



ZHENENG JINJIANG ENVIRONMENT HOLDING COMPANY LIMITED

浙能锦江环境控股有限公司

(Company Registration Number: 245144)

(Incorporated in the Cayman Islands on 8 September 2010)

**Unaudited Condensed Financial Statements For The Six Months and Full Year Ended
31 December 2023**

Condensed Consolidated Statement of Comprehensive Income

| | | Group 6 months ended 31 December 2023 | Group 6 months ended 31 December 2022 | Group Full year ended 31 December 2023 | Group Full year ended 31 December 2022 |
|--|------|---|---|--|--|
| | Note | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Revenue | 3 | 1,813,479 | 2,234,552 | 3,750,417 | 4,073,855 |
| Cost of sales | | (1,267,513) | (1,591,764) | (2,619,912) | (2,916,100) |
| Gross profit | | 545,966 | 642,788 | 1,130,505 | 1,157,755 |
| Other income | | | | | |
| - Interest | | 19,139 | 14,769 | 39,457 | 22,862 |
| - Others | | 126,774 | 94,632 | 238,213 | 172,135 |
| Loss allowance recognised on financial assets | | (110,642) | (765) | (110,642) | (765) |
| Other gains and losses, net | | 22,055 | (92,812) | 5,348 | (203,016) |
| Expenses | | | | | |
| - Administrative | | (146,963) | (134,002) | (268,863) | (248,122) |
| - Finance | | (184,931) | (214,652) | (397,488) | (417,443) |
| - Others | | (167,775) | - | (167,775) | - |
| Share of profit/(loss) of associates | | 289 | (38) | 289 | (38) |
| Share of (loss)/profit of joint ventures | | (8,472) | 3,156 | (8,635) | 2,891 |
| Profit before income tax | | 95,440 | 313,076 | 460,409 | 486,259 |
| Income tax expense | | (70,014) | (69,223) | (154,606) | (141,343) |
| Profit for the year | 4 | 25,426 | 243,853 | 305,803 | 344,916 |
| Other comprehensive income/(loss) | | | | | |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | | | |
| Currency translation differences arising from consolidation | | (2,606) | (8,711) | 13,773 | (10,112) |
| Other comprehensive income/(loss), net of tax | | (2,606) | (8,711) | 13,773 | (10,112) |
| Total comprehensive income for the period | | 22,820 | 235,142 | 319,576 | 334,804 |
| Profit for the period attributable to: | | | | | |
| - equity holders of the Company | | 15,338 | 231,533 | 281,647 | 325,022 |
| - non-controlling interests | | 10,088 | 12,320 | 24,156 | 19,894 |
| | | 25,426 | 243,853 | 305,803 | 344,916 |
| Total comprehensive income for the period attributable to: | | | | | |
| - equity holders of the Company | | 12,732 | 222,822 | 295,420 | 314,910 |
| - non-controlling interests | | 10,088 | 12,320 | 24,156 | 19,894 |
| | | 22,820 | 235,142 | 319,576 | 334,804 |
| Earnings per share attributable to the equity holders of the Company: (RMB cents per share) | | | | | |
| Basic and diluted earnings per share | 12 | 1.05 | 15.92 | 19.37 | 22.35 |

