594)	(456,743)
Disposals/Written off	88,554	-	88,554
Exchange difference	1,321	-	1,321
<b>At 31 December 2021</b>	<b>(2,048,342)</b>	<b>(856,391)</b>	<b>(2,904,733)</b>
Depreciation for the year	(299,942)	(63,304)	(363,246)
Disposals/Written off	1,656	-	1,656
Exchange difference	(568)	-	(568)
<b>At 30 September 2022</b>	<b>(2,347,196)</b>	<b>(919,695)</b>	<b>(3,266,891)</b>
<b>Accumulated impairment</b>			
At 1 January 2021,			
<b>At 31 December 2021/30 September 2022</b>	<b>(27,490)</b>	<b>-</b>	<b>(27,490)</b>
<b>Carrying values</b>			
<b>At 30 September 2022</b>	<b>9,052,777</b>	<b>1,472,921</b>	<b>10,525,698</b>
At 31 December 2021	8,516,935	1,520,883	10,037,818

### Impairment of property, plant and equipment

The Group regularly reviews whether there are any indicators of impairment and recognises an impairment loss if the recoverable amount of an asset is lower than its carrying amount. The Group tests for impairment for property, plant and equipment whenever there is an indication that the asset may be impaired. Where there are indicators of impairment, management assess the recoverable amount based on the higher of value in use and fair value less costs to sell.

Based on the impairment assessment carried out by management, no impairment loss was recognised for the nine months ended 30 September 2022 and 30 September 2021.

## 8. Intangible assets

	<b>Group As at 30 September 2022 RMB'000</b>	<b>Group As at 31 December 2021 RMB'000</b>
Software	9,370	8,993
Service concession arrangement (Note (a))	4,538,133	4,280,081
	<u>4,547,503</u>	<u>4,289,074</u>
 (a) Service concession arrangement		
Cost		
Beginning of financial period	4,876,119	4,294,085
Additions	378,030	582,034
<b>End of financial period</b>	<u>5,254,149</u>	<u>4,876,119</u>
Accumulated amortisation		
Beginning of financial period	(565,836)	(419,397)
Amortisation	(119,978)	(146,439)
<b>End of financial period</b>	<u>(685,814)</u>	<u>(565,836)</u>
Accumulated impairment		
Beginning of financial period	(30,202)	-
Impairment losses	-	(30,202)
<b>End of financial period</b>	<u>(30,202)</u>	<u>(30,202)</u>
<b>Net book value</b>	<u>4,538,133</u>	<u>4,280,081</u>

The Group entered into service concession agreements with the local government authorities, pursuant to the design, construction, operation and maintenance of waste-to-energy plants during the concession period ranging from 21 years to 30 years, starting from the commencement date of commercial operation.

Service concession construction revenue (as detailed in Note 3) recorded in 2022 and 2021 represents the revenue recognised during the construction stage of the service concession period.

The right that the Group has received to charge for the sale of electricity and waste treatment has been recognised as an intangible asset at the fair value of the construction services provided and is amortised over the operating period of the waste-to-energy plant on a straight-line basis from the date on which the waste-to-energy plant commences operation.

During the financial year ended 31 December 2021, the Group was unable to reach mutual agreement with the Gwalior government regarding compensation for the cessation of a BOT project in India, and had notified the Gwalior government of its intention to initiate arbitration proceedings in connection therewith and has applied to the High Court of Delhi to appoint arbitrators. The Group made a commercial decision to cease operations of this BOT project due to its long-term negative cashflow arising from the small scale of operations in the Gwalior region, the back-loading of waste treatment fees to after commencement of operations of the waste treatment facility, the high cost of waste collection and transportation and certain cash deductions made by the local government due to inadequate coverage of waste collection. This resulted in the Gwalior government taking over the waste collection and transportation operations and project assets and later enforcing the deposit for performance bond relating to this BOT project. Given the uncertainty in terms of the timeline and outcome of such arbitration proceedings, an impairment loss of RMB30,202,000 on the intangible assets relating to the BOT project was recognised for the year ended 31 December 2021. In addition, an impairment loss of RMB10,899,000 was recognised in connection with the enforcement of the deposit for performance bond relating to this project.

No impairment loss was recognised for the nine months ended 30 September 2022.



## 9. Bank borrowings

	Group As at 30 September 2022 RMB'000	Group As at 31 December 2021 RMB'000
<b>Amount repayable within one year or less, or on demand</b>		
- Secured borrowings	4,757,636	4,678,388
- Unsecured borrowings	226,625	28,025
	4,984,261	4,706,413
<b>Amount repayable after one year</b>		
- Secured borrowings	5,963,182	5,533,145
- Unsecured borrowings	67,125	241,825
	6,030,307	5,774,970
<b>Total borrowings net of transaction costs</b>	11,014,568	10,481,383

The carrying amount of borrowings approximate their fair value. The borrowings are secured by the pledge of certain property, plant and equipment, trade receivables, shares of a subsidiary, bank deposits, investment property, right-of-use assets and intangible assets.

Included in the above are borrowings with an aggregate principal amount of RMB540,000,000 (31 December 2021: RMB840,000,000) from subsidiaries of Zheneng Group, namely Zhejiang Provincial Energy Group Finance Co., Ltd. (31 December 2021: Zhejiang Provincial Energy Group Finance Co., Ltd. and Shanghai Puneng Finance Leasing Co., Ltd.).

Included in the borrowings as at 30 September 2022 is an amount of RMB1,226,598,000 (31 December 2021: RMB1,312,828,000) under a syndicated term loan facility arranged by Standard Chartered Bank (Hong Kong) Limited (the “**Agent**”) of up to US\$270,000,000 (the “**Facility**”), which requires that Zheneng Group maintains more than 25% shareholding interest in the Company. The borrowings of RMB1,226,598,000 are due for repayment by July 2023 and had been fully classified as current liabilities as at 30 September 2022.

Furthermore, under the terms of the Facility, the Company has to ensure that the ratio of its consolidated net debt to consolidated total equity does not exceed 125% for the period from 1 January 2021 to 31 December 2021 and 100% for the periods from 1 January 2022 to 31 December 2022 and 1 January 2023 to 23 July 2023 (“**Financial Covenant**”). The aforesaid ratio had exceeded 125% and 100% respectively for the financial year ended 31 December 2021 and the nine-months ended 30 September 2022 resulting in non-compliance by the Company of the Financial Covenant.

Due to the non-compliance of the Financial Covenant, the banks are contractually entitled to request for immediate repayment of the outstanding borrowings with covenant breaches. Accordingly, as of 31 December 2021, the non-current portion of the borrowings with covenant breaches of the Group amounting to RMB1,184,002,000 were reclassified as current liabilities. Under the terms of the Facility, the Agent of the Facility may, at its discretion and if so directed by lenders representing two-thirds of the total commitments under the Facility, by notice call for repayment ahead of the stipulated repayment dates. As of the date of this report, the Group has not received any notice for the accelerated repayment from the Agent.