Condensed Statement of Financial Position

| | Note | Group As at 31.12.23 RMB'000 | Group As at 31.12.22 RMB'000 | Company As at 31.12.23 RMB'000 | Company As at 31.12.22 RMB'000 |
|---|------|---------------------------------------|---------------------------------------|---|---|
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | | 462,426 | 627,047 | 182,330 | 11,623 |
| Pledged bank deposits | | 1,411,938 | 1,281,047 | 1,841 | 86,160 |
| Trade and other receivables | 5 | 2,947,267 | 2,789,208 | - | - |
| Amounts due from related parties | 6(b) | 258,354 | 248,674 | 804 | 658 |
| Service concession receivables | 7 | 68,088 | 68,088 | - | - |
| Inventories | | 126,532 | 108,371 | - | - |
| Total current assets | | 5,274,605 | 5,122,435 | 184,975 | 98,441 |
| Non-current assets | | | | | |
| Other receivables | 5 | 165,565 | 159,877 | 2,953,794 | 2,995,972 |
| Service concession receivables | 7 | 714,152 | 743,373 | - | - |
| Property, plant and equipment | 8 | 10,835,918 | 10,402,440 | - | - |
| Investments in associates | | 14,044 | 13,755 | - | - |
| Investments in joint ventures | | 279,000 | 295,115 | 5,039 | 5,039 |
| Investments in subsidiaries | | - | - | 1,799,828 | 1,798,280 |
| Investment property | | 27,711 | 27,013 | - | - |
| Intangible assets | 9 | 4,637,015 | 4,708,883 | - | - |
| Total non-current assets | | 16,673,405 | 16,350,456 | 4,758,661 | 4,799,291 |
| Total assets | | 21,948,010 | 21,472,891 | 4,943,636 | 4,897,732 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | | 2,121,493 | 2,094,340 | 1,983,083 | 761,330 |
| Amounts due to related parties | 6(b) | 31,951 | 37,405 | - | - |
| Borrowings and lease liabilities | 10 | 4,175,372 | 4,903,709 | 1,153,799 | 1,942,533 |
| Income tax liabilities | | 137,618 | 130,362 | - | - |
| Total current liabilities | | 6,466,434 | 7,165,816 | 3,136,882 | 2,703,863 |
| Net current liabilities | | (1,191,829) | (2,043,381) | (2,951,907) | (2,605,422) |
| Non-current liabilities | | | | | |
| Trade and other payables | | 351,386 | 357,515 | - | - |
| Borrowings and lease liabilities | 10 | 7,138,119 | 6,344,903 | 92,729 | 370,313 |
| Deferred tax liabilities | | 789,938 | 701,525 | - | - |
| Provision for major overhauls | | 33,220 | 28,425 | - | - |
| Total non-current liabilities | | 8,312,663 | 7,432,368 | 92,729 | 370,313 |
| Total liabilities | | 14,779,097 | 14,598,184 | 3,229,611 | 3,074,176 |
| NET ASSETS | | 7,168,913 | 6,874,707 | 1,714,025 | 1,823,556 |
| EQUITY | | | | | |
| Capital and reserves attributable to equity holders of the Company | | | | | |
| Share capital | 11 | 96 | 96 | 96 | 96 |
| Share premium | 11 | 1,601,100 | 1,601,100 | 1,601,100 | 1,601,100 |
| Other reserves | | 648,621 | 548,817 | 1,057,112 | 1,057,112 |
| Retained profits / (accumulated losses) | | 4,796,891 | 4,561,996 | (944,283) | (834,752) |
| | | 7,046,708 | 6,712,009 | 1,714,025 | 1,823,556 |
| Non-controlling interests | | 122,205 | 162,698 | - | - |
| Total equity | | 7,168,913 | 6,874,707 | 1,714,025 | 1,823,556 |

Condensed Consolidated Statement of Changes in Equity

| | Attributable to equity holders 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 | Special reserve RMB'000 | Other reserve RMB'000 | Retained profits RMB'000 | Total RMB'000 | Non-controlling interests RMB'000 | Total Equity RMB'000 |
| Group | | | | | | | | | | | | |
| At 1 January 2023 | 96 | 1,601,100 | 393,694 | (67,642) | 234,282 | (67,689) | - | 56,172 | 4,561,996 | 6,712,009 | 162,698 | 6,874,707 |
| Profit for the period | - | - | - | - | - | - | - | - | 266,309 | 266,309 | 14,068 | 280,377 |
| Other comprehensive income for the period | - | - | - | - | - | 16,379 | - | - | - | 16,379 | - | 16,379 |
| Total comprehensive income for the period | - | - | - | - | - | 16,379 | - | - | 266,309 | 282,688 | 14,068 | 296,756 |
| Capital contribution from non-controlling interests | - | - | - | - | - | - | - | - | - | - | 2,200 | 2,200 |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | - | - | - | - | (2,875) | (2,875) |
| <u>Changes in ownership interests in subsidiaries</u> | | | | | | | | | | | | |
| Acquisition of additional interests in a subsidiary | - | - | - | - | - | - | - | 29,133 | - | 29,133 | (52,776) | (23,643) |
| Winding up of a subsidiary | - | - | - | - | - | - | - | - | - | - | (11,198) | (11,198) |
| At 30 June 2023 | 96 | 1,601,100 | 393,694 | (67,642) | 234,282 | (51,310) | - | 85,305 | 4,828,305 | 7,023,830 | 112,117 | 7,135,947 |
| At 1 July 2023 | 96 | 1,601,100 | 393,694 | (67,642) | 234,282 | (51,310) | - | 85,305 | 4,828,305 | 7,023,830 | 112,117 | 7,135,947 |
| Profit for the period | - | - | - | - | - | - | - | - | 15,338 | 15,338 | 10,088 | 25,426 |
| Other comprehensive loss for the period | - | - | - | - | - | (2,606) | - | - | - | (2,606) | - | (2,606) |
| Total comprehensive income for the period | - | - | - | - | - | (2,606) | - | - | 15,338 | 12,732 | 10,088 | 22,820 |
| <u>Appropriation and use of safety production expenses</u> | | | | | | | | | | | | |
| Appropriation to special reserves | - | - | - | - | - | - | 13,495 | - | - | 13,495 | - | 13,495 |
| Use of special reserves | - | - | - | - | - | - | (3,349) | - | - | (3,349) | - | (3,349) |
| | - | - | - | - | - | - | 10,146 | - | - | 10,146 | - | 10,146 |
| <u>Transactions with owners, recognised directly in equity</u> | | | | | | | | | | | | |
| Appropriation to other reserves | - | - | - | - | 46,752 | - | - | - | (46,752) | - | - | - |
| At 31 December 2023 | 96 | 1,601,100 | 393,694 | (67,642) | 281,034 | (53,916) | 10,146 | 85,305 | 4,796,891 | 7,046,708 | 122,205 | 7,168,913 |