## 10. Share capital

	Group and Company	
	No. of ordinary shares	Share Capital RMB'000
<b>Fully paid ordinary shares</b>		
As at 1 January 2021, as at 31 December 2021 and as at 30 September 2022	1,454,024,700	96

Fully paid ordinary shares have a par value of US\$0.00001 (2021: US\$0.00001), carry one vote per share and carry a right to dividend, amounting to equivalent RMB96,000 (2021: RMB96,000).

There were no changes in the share capital of the Company in the third quarter ended 30 September (“**3Q**”) 2022.

The total number of issued Shares as at 30 September 2022 and 31 December 2021 was 1,454,024,700.

The Company had no convertibles, treasury shares or subsidiary holdings as at 30 September 2022 and 30 September 2021.

#### 11. Earnings per share

	<b>Group 9 months ended 30 September 2022</b>	<b>Group 9 months ended 30 September 2021</b>
Basic and fully diluted earnings per share (RMB cents)	3.28	17.83
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 2022 and 30 September 2021 was 1,454,024,700.

#### 12. Net asset value

	<b>Group As at 30 September 2022</b>	<b>Group As at 31 December 2021</b>	<b>Company As at 30 September 2022</b>	<b>Company As at 31 December 2021</b>
<b>Assets</b>				
Net asset value per share (RMB cents)	454.80	450.12	126.18	131.10
Number of shares in issue at the end of the period	1,454,024,700	1,454,024,700	1,454,024,700	1,454,024,700

The net asset value per share as at 30 September 2022 and 31 December 2021 were computed based on the number of shares in issue at the end of the period.

The total number of issued shares as at 30 September 2022 and 31 December 2021 was 1,454,024,700.

#### 13. Fair value measurements

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices or rates from observable current market transactions as input.

Management considers the carrying amounts of the other financial assets and financial liabilities recorded at amortised cost in the condensed interim financial statements approximate their fair values at the end of the reporting period.

#### 14. Commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements, excluding those relating to investments in associates and investments in joint ventures, are as follows:

	Group As at 30 September 2022 RMB'000	Group As at 31 December 2021 RMB'000
Property, plant and equipment	700,946	816,755

#### 15. Segment information

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

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

	Waste-to-energy project construction and operation RMB '000	Project technical and management service, equipment selection and sale and EMC business RMB '000	Total RMB '000
<b>1 January 2022 to 30 September 2022</b>			
<b>Segment revenue</b>			
External revenue	2,789,651	20,308	2,809,959
Inter-segment revenue	-	213,635	213,635
	2,789,651	233,943	3,023,594
Elimination	-	(213,635)	(213,635)
<b>Revenue</b>	2,789,651	20,308	2,809,959
<b>Segment profit</b>			
Government grants and VAT refund	796,398	4,893	801,291
	51,517	937	52,454
Loss on disposal of property, plant and equipment	(31)	-	(31)
Gain on disposal of shares of an associate			421
Foreign exchange loss			(247,684)
Other income			72,828
Administrative expenses			(175,484)
Finance costs			(332,859)
Share of profit of joint ventures			183
<b>Profit before tax</b>			171,119

	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
<b>As at 30 September 2022</b>			
<b>Assets and Liabilities</b>			
Segment assets	17,783,645	790,246	18,573,891
Unallocated			2,378,906
Consolidated total assets			<u>20,952,797</u>
Segment liabilities	12,718,965	744,617	13,463,582
Unallocated			876,268
Consolidated total liabilities			<u>14,339,850</u>
<b>1 January 2022 to 30 September 2022</b>			
<b>Other segment information</b>			
Depreciation and amortisation	476,922	8,713	485,635
Additions to non-current assets	1,180,665	2,944	1,183,609
<b>1 January 2021 to 30 September 2021</b>			
<b>Segment revenue</b>			
External revenue	2,284,659	118,658	2,403,317
Inter-segment revenue	-	269,660	269,660
	<u>2,284,659</u>	<u>388,318</u>	<u>2,672,977</u>
Elimination	-	(269,660)	(269,660)
<b>Revenue</b>	<u>2,284,659</u>	<u>118,658</u>	<u>2,403,317</u>
<b>Segment profit</b>			
Government grants and VAT refund	43,137	1,571	44,708
Loss on disposal on property, plant and equipment	(335)	-	(335)
Impairment loss on prepayment	(70)	-	(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)
<b>Profit before tax</b>			<u>363,464</u>
<b>As at 31 December 2021</b>			
<b>Assets and Liabilities</b>			
Segment assets	16,543,333	1,593,395	18,136,728
Unallocated			2,243,999
Consolidated total assets			<u>20,380,727</u>
Segment liabilities	11,938,893	1,046,589	12,985,482
Unallocated			850,353
Consolidated total liabilities			<u>13,835,835</u>
<b>1 January 2021 to 30 September 2021</b>			
<b>Other segment information</b>			
Depreciation and amortisation	410,269	17,752	428,021
Additions to non-current assets	1,607,880	5,710	1,613,590

**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 2022 and 2021, there was no single customer that accounted for 10% or more of the Group's revenue for the two reportable and operating segments.

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

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**1. Review of performance of the Group**

**Consolidated Statement of Comprehensive Income**

**3Q2022 vs 3Q2021**

**Revenue**

	3 months ended 30 September 2022		3 months ended 30 September 2021		Change
	RMB'000	%	RMB'000	%	%
<b>Waste-to-energy project construction and operation</b>					
<u>Waste-to-energy business</u>					
- Sales of electricity	423,323	43.7	372,307	47.2	13.7
- Sales of steam	162,399	16.7	112,520	14.2	44.3
- Revenue from waste treatment	278,079	28.6	262,511	33.2	5.9
	<u>863,801</u>	89.0	<u>747,338</u>	94.6	15.6
<u>Construction services provided under BOT concession agreements</u>					
- Revenue from construction services provided under service concession agreements	84,404	8.7	25,913	3.3	225.7
- Financial income under service concession agreements	10,650	1.1	10,607	1.3	0.4
	<u>95,054</u>	9.8	<u>36,520</u>	4.6	160.3
<b>Total</b>	<u>958,855</u>	98.8	<u>783,858</u>	99.2	22.3
<b>Project technical and management service, equipment selection and sale and EMC business</b>					
	<u>11,801</u>	1.2	<u>6,207</u>	0.8	90.1
<b>Total revenue</b>	<u>970,656</u>	100.0	<u>790,065</u>	100.0	22.9

Details of the electricity generated and supplied, steam supplied and waste treated for 3Q2022 and 3Q2021 are as follows:

	Group 3 months ended 30 September 2022	Group 3 months ended 30 September 2021	Change %
Electricity generated ('000 KWh)	935,742	883,139	6.0
On-grid electricity supplied ('000 KWh)	718,493	667,445	7.6
Steam supplied ('000 tonnes)	811	678	19.6
Waste treated ('000 tonnes)	3,385	3,021	12.0

### Gross profit and gross profit margin

	Gross Profit (RMB '000)		Gross Profit Margin	
	3 months ended 30 September 2022	3 months ended 30 September 2021	3 months ended 30 September 2022	3 months ended 30 September 2021
WTE business (excluding gross profit from construction services provided under BOT concession agreements)	262,082	214,783	30.34%	28.74%
Construction services provided under BOT concession agreements	11,512	3,535	13.64%	13.64%
Financial income under service concession agreements	10,650	10,607	N.A	N.A.
Project technical and management service and EMC business	2,080	2,855	17.63%	46.00%
Total	286,324	231,780	29.50%	29.34%

The increase in gross profit by RMB54.5 million from RMB231.8 million in 3Q2021 to RMB286.3 million in 3Q2022 and slightly increase in gross profit margin by 0.16% 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 RMB116.5 million or 15.6% from RMB747.3 million in 3Q2021 to RMB863.8 million in 3Q2022. This was mainly attributable to (i) waste treated (including waste collection and transportation operations in India) increasing by 12.0% in 3Q2022 as compared to 3Q2021, which was due to commencement of operations of the Linzhou Jiasheng WTE Facility in Henan Province and Leting Jinhuan New Energy WTE Facility in Hebei Province and the technical transformation and optimization of the power plant management, which resulted in revenue from waste treatment and sales of electricity increasing by RMB66.6 million, and (ii) an increase in the unit price of heat supply at Zhuji Bafang WTE Facility in Zhejiang Province due to higher coal prices and the increase in steam supplied in 3Q2022 as compared to 3Q2021, which resulted in sales of steam increasing by RMB49.9 million.

The gross profit of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) increased by RMB47.3 million or 22.0% from RMB214.8 million in 3Q2021 to RMB262.1 million in 3Q2022, which is mainly due to:

1. Official commencement of operations of the Linzhou Jiasheng WTE Facility in Henan Province and Leting Jinhuan New Energy WTE Facility in Hebei Province in January 2022 which resulted in an increase of RMB2.0 million in gross profit, which was attributed to gross profit of RMB4.1 million recorded by Linzhou Jiasheng WTE Facility offset by the gross loss of RMB2.1 million recorded by Leting Jinhuan New Energy WTE Facility.
2. The Zhuji Bafang WTE Facility's cogeneration business is heavily influenced by the fluctuation of coal price. In FY2021, coal prices increased significantly and the Group started to adjust the production method in the face of continued rise in coal price from the third quarter of 2021, by adjusting part of the steam supply from coal to WTE units in order to reduce the negative impact of the increase in coal prices on gross profit. The gross profit increased RMB24.5 million in 3Q2022 as compared to 3Q2021, mainly due to the (i) increase of RMB7.8 million in gross profit due to the increase of income after the adjustment towards steam supply from WTE units, (ii) increase of RMB11.8 million in gross profit of coal-fired units, which was in turn mainly due to the (a) joint impact of coal and steam price in 3Q2022, which resulted in the increase in gross profit from steam supply by RMB5.6 million, (b) increase of RMB9.0 million in gross profit as a result of the increase in steam supply, and partially offset by the (c) decrease in electricity generated, and (iii) increase of RMB4.9 million in gross profit due to the lower overhaul expenses.

3. Except for the Linzhou Jiasheng WTE Facility in Henan Province, Leting Jinhuan New Energy WTE Facility in Hebei Province and Zhuji Bafang WTE Facility in Zhejiang Province, the gross profit of the other WTE facilities increased by RMB20.8 million. The increase is mainly due to (i) increase of RMB20.1 million in gross profit due to the increase in contribution per waste treatment unit and increase in waste treatment capacity after the optimization of the power plant management and upgrading of the WTE facilities, (ii) increase of RMB9.3 million in gross profit due to the reduction in environmental protection expenses in 3Q2022 after the change in fly ash disposal method in Tangshan Jiasheng WTE Facility in Hebei Province and Tianjin Sunrise WTE Facility and the replacement of fly ash disposal providers in some WTE facilities, and (iii) increase of RMB10.3 million in gross profit mainly due to the increase in income from waste subsidies and sales of electricity in 3Q2022. The increase was offset by (i) decrease of RMB8.8 million in gross profit due to the increase in power plant overhaul costs as scheduled in 3Q2022 as compared to 3Q2021, (ii) decrease of RMB2.6 million in gross profit due to increase in coal price, and (iii) negotiations with the government in respect of the Wuhu Jinjiang WTE Facility in Anhui Province, which resulted in a one-time credit for fly ash disposal subsidy in the first half of 2021 and hence resulting the decrease in gross profit by RMB7.5 million in 3Q2022 as compared to 3Q2021.

The gross profit margin increased from 28.74% in 3Q2021 to 30.34% in 3Q2022. This is mainly due to the increase in gross profit after the technical transformation and optimization of the power plant management in 3Q2022 and the change of production method in Zhuji Bafang WTE Facility.

#### Construction services provided under BOT concession agreements

The gross profit from construction services provided under BOT concession agreements (including financial income) increased RMB8.1 million from RMB14.1 million in 3Q2021 to RMB22.2 million in 3Q2022. The gross profit from the construction services provided under BOT concession agreements increased RMB8.0 million in 3Q2022 as compared to 3Q2021 and the gross profit from financial income under service concession agreements remained consistent as compared to 3Q2021. Due to the decrease in the proportion of financial income, the gross profit margin including financial income decreased from 38.72% in 3Q2021 to 23.32% in 3Q2022. In 3Q2022, BOT revenue was recorded for Songyuan Xinxiang Resource Recycling Project in Jilin Province, Expansion Project of Yunnan Green Energy WTE Facility and Jinghong Jiasheng WTE Project in Xishuangbanna Dai Autonomous Prefecture, Yunnan Province and others. The BOT revenue in 3Q2022, based on the construction investment amount and progress of the aforesaid projects, is higher than in 3Q2021.

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

The gross profit from project technical and management services, equipment selection and sale and EMC business decreased 27.1% or RMB0.8 million from RMB2.9 million in 3Q2021 to RMB2.1 million in 3Q2022. The gross profit margin decreased from 46.00% to 17.63% mainly due to the Company having agreed a one-time buyout settlement of the future service benefits in 4Q2021 and the reduction in profit-sharing ratio in the later stages of most of the EMC contracts.