| Attributable to equity holders of the Company | | | | | | | | | | | | |
|--|---------------|---------------|-----------------|----------------|---------------------------|--------------------------------------|-----------------|---------------|------------------|-----------|---------------------------|--------------|
| | Share capital | Share premium | Capital reserve | Merger reserve | Statutory surplus reserve | Foreign currency translation reserve | Special reserve | Other reserve | Retained profits | Total | Non-controlling interests | Total Equity |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Group | | | | | | | | | | | | |
| At 1 January 2022 | 96 | 1,601,100 | 393,694 | (67,642) | 191,243 | (57,577) | - | 56,172 | 4,280,013 | 6,397,099 | 141,388 | 6,538,487 |
| Profit for the period | - | - | - | - | - | - | - | - | 93,489 | 93,489 | 7,574 | 101,063 |
| Other comprehensive loss for the period | - | - | - | - | - | (1,401) | - | - | - | (1,401) | - | (1,401) |
| At 30 June 2022 | 96 | 1,601,100 | 393,694 | (67,642) | 191,243 | (58,978) | - | 56,172 | 4,373,502 | 6,489,187 | 148,962 | 6,638,149 |
| At 1 July 2022 | 96 | 1,601,100 | 393,694 | (67,642) | 191,243 | (58,978) | - | 56,172 | 4,373,502 | 6,489,187 | 148,962 | 6,638,149 |
| Profit for the period | - | - | - | - | - | - | - | - | 231,533 | 231,533 | 12,320 | 243,853 |
| Other comprehensive loss for the period | - | - | - | - | - | (8,711) | - | - | - | (8,711) | - | (8,711) |
| Total comprehensive income for the period | - | - | - | - | - | (8,711) | - | - | 231,533 | 222,822 | 12,320 | 235,142 |
| <u>Transactions with owners, recognised directly in equity</u> | | | | | | | | | | | | |
| Appropriation to other reserves | - | - | - | - | 43,039 | - | - | - | (43,039) | - | - | - |
| Capital contribution from non-controlling interests | - | - | - | - | - | - | - | - | - | - | 5,735 | 5,735 |
| Dividends paid to non-controlling interest | - | - | - | - | - | - | - | - | - | - | (4,319) | (4,319) |
| At 31 December 2022 | 96 | 1,601,100 | 393,694 | (67,642) | 234,282 | (67,689) | - | 56,172 | 4,561,996 | 6,712,009 | 162,698 | 6,874,707 |