#### **Other income**

	Group	Group	Increase /	
	3Q2022	3Q2021	(Decrease)	Change
	RMB'000	RMB'000	RMB'000	+ / (-) %
Bank interest income	8,629	1,232	7,397	600.4
Government grants	6,409	6,049	360	6.0
Value added tax refund	10,272	9,512	760	8.0
Gain on sales of scrap materials	9,703	3,700	6,003	162.2
Interest income from joint ventures and others	4,673	9,012	(4,339)	(48.1)
Other income	39,686	29,505	10,181	34.5

Other income increased RMB10.2 million or 34.5% from RMB29.5 million in 3Q2021 to RMB39.7 million in 3Q2022, mainly due to (i) increase of RMB7.4 million in bank interest income in line with the increase in bank deposits, and (ii) increase of RMB6.0 million in gain on sales of scrap materials due to the Group strengthening the recycling of scrap metal and other materials, as well as increasing the sales of scrap materials through bidding. The increase was partially offset by the decrease of RMB4.3 million in interest income from joint venture in 3Q2022 following the receipt of non-trade amounts due from a joint venture, Hohhot Jiasheng New Energy Co., Ltd.



**Other gains and (losses), net**

	Group	Group	Increase / (Decrease)	Change
	3Q2022 RMB'000	3Q2021 RMB'000	RMB'000	+/(-) %
Foreign exchange losses	(136,929)	(1,191)	(135,738)	N.A
Loss on disposal of property, plant and equipment	(161)	(1)	(160)	N.A
Other gains and (losses), net	(137,090)	(1,192)	(135,898)	N.A

Other gains and (losses) increased RMB135.9 million from other losses of RMB1.2 million in 3Q2021 to other losses of RMB137.1 million in 3Q2022, mainly due to (i) increase of RMB135.7 million in foreign exchange loss from RMB1.2 million in 3Q2021 to RMB136.9 million in 3Q2022 due to the appreciation of the United States Dollar against the Chinese Renminbi in 3Q2022, resulting in a substantial unrealised foreign exchange loss in respect of the Group's net foreign currency liabilities (being mainly syndicated term loan facility and other borrowings of US\$350 million), and (ii) increase in loss on disposal of property, plant and equipment of RMB0.2 million in 3Q2022.

**Administrative expenses**

Administrative expenses remained consistent for both 3Q2022 and 3Q2021 and amounted to RMB61.4 million and RMB61.2 million, respectively.

**Finance costs**

Finance costs increased RMB20.8 million from RMB109.3 million in 3Q2021 to RMB130.1 million in 3Q2022, mainly due to the increase in financing amount and increase in interest expense after the commissioning of some expansion projects, the interest expenses of the which were previously capitalized.

**(Loss)/Profit before tax**

As a result of the foregoing, (loss)/profit before tax decreased RMB91.2 million from profit of RMB89.1 million in 3Q2021 to loss of RMB2.1 million in 3Q2022.

**Income tax expense**

Income tax expense increased RMB16.3 million from RMB20.9 million in 3Q2021 to RMB37.2 million in 3Q2022 mainly due to the increase in total profit before foreign exchange losses. In 3Q2022, Group's high-tech enterprises continued to enjoy tax incentives and some of the Group's WTE facilities continued to enjoy preferential tax rates during the exemptions period.

**Total comprehensive (loss)/income for the period**

As a result of the foregoing, total comprehensive income of RMB77.1 million in 3Q2021 decreased to total comprehensive loss of RMB31.6 million in 3Q2022.

## Nine months ended 30 September (“9M”) 2022 vs 9M2021

### Revenue

	9 months ended 30 September 2022		9 months ended 30 September 2021		Change
	RMB'000	%	RMB'000	%	%
<b>Waste-to-energy project construction and operation</b>					
<u>Waste-to-energy business</u>					
- Sales of electricity	1,147,139	40.8	1,083,785	45.0	5.8
- Sales of steam	495,920	17.6	329,691	13.7	50.4
- Revenue from waste treatment	736,611	26.2	676,519	28.1	8.9
	<u>2,379,670</u>	84.7	<u>2,089,995</u>	87.0	13.9
<u>Construction services provided under BOT concession agreements</u>					
- Revenue from construction services provided under service concession agreements	378,030	13.5	160,856	6.7	135.0
- Financial income under service concession agreements	31,951	1.1	33,808	1.4	(5.5)
	<u>409,981</u>	14.6	<u>194,664</u>	8.1	110.6
<b>Total</b>	<u>2,789,651</u>	99.3	<u>2,284,659</u>	95.1	22.1
<b>Project technical and management service, equipment selection and sale and EMC business</b>					
	<u>20,308</u>	0.7	<u>118,658</u>	4.9	(82.9)
<b>Total revenue</b>	<u>2,809,959</u>	100.0	<u>2,403,317</u>	100.0	16.9

Details of the electricity generated and supplied, steam supplied and waste treated for 9M2022 and 9M2021 are as follows:

	Group	Group	Change
	9 months ended 30 September 2022	9 months ended 30 September 2021	%
Electricity generated ('000 KWh)	2,628,370	2,588,740	1.5
On-grid electricity supplied ('000 KWh)	2,018,037	1,949,422	3.5
Steam supplied ('000 tonnes)	2,466	2,155	14.4
Waste treated ('000 tonnes)	9,040	8,499	6.4

### Gross profit and gross profit margin

	Gross Profit (RMB '000)		Gross Profit Margin	
	9 months ended 30 September 2022	9 months ended 30 September 2021	9 months ended 30 September 2022	9 months ended 30 September 2021
WTE business (excluding gross profit from construction services provided under BOT concession agreements)	712,884	640,827	29.96%	30.66%
Construction services provided under BOT concession agreements	51,563	21,941	13.64%	13.64%
Financial income under service concession agreements	31,951	33,808	N.A.	N.A.
Project technical and management service and EMC business	4,893	35,588	24.09%	29.99%
<b>Total</b>	<u>801,291</u>	<u>732,164</u>	<u>28.52%</u>	<u>30.46%</u>

The increase in gross profit by RMB69.1 million from RMB732.2 million in 9M2021 to RMB801.3 million in 9M2022 and the decrease in gross profit margin by 1.94% 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 RMB289.7 million or 13.9% from RMB2,090.0 million in 9M2021 to RMB2,379.7 million in 9M2022. This was mainly attributable to (i) waste treated (including waste collection and transportation operations in India) increasing by 6.4% in 9M2022 as compared to 9M2021, which was due to commencement of operations of the Linzhou Jiasheng WTE Facility in Henan Province and Leting Jinhuan New Energy WTE Facility in Hebei Province and the technical transformation and optimization of the power plant management, which resulted in revenue from waste treatment and sales of electricity increasing by RMB123.4 million, and (ii) an increase in the unit price of heat supply at Zhuji Bafang WTE Facility in Zhejiang Province due to higher coal prices and the increase in steam supplied in 9M2022 as compared to 9M2021, which resulted the increase in sales of steam by a total of RMB166.2 million.