Condensed Statement of Changes in Equity

| | Share capital RMB'000 | Share premium RMB'000 | Capital reserve RMB'000 | Accumulated losses RMB'000 | Total Equity RMB'000 |
|---|-----------------------------|-----------------------------|-------------------------------|----------------------------------|----------------------------|
| Company | | | | | |
| At 1 January 2023 | 96 | 1,601,100 | 1,057,112 | (834,752) | 1,823,556 |
| Loss and total comprehensive loss for the period | - | - | - | (40,141) | (40,141) |
| At 30 June 2023 | 96 | 1,601,100 | 1,057,112 | (874,893) | 1,783,415 |
| At 1 July 2023 | 96 | 1,601,100 | 1,057,112 | (874,893) | 1,783,415 |
| Loss and total comprehensive loss for the period | - | - | - | (69,390) | (69,390) |
| At 31 December 2023 | 96 | 1,601,100 | 1,057,112 | (944,283) | 1,714,025 |
| At 1 January 2022 | 96 | 1,601,100 | 1,057,112 | (752,041) | 1,906,267 |
| Loss and total comprehensive loss for the period | - | - | - | (18,583) | (18,583) |
| At 30 June 2022 | 96 | 1,601,100 | 1,057,112 | (770,624) | 1,887,684 |
| At 1 July 2022 | 96 | 1,601,100 | 1,057,112 | (770,624) | 1,887,684 |
| Loss and total comprehensive loss for the period | - | - | - | (64,128) | (64,128) |
| At 31 December 2022 | 96 | 1,601,100 | 1,057,112 | (834,752) | 1,823,556 |

Condensed Consolidated Statement of Cash Flows

| | Group 6 months ended 31 December 2023 RMB'000 | Group 6 months ended 31 December 2022 RMB'000 | Group Full year ended 31 December 2023 RMB'000 | Group Full year ended 31 December 2022 RMB'000 |
|--|--|--|---|---|
| Cash flows from operating activities | | | | |
| Profit before tax | 95,440 | 313,076 | 460,409 | 486,259 |
| Adjustments for: | | | | |
| - Amortisation of intangible assets | 96,049 | 76,532 | 188,389 | 159,434 |
| - Deferred grant recognised | (19,912) | (17,649) | (41,903) | (40,294) |
| - Depreciation of investment property | 531 | 438 | 983 | 911 |
| - Depreciation of property, plant and equipment | 252,528 | 227,225 | 495,967 | 419,753 |
| - Depreciation of right-of-use assets | 8,822 | 42,808 | 17,093 | 85,454 |
| - Finance expenses | 184,931 | 214,652 | 397,488 | 417,443 |
| - Foreign exchange (gains)/losses | (542) | 76,233 | 5,781 | 194,794 |
| - Financial income under service concession arrangements | (27,694) | (22,667) | (49,678) | (43,968) |
| - Bank interest income | (19,139) | (14,769) | (39,457) | (22,862) |
| - Impairment loss on intangible assets | 167,775 | - | 167,775 | - |
| - Loss on disposal of property, plant and equipment | 99 | 781 | 278 | 651 |
| - Gain on disposal of shares of an associate | - | - | - | (421) |
| - Gain on disposal of shares of a joint venture | - | - | (2,260) | - |
| - Loss allowance on pledged bank deposits for performance bond | 37,206 | - | 37,206 | - |
| - Loss allowance on trade receivables | 70,991 | 765 | 70,991 | 765 |
| - Loss allowance on other receivables, net | 2,445 | - | 2,445 | - |
| - Share of loss/(profit) of joint ventures | 8,472 | (3,156) | 8,635 | (2,891) |
| - Share of (profit)/loss of an associate | (289) | 38 | (289) | 38 |
| | 857,713 | 894,307 | 1,719,853 | 1,655,066 |
| Change in working capital | | | | |
| - Trade and other receivables | (104,482) | 215,135 | (246,217) | (12,928) |
| - Service concession receivables | 71,891 | 29,136 | 78,899 | 32,915 |
| - Inventories | (28,167) | (26,066) | (18,161) | (46,155) |
| - Intangible assets | (70,963) | (274,137) | (278,328) | (567,764) |
| - Trade and other payables | 228,071 | 177,746 | 140,499 | 181,230 |
| - Amount due from related parties | (1,895) | 99,304 | (9,680) | 241,271 |
| - Amount due to related parties | (13,149) | 2,005 | (5,150) | 242 |
| Cash generated from operations | 939,019 | 1,117,430 | 1,381,715 | 1,483,877 |
| Income tax paid | (24,515) | (18,461) | (58,937) | (51,467) |
| Net cash generated from operating activities | 914,504 | 1,098,969 | 1,322,778 | 1,432,410 |
| Cash flows from investing activities | | | | |
| Interest received | 19,139 | 9,004 | 39,457 | 17,097 |
| Additions to property, plant and equipment | (462,653) | (544,342) | (940,385) | (1,057,893) |
| Additions to intangible assets - software | (1,051) | (6,067) | (1,051) | (7,322) |
| Investments in joint ventures | - | (25,352) | - | (87,459) |
| Proceeds from disposal of shares of an associate | - | - | - | 2,241 |
| Proceeds from disposal of shares a joint venture | - | - | 9,740 | - |
| Proceeds from disposal of subsidiaries | - | - | - | 114,255 |
| Receipt of non-trade amounts due from joint ventures | - | 46,877 | - | 229,031 |
| Acquisition of additional interest in a subsidiary | (6,519) | - | (6,519) | - |
| Change in bank deposits pledged | 38,400 | 5,764 | 34,447 | 6,552 |
| Proceeds from disposal of property, plant and equipment | 752 | 92 | 935 | 383 |
| Net cash used in investing activities | (411,932) | (514,024) | (863,376) | (783,115) |
| Cash flows from financing activities | | | | |
| Proceeds from borrowings | 3,195,177 | 4,248,575 | 8,607,083 | 7,870,654 |
| Repayment of borrowings | (3,155,032) | (3,884,353) | (8,549,616) | (7,337,981) |
| Payment of finance costs | (244,633) | (267,513) | (477,308) | (478,550) |
| Capital contributions from non-controlling interests | - | 1,416 | 2,200 | 1,416 |
| Dividends paid to non-controlling interests | - | - | (2,874) | - |
| Pledged bank deposits for borrowings | (200,775) | (527,638) | (202,005) | (462,007) |
| Repayment of lease liabilities | (2,205) | (859) | (4,018) | (5,193) |
| Net cash used in financing activities | (407,468) | (430,372) | (626,538) | (411,661) |
| Net increase/(decrease) in cash and cash equivalents | 95,104 | 154,573 | (167,136) | 237,634 |
| Cash and cash equivalents | | | | |
| Cash and cash equivalents at beginning of the period | 379,429 | 478,668 | 627,047 | 387,801 |
| Effects of currency translation on cash and cash equivalents | (12,107) | (6,194) | 2,515 | 1,612 |
| Cash and cash equivalents at the end of the period | 462,426 | 627,047 | 462,426 | 627,047 |