The gross profit of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) increased by RMB72.1 million or 11.2% from RMB640.8 million in 9M2021 to RMB712.9 million in 9M2022, which is mainly due to:

1. Official commencement of operations of the Linzhou Jiasheng WTE Facility in Henan Province and Leting Jinhuan New Energy WTE Facility in Hebei Province in January 2022 resulted in an increase in gross profit of RMB7.9 million, which was attributed to the gross profit of RMB11.9 million recorded by Linzhou Jiasheng WTE Facility offset by the gross loss of RMB4.0 million recorded by Leting Jinhuan New Energy WTE Facility due to the equipment still being in the running in period and higher transportation cost incurred on disposal of fly ash.
2. The Zhuji Bafang WTE Facility's cogeneration business is heavily influenced by the fluctuation of coal price. In FY2021, coal prices increased significantly and the Group started to flexibly adjust the production method in the face of continued rise in coal price from the third quarter of 2021, by adjusting part of the steam supply from coal to WTE units in order to reduce the negative impact of the increase in coal prices on gross profit. The gross profit increased RMB48.1 million in 9M2022 as compared to 9M2021, mainly due to (i) increase of RMB32.5 million in gross profit due to the increase of income after the adjustment of steam supply towards WTE units instead of coal, (ii) increase of RMB17.7 million in gross profit from the coal-fired unit mainly due to (a) the local government strengthening the guidance on the linkage of steam prices during the period of abnormally high coal prices, which increased the gross profit of steam supply by RMB20.1 million, (b) increase of RMB15.6 million from the increase in steam supply, and partially offset by the (c) decrease of RMB8.1 million from the decrease in electricity generated, and (d) decrease of RMB9.9 million due to the increase in coal consumption, and (iii) the increase in gross profit was offset by the decrease of RMB2.1 million in gross profit due to increase in depreciation after the transfer of assets from construction-in-progress.
3. Except for the Linzhou Jiasheng WTE Facility in Henan Province, Leting Jinhuan New Energy WTE Facility in Hebei Province and Zhuji Bafang WTE Facility in Zhejiang Province, the gross profit of the other WTE facilities increased by RMB16.0 million. The increase is mainly due to (i) increase of RMB74.7 million in gross profit due to the increase in contribution per waste treatment unit and increase in waste treatment capacity after the optimization of the power plant management and upgrading of the WTE facilities, (ii) increase of RMB5.3 million in gross profit due to an increase in grate furnace operation in 9M2022 at Wuhu Jinjiang WTE Facility in Anhui Province and the corresponding decrease in utilisation rate of fly ash, which resulted the reduction in fly ash disposal costs as compared to 9M2021, and (iii) increase of RMB21.5 million in gross profit due to the reduction in environmental protection expenses in 9M2022 after the change in fly ash disposal method in Tangshan Jiasheng WTE Facility in Hebei Province and Tianjin Sunrise WTE Facility and the replacement of fly ash disposal providers in some WTE facilities. This was partially offset by (i) decrease of RMB46.4 million in gross profit due to the decrease in the volume of waste as a result of the COVID-19 pandemic situation and environmental control in Lianyungang Sunrise WTE Facility in Jiangsu Province, Tangshan Jiasheng WTE Facility in Hebei Province, Songyuan Xinxiang WTE Facility in Jilin Province and others, (ii) decrease of RMB29.5 million in gross profit due to the increase in power plant overhaul costs as scheduled in 9M2022 as compared to 9M2021, and (iii) decrease of RMB9.6 million in gross profit due to the increase in coal price.

The gross profit margin decreased from 30.66% in 9M2021 to 29.96% in 9M2022. As mentioned above, this is mainly due to (i) decrease in revenue from waste treatment and sales of electricity due to the impact of the COVID-19 pandemic situation and environmental control in 9M2022, and (ii) lower gross profit margin from Linzhou Jiasheng WTE Facility in Henan Province and Leting Jinhuan New Energy WTE Facility in Hebei Province during the initial operating period.

#### Construction services provided under BOT concession agreements

The gross profit from construction services provided under BOT concession agreements (including financial income) increased RMB27.8 million from RMB55.8 million in 9M2021 to RMB83.5 million in 9M2022. The gross profit from the construction services provided under BOT concession agreements increased RMB29.6 million in 9M2022 as compared to 9M2021 and the gross profit from financial income under service concession agreements decreased by RMB1.9 million. Due to the decrease in the proportion of financial income, the gross profit margin including financial income has decreased from 28.64% in 9M2021 to 20.37% in 9M2022. In 9M2022, BOT revenue was recorded for Songyuan Xinxiang Resource Recycling Project in Jilin Province, Expansion Project of Yunnan Green Energy WTE Facility and Jinghong Jiasheng WTE Project in Xishuangbanna Dai Autonomous Prefecture, Yunnan Province and others. The BOT revenue in 9M2022, based on the construction investment amount and progress of the aforesaid projects, is higher than in 9M2021.

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

The gross profit from project technical and management services, equipment selection and sale and EMC business decreased 86.3% or RMB30.7 million from RMB35.6 million in 9M2021 to RMB4.9 million in 9M2022. This was mainly due to the Company having agreed a one-time buyout settlement of the future service benefits in 4Q2021 and the reduction in profit-sharing ratio in the later stages of most of the EMC contracts.

#### **Other income**

	Group 9M2022 RMB'000	Group 9M2021 RMB'000	Increase / (Decrease) RMB'000	Change +/(-) %
Bank interest income	16,722	3,373	13,349	395.8
Government grants	29,054	29,195	(141)	(0.5)
Value added tax refund	23,400	15,513	7,887	50.8
Gain on sales of scrap materials	39,956	25,249	14,707	58.2
Interest income from joint ventures and others	16,150	22,850	(6,700)	(29.3)
Other income	125,282	96,180	29,102	30.3

Other income increased RMB29.1 million or 30.3% from RMB96.2 million in 9M2021 to RMB125.3 million in 9M2022, mainly due to (i) increase of RMB13.3 million in bank interest income in line with the increase in bank deposits, (ii) increase of RMB7.9 million in value added tax refund, and (iii) increase of RMB14.7 million in gain on sales of scrap materials in 9M2022 due to the Group strengthening the recycling of scrap metal and other materials, as well as increasing the sales of scrap materials through bidding. The increase in other income was partially offset by the decrease of RMB6.7 million in interest income from joint venture in 9M2022 following the receipt of non-trade amounts due from a joint venture, Hohhot Jiasheng New Energy Co., Ltd.

#### **Other gains and (losses), net**

	Group 9M2022 RMB'000	Group 9M2021 RMB'000	Increase / (Decrease) RMB'000	Change +/(-) %
Foreign exchange (losses)/gain	(247,684)	14,076	(261,760)	N.A
Loss on disposal of property, plant and equipment	(31)	(335)	304	(90.7)
Gain on disposal of shares of an associate	421	-	421	N.A
Other gains and (losses), net	(247,294)	13,741	(261,035)	N.A

Other gains and (losses) decreased RMB261.0 million from other gains of RMB13.7 million in 9M2021 to other losses of RMB247.3 million in 9M2022, mainly due to decrease of RMB261.8 million in other gains due to the appreciation of the United States Dollar against the Chinese Renminbi in 9M2022, which resulted in a substantial unrealised foreign exchange loss of RMB247.7 million in respect of the Group's net foreign currency liabilities (being mainly syndicated term loan facility and other borrowings of US\$350 million), as compared to 9M2021, when the depreciation of the United States Dollar against the Chinese Renminbi in 9M2021 resulted in an exchange gain of RMB14.1 million in respect of the Group's net foreign currency liabilities. The decrease was offset by (i) decrease in loss on disposal of property, plant and equipment of RMB0.3 million in 9M2022, and (ii) increase in gain on disposal of shares of an associate, Guizhou Jinning New Energy Co., Ltd., of RMB0.4 million in 9M2022.

### **Administrative expenses**

Administrative expenses decreased RMB7.7 million from RMB183.2 million in 9M2021 to RMB175.5 million in 9M2022, mainly due to the Company's enhanced cost control in year 2022.

### **Finance costs**

Finance costs increased RMB38.5 million from RMB294.4 million in 9M2021 to RMB332.9 million in 9M2022, mainly due to the increase in interest expenses after the commencement of operations of the Linzhou Jiasheng WTE Facility in Henan Province and Leting Jinhuan New Energy WTE Facility in Hebei Province, the interest expenses of which previously were capitalized, and the increase of loan scale in 9M2022.

### **Profit before tax**

As a result of the foregoing, profit before tax decreased RMB192.4 million or 52.9% from RMB363.5 million in 9M2021 to RMB171.1 million in 9M2022.

### **Income tax expense**

Income tax expenses increased RMB16.1 million from RMB93.2 million in 9M2021 to RMB109.3 million in 9M2022 mainly due to the increase in total profit before foreign exchange losses. In 9M2022, Group's high-tech enterprises continued to enjoy tax incentives and some of the Group's WTE facilities continued to enjoy preferential tax rates during the exemptions period.

### **Total comprehensive income for the period**

As a result of the foregoing, total comprehensive income for the period decreased from RMB266.8 million in 9M2021 to RMB68.1 million in 9M2022.

## **Statement of Financial Position**

	<b>30 September 2022</b>	<b>31 December 2021</b>	<b>Increase / (Decrease)</b>	<b>Increase / (Decrease)</b>
	<b>RMB Million</b>	<b>RMB Million</b>	<b>RMB Million</b>	<b>%</b>
Current assets	4,769.0	4,919.7	(150.7)	(3.1)
Non-current assets	16,183.8	15,461.0	722.8	4.7
Total assets	20,952.8	20,380.7	572.1	2.8
Current liabilities	7,235.0	7,050.6	184.4	2.6
Non-current liabilities	7,104.9	6,785.2	319.7	4.7
Total liabilities	14,339.9	13,835.8	504.1	3.6
Capital and reserves	6,612.9	6,544.9	68.0	1.0

## **Current assets**

The decrease is mainly due to (i) decrease of RMB187.8 million or 48.4% in cash and cash equivalents from RMB387.8 million as at 31 December 2021 to RMB200.0 million as at 30 September 2022. The Company has obtained a corporate overdraft facility of RMB150 million since August 2022 to reduce the deposit cost and as of 30 September 2022, RMB50 million has been utilised and the remaining available amount was RMB100 million, and (ii) the amount due from related parties and joint ventures, which includes interest-bearing advances to joint ventures decreasing RMB374.9 million or 52.1% from RMB719.0 million as at 31 December 2021 to RMB344.1 million as at 30 September 2022, mainly due to (a) full repayment of RMB151.8 million, including interest portion, from non-trade amounts due from a joint venture, Hohhot Jiasheng New Energy Co., Ltd., (b) receipt of RMB41.9 million from non-trade amounts due from a joint venture, Zibo Green New Energy Co., Ltd., and (c) the receipt of some energy management contract fees. This was partially offset by the (i) pledged bank deposits increasing RMB398.0 million or 48.6% from RMB818.2 million as at 31 December 2021 to RMB1,216.2 million as at 30 September 2022, mainly due to the increase in deposits for loan deposits made during the period, and (ii) trade and other receivables and contract assets increasing RMB50.6 million or 2.1% from RMB2,456.1 million as at 31 December 2021 to RMB2,506.7 million as at 30 September 2022 due to (a) increase in receivables in line with the increase in revenue, and partially offset by (b) receipt of the final payment of RMB114.3 million from the disposal of 70% interest in Hohhot Jiasheng New Energy Co., Ltd. and Zibo Green New Energy Co., Ltd.

## **Non-current assets**

The increase is attributable to an increase in property, plant and equipment and intangible assets recognized according to the construction progress of new and BOT projects. In particular, (i) property, plant and equipment increased RMB487.9 million or 4.9% from RMB10,037.8 million as at 31 December 2021 to RMB10,525.7 million as at 30 September 2022 due to the new, upgraded and expanded facilities, (ii) intangible assets increased RMB258.4 million or 6.0% from RMB4,289.1 million as at 31 December 2021 to RMB4,547.5 million as at 30 September 2022, arising from the BOT projects, including Songyuan Xinxiang Resource Recycling Project in Jilin Province, Expansion Project of Yunnan Green Energy WTE Facility and Jinghong Jiasheng WTE Project in Xishuangbanna Dai Autonomous Prefecture, Yunnan Province and others, and (iii) investment in joint ventures increased RMB66.0 million from RMB204.8 million as at 31 December 2021 to RMB270.7 million as at 30 September 2022 due to the proportional capital contribution in joint ventures during the period.

## **Current liabilities**

The increase is mainly due to current borrowings and lease liabilities increasing RMB277.0 million or 5.9% from RMB4,711.4 million as at 31 December 2021 to RMB4,988.4 million as at 30 September 2022. This was partially offset by (i) trade and other payables decreasing RMB81.4 million or 3.9% from RMB2,077.8 million as at 31 December 2021 to RMB1,996.4 million as at 30 September 2022 due to decrease in construction payables recorded in accordance with contractual payment terms, and (ii) decrease of RMB1.7 million or 2.9% in amounts due to related parties and non-controlling interests from RMB60.2 million as at 31 December 2021 to RMB58.5 million as at 30 September 2022 due to the settlement of interest payable and project funds.

## **Non-current liabilities**

The increase is mainly due to non-current borrowings increasing RMB255.3 million or 4.4% from RMB5,775.0 million as at 31 December 2021 to RMB6,030.3 million as at 30 September 2022 due to the increase of project loans for facilities such as Shijiazhuang Jinhuan Resource Recycling Project in Hebei Province, Jinghong Jiasheng WTE Facility in Xishuangbanna Dai Autonomous Prefecture, Yunnan Province, Zhongwei Green Energy WTE Facility in Ningxia Hui Autonomous Region, and Baishan Green Energy WTE Facility in Jilin Province, and leases for some power plants.

## **Capital and reserves**

The increase of RMB68.0 million or 1.0% from RMB6,544.9 million as at 31 December 2021 to RMB6,612.9 million as at 30 September 2022 is due to the retained earnings for 9M2022.