Notes to the Condensed Consolidated Financial Statements

These notes form an integral part of the condensed 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 consolidated financial statements as at and for the six months (“**2H**”) and full year (“**FY**”) ended 31 December 2023 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 financial statements have not been audited or reviewed by auditors.

2. Basis of preparation

2.1 Statement of compliance

The condensed financial statements as at and for the six months and full year ended 31 December 2023 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 2022. The condensed 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 2022.

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

The condensed 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 Working capital position

As of 31 December 2023, the Group was in a negative working capital position with the current liabilities of the Group exceeding the current assets by approximately RMB1,192 million. This is mainly due to borrowings due for repayment within the next 12 months.

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 financial statements on a going concern basis, after considering the following:

- (A) the Group's ability to finalise and obtain additional financing, including additional credit facilities from financial institutions subsequent to 31 December 2023;
- (B) the Group has continued to generate operating profits in the full year ended 31 December 2023 and been able to generate positive cash flows from its operations;
- (C) as at the date of this announcement, the Group has RMB5,410 million of undrawn credit facilities;
- (D) the Group has continued to receive financial support, credit support and loans from its largest shareholder, the Zheneng Group, as follows:
 - (i) as of 31 December 2023, the Group has obtained and re-financed working capital loan of RMB540 million (drawn down from the new credit line of RMB900 million obtained from Zhejiang Provincial Energy Group Finance Co., Ltd. in 2023, as announced by the Company on 6 May 2023) from Zheneng Group. RMB540 million has been included in current liabilities as at 31 December 2023;
 - (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.
- (E) Management has reviewed the Group's cash flow projection, which covers a period of at least twelve months from 31 December 2023, and is of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient funds to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2023.

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 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 2022.

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

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

- Note 3 – Service concession arrangements
- Note 8 – Impairment of property, plant and equipment

3. Revenue

The Group's operations and main revenue streams are those described in the last annual financial statements for the year ended 31 December 2022. An analysis of revenue is as follows:

Disaggregation of revenue from contracts with customers

| | Group 2H2023 RMB'000 | Group 2H2022 RMB'000 | Group FY2023 RMB'000 | Group FY2022 RMB'000 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| Waste-to-energy project construction and operation | | | | |
| <u>Waste-to-energy business</u> | | | | |
| - Sales of electricity | 835,945 | 889,832 | 1,651,860 | 1,613,648 |
| - Sales of steam | 426,050 | 402,204 | 831,847 | 735,725 |
| - Revenue from waste treatment | 446,209 | 527,270 | 941,306 | 985,802 |
| | <u>1,708,204</u> | <u>1,819,306</u> | <u>3,425,013</u> | <u>3,335,175</u> |
| <u>Construction services provided under BOT concession agreements</u> | | | | |
| - Revenue from construction services provided under service concession agreements (Notes 7 and 9) | 65,198 | 300,302 | 256,530 | 593,928 |
| - Financial income under service concession agreements (Note 7) | 27,694 | 22,667 | 49,678 | 43,968 |
| | <u>92,892</u> | <u>322,969</u> | <u>306,208</u> | <u>637,896</u> |
| Total | <u>1,801,096</u> | <u>2,142,275</u> | <u>3,731,221</u> | <u>3,973,071</u> |
| Project technical and management service, equipment selection and sale and EMC business | 12,383 | 92,277 | 19,196 | 100,784 |
| Total revenue | <u>1,813,479</u> | <u>2,234,552</u> | <u>3,750,417</u> | <u>4,073,855</u> |

Timing of revenue recognition

| | Group 2H2023 RMB'000 | Group 2H2022 RMB'000 | Group FY2023 RMB'000 | Group FY2022 RMB'000 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| <u>At a point in time</u> | | | | |
| - Sales of electricity | 835,945 | 889,832 | 1,651,860 | 1,613,648 |
| - Sales of steam | 426,050 | 402,204 | 831,847 | 735,725 |
| - Equipment selection and sale | - | 69,881 | - | 69,881 |
| | <u>1,261,995</u> | <u>1,361,917</u> | <u>2,483,707</u> | <u>2,419,254</u> |
| <u>Over time</u> | | | | |
| - Revenue from waste treatment | 446,209 | 527,270 | 941,306 | 985,802 |
| - Revenue from construction services provided under service concession agreements (Notes 7 and 9) | 65,198 | 300,302 | 256,530 | 593,928 |
| - Project technical and management service and EMC business | 12,383 | 22,396 | 19,196 | 30,903 |
| | <u>523,790</u> | <u>849,968</u> | <u>1,217,032</u> | <u>1,610,633</u> |
| - Financial income under service concession agreements (Note 7) | 27,694 | 22,667 | 49,678 | 43,968 |
| Total revenue | <u>1,813,479</u> | <u>2,234,552</u> | <u>3,750,417</u> | <u>4,073,855</u> |

A breakdown of sales and operating profit after tax as follows:-

| | Group 31 Dec 2023 RMB '000 | Group 31 Dec 2022 RMB '000 | % Increase/ (Decrease) |
|---|---|---|-----------------------------------|
| (a) Sales reported for first half year | 1,936,938 | 1,839,303 | 5.3 |
| (b) Operating profit after tax before deducting non-controlling interests reported for first half year | 280,377 | 101,063 | 177.4 |
| (c) Sales reported for second half year | 1,813,479 | 2,234,552 | (18.8) |
| (d) Operating profit after tax before deducting non-controlling interests reported for second half year | 25,426 | 243,853 | (89.6) |

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 2H2023 RMB'000 | Group 2H2022 RMB'000 | Group FY2023 RMB'000 | Group FY2022 RMB'000 |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Profit for the period has been arrived at after charging/(crediting): | | | | |
| Amortisation of intangible assets | 96,049 | 76,532 | 188,389 | 159,434 |
| Cost of inventories recognised as expense | 327,518 | 513,040 | 759,715 | 856,116 |
| Depreciation of investment property | 531 | 438 | 983 | 911 |
| Depreciation of property, plant and equipment * | 252,528 | 227,225 | 495,967 | 419,753 |
| Depreciation of right-of-use assets* | 8,822 | 42,808 | 17,093 | 85,454 |
| Employee compensation | 220,221 | 200,489 | 403,005 | 373,300 |
| Foreign exchange (gains)/losses | (26,607) | 84,659 | (5,662) | 195,414 |
| Government grants | (19,912) | (17,649) | (41,903) | (40,294) |
| Value added tax refund | (43,804) | (30,606) | (77,501) | (43,734) |
| Gain on disposal of shares of a joint venture | - | - | (2,260) | - |
| Loss allowance recognised on financial assets | 110,642 | 765 | 110,642 | 765 |
| Impairment loss on intangible assets | 167,775 | - | 167,775 | - |
| Underprovision of tax in prior years | 3,446 | 3,944 | 1,400 | 2,083 |

* During