## Consolidated Statement of Cashflows

	Group 3 months ended 30 September 2022 RMB Million	Group 9 months ended 30 September 2022 RMB Million
Net cash from operating activities	393.0	726.5
Net cash used in investing activities	(61.6)	(330.7)
Net cash used in financing activities	(613.5)	(594.8)
Cash and cash equivalents at beginning of the period	478.7	387.8
Effects of currency translation on cash and cash equivalents	3.5	11.3
Cash and cash equivalents at the end of the period	200.1	200.1

In 3Q2022, operating cash inflow was RMB393.1 million. This is due to (i) operating cash inflow before movements in working capital of RMB409.5 million after deducting abnormal gains and losses without cash flow, (ii) increase in cash inflow due to the payments made to trade and other payables and collections from trade and other receivables, and related parties, (iii) increase in activities for the construction of BOT projects (which includes, Zhongwei Green Energy WTE Facility in Ningxia Hui Autonomous Region, Expansion Project of Yunnan Green Energy WTE Facility, Jinghong Jiasheng WTE Facility in Xishuangbanna Dai Autonomous Prefecture, Yunnan Province and others) into operating cash flow, resulting in operating cash outflow of RMB103.8 million, and (iv) payment of income tax resulting a cash outflow of RMB14.9 million.

In 9M2022, operating cash inflow was RMB726.5 million. This is due to (i) operating cash inflow before movements in working capital of RMB1,170.3 million after deducting abnormal gains and losses without cash flow, (ii) decrease in cash inflow due to the reduction in collections from trade and other receivables, payments made to trade and other payables and increase in collections from related parties, (iii) increase in activities for the construction of BOT projects (which includes, Zhongwei Green Energy WTE Facility in Ningxia Hui Autonomous Region, Expansion Project of Yunnan Green Energy WTE Facility, Jinghong Jiasheng WTE Facility in Xishuangbanna Dai Autonomous Prefecture, Yunnan Province and others) into operating cash flow, resulting in operating cash outflow of RMB339.9 million, and (iv) payment of income tax resulting a cash outflow of RMB47.9 million.

In 3Q2022, investing cash outflow was RMB61.6 million. This is due to (i) investments in property, plant and equipment of RMB62.6 million which includes the payment for equipment and construction for the Baishan Green Energy WTE Facility in Jilin Province, Shijiazhuang Gaocheng Resource Recycling Project in Hebei Province and others, and (ii) proportional capital contribution in joint ventures of RMB3.7 million in 3Q2022.

In 9M2022, investing cash outflow was RMB330.7 million. This is due to (i) investments in property, plant and equipment of RMB576.2 million which includes the payment for equipment and construction for the Shijiazhuang Jinhuan Resource Recycling Project in Hebei Province, Reconstruction Project of Wuhu Jinjiang WTE Facility in Anhui Province, Baishan Green Energy WTE Facility in Jilin Province, Shijiazhuang Jiasheng WTE Facility in Hebei Province, and others, (ii) proportional capital contribution in joint ventures of RMB65.7 million in 9M2022, (iii) receipt of the final payment of RMB114.3 million in 9M2022 for the disposal of 70% interest in Zibo Green New Energy Co., Ltd. and Hohhot Jiasheng New Energy Co.,Ltd., and (iv) receipt of non-trade amounts due from joint ventures of RMB140.2 million and RMB41.9 million from Hohhot Jiasheng New Energy Co., Ltd. and Zibo Green New Energy Co., Ltd. respectively.

In 3Q2022, financing cash outflow was RMB613.5 million. This is due to (i) the repayment of borrowings and interest of RMB1,695.9 million, and (ii) the increase of pledged bank deposits for borrowings of RMB460.5 million. However, this was offset by the new borrowings amounting to RMB1,542.9 million, including renewal of loans, new borrowings, project financing, new leases for Xiaoshan Jinjiang WTE Facility in Zhejiang Province and incremental leases for Shijiazhuang Jiasheng WTE Facility in Hebei Province.

In 9M2022, financing cash outflow was RMB594.8 million. This is due to (i) the repayment of borrowings and interest of RMB5,364.9 million, and (ii) increase in pledged bank deposits for borrowings of RMB394.8 million. However, this was offset by the new borrowings amounting to RMB5,164.9 million, including renewal of loans, new borrowings and project financing for Shijiazhuang Jinhuan Resource Recycling Project in Hebei Province, Leting Jinhuan New Energy WTE Facility in Hebei Province, Zhongwei Green Energy WTE Facility in Ningxia Hui Autonomous Region, Baishan Green Energy WTE Facility in Jilin Province, and new leases for Wuhu Jinjiang WTE Facility in Anhui Province, Shijiazhuang Jiasheng WTE Facility in Hebei Province, Gaomi Lilangmingde WTE Facility in Shandong Province.

Bank balances and cash as at 30 September 2022 was RMB200.1 million.

## **2. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

The Company's profit warning announcement released on 19 October 2022 had disclosed that the Group was expected to record a net loss in 3Q2022 and hence a significant decrease in total comprehensive income for 9M2022 due to the substantial unrealised foreign exchange loss recorded as at 30 September 2022 in relation to its US\$ denominated loans as a result of the appreciation of the United States Dollar against the Chinese Renminbi.

The Group's financial results for 3Q2022 and 9M2022 are consistent with the aforementioned profit warning previously disclosed to shareholders.

## **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**

Since the beginning of 2022, in the face of complex and challenging domestic and international situations and various uncertainties, the Chinese government maintained strong focus in both pandemic control and economic and social development. The national economy has continued to recover under pressure, achieving a 3.0% year-on-year growth in nominal gross domestic product in 9M2022, and the economy showing a positive trend of recovery in general. However, increasing complexities and challenges arising from the international environment, and considering that the prospects for domestic economic recovery are still uncertain, the Chinese government continues to strengthen the foundation for the recovery of economic stability and ensure that the economy operates within a reasonable range.

2022 marks a milestone for the implementation of the "14th Five-Year Plan". In the context of "Carbon Neutrality and Carbon Peaking", the government's policy to encourage the development of the WTE industry and the entire environmental protection industry remains unchanged. In October 2022, the Report to the 20th National Congress of the Communist Party of China (CPC) listed the promotion of the harmonious coexistence of man and nature as one of the essential requirements of Chinese modernization, stressing once again the principle that lucid waters and lush mountains are invaluable assets, and that harmony between humanity and nature must be maintained in long term development planning.

In September 2022, the National Development and Reform Commission, the Ministry of Housing and Urban-Rural Development of the People's Republic of China, and the Ministry of Ecology and Environment of the People's Republic of China jointly promulgated the "Sludge Disposal and Resource Recovery Utilization Implementation Scheme"(the "**Scheme**"), which stipulated that the newly added harmless treatment capacity of sludge in China shall be not less than 20,000 tonnes per day by 2025, with sludge harmless treatment rate of more than 90% in urban areas, and 95% in cities at prefectural level and above. In addition, the Scheme set out requirements to optimize the sludge treatment structure, orderly promote sludge incineration treatment, and promote energy and material recovery and utilization.



## (B) Operational Matters

In the third quarter of 2022, with a view towards ensuring normal and stable operations, the Group's operating companies actively approached the local governments for subsidies, to facilitate the Group's development. In July 2022, the fiscal subsidy for fly ash disposal of Xiaoshan Jinjiang WTE Facility in Hangzhou, Zhejiang Province was adjusted from RMB1,746 per tonne to RMB1,900 per tonne. In August 2022, the Qitaihe Green Energy WTE Facility in Heilongjiang Province signed a waste supply and settlement agreement with a local third party with the waste treatment fee RMB50 per tonne, which was higher than the RMB35 per tonne agreed in the service concession agreement. In September 2022, Wuhu Jinjiang WTE Facility in Anhui Province received RMB10.16 million in subsidies from the new industrialization policy in support of the enterprise technology transformation project.

Meanwhile, the Group's project construction is progressing on schedule in an orderly manner. In July 2022, the Expansion Project of Yunnan Green Energy WTE Facility in Yunnan Province was put into operation, increasing the Group's waste treatment capacity by 750 tonnes per day and promoting the environment protection of Kunming City. The Linzhou Kitchen Waste Treatment Project in Henan Province entered into trial operation smoothly, increasing the Group's waste treatment capacity by 45 tonnes per day, turning kitchen waste into urban mineral resources, and promoting the establishment of a more environmentally-friendly and resource-conscious society in Linzhou City. In September 2022, the Songyuan Xinxiang Resource Recycling Project in Jilin Province was officially put into operation, which contributed to the improvement in the concentration rate of waste collection and transportation and to the enhancement of the synergic disposal effect with the Songyuan Xinxiang WTE Facility.

In addition, the Group is also continuing to follow up on the progress of compensation for the closure of the Old Kunming Wuhua WTE Facility in Kunming, Yunnan Province. The local government has engaged a third-party asset appraisal company to conduct an overall appraisal of the assets of the Old Kunming Wuhua WTE Facility. At present, the Group has communicated with the local government on the status of the closure of the Old Kunming Wuhua WTE Facility. The land repurchase and reserve and execution of the compensation agreement is expected to complete by the end of 2022. 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.

As of 30 September 2022, the Group invests in 25 operational WTE facilities, 2 kitchen waste treatment facility and 9 waste resource recycling facilities in the PRC with a total installed waste treatment capacity of 41,955 tonnes per day. Besides, the Group has 4 WTE projects under construction, 16 WTE projects, 3 kitchen waste treatment projects and 1 waste resources project in preparation in China and overseas, which are undergoing active preparatory work. Taking into consideration all its projects in operation, under construction and in the planning phase, the Group's total installed waste treatment capacity is expected to reach 62,220 tonnes per day upon the completion of these projects.

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

In the 3Q2022, there were a series of localised COVID-19 outbreaks in several areas of China. In the face of severe challenges of pandemic prevention and control, the Group has adhered to pandemic prevention and control rules, made active deployments according to the development of the pandemic and adapted swiftly to changing policies. As of 30 September 2022, the Group's domestic facilities have maintained normal and stable operations, processing the local waste in a timely manner and in accordance with the disposal standards. The Group's waste collection and transportation in India is still operating normally while adhering strictly to the relevant pandemic prevention and control rules and regulations. Despite the pandemic, the Group was ranked as one of the "Top 500 Global New Energy Companies" jointly issued by China Energy News and China Institute of Energy Economics in 3Q2022.

The Group will continue to closely monitor the COVID-19 situation and will take preventive and control measures in strict accordance with the requirements of the local government, which has helped ensure the safety of Group's employees. The Company will announce any material developments regarding its business and operations in a timely manner in compliance with Rule 703 of the Listing Manual.

**4. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -**

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

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

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

Under Rule 705(2) of the Listing Manual of the SGX-ST ("**Listing Manual**"), the Company is required to announce its financial statements on a quarterly basis ("**Quarterly Reporting**") as its auditors had stated that a material uncertainty relating to going concern exists in the Company's latest financial statements ("**Emphasis of Matter**"). Under Rule 705(2A) of the Listing Manual, the Company had a grace period of one year commencing on 9 June 2020 (being the date of the Emphasis of Matter) to comply with the Quarterly Reporting requirement, and the Company must continue to comply with the Quarterly Reporting requirement for so long as any condition in Rule 705(2) is met. Accordingly, as the aforesaid grace period has expired and the Emphasis of Matter (being a condition in Rule 705(2)) is still subsisting, the Company will continue to carry out Quarterly Reporting for so long as any condition in Rule 705(2) is met.

**5. If a decision regarding dividend has been made:-**

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

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

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

Not applicable.

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

None.

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

Not applicable.

- (d) The date the dividend is payable.**

Not applicable.

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

Not applicable.

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

No dividend has been recommended for the current reporting period. Dividends, if any, will usually be recommended in the announcement of the full year financial statements.

## 7. Interested Person Transactions

The Group has obtained a general mandate from shareholders for Interested Person Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii).

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) RMB'000
<b>Energy management contracting services provided to:</b>			
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	Associate of Mr. Dou Zhenggang, a controlling shareholder of the Company ("Mr. Dou")	-	2,817
Jilin Shuangjia Environmental Protection Energy Utilization Co., Ltd.*	Associate of Mr. Dou	-	1,315
<b>Purchases of materials from:</b>			
Hangzhou Jinjiang Group Environment Technology Co., Ltd.	Associate of Mr. Dou	-	1,533
Zhejiang Petroleum Integrated Energy Sales Co., Ltd	Associate of Zheneng Group	-	3,976
Zhejiang Zheneng Oil New Energy Co., Ltd.	Associate of Zheneng Group	-	2,704
<b>Purchases of coal from:</b>			
Zhejiang Zheneng Fuxing Fuel Co., Ltd.	Associate of Zheneng Group	-	63,137
Hangzhou Huawang Shiye Group Co., Ltd.	Associate of Mr. Dou	-	12,608
<b>Purchase of equipment from:</b>			
Zhejiang Zheneng Hicom Technology Co., Ltd.	Associate of Zheneng Group	2,540	-
<b>Interest expenses to:</b>			
Zhejiang Provincial Energy Group Finance Co., Ltd.	Associate of Zheneng Group	22,680	-
<b>Rental income from:</b>			
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	Associate of Mr. Dou	2,987	-
<b>Total</b>		<b>28,207</b>	<b>88,090</b>

\* Due to subsequent changes in shareholding, Jilin Shuangjia Environmental Protection Energy Utilization Co., Ltd. has ceased to be an associate of Mr. Dou since 31 March 2022.

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 2022 to be false or misleading in any material aspect.

**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  
9 November 2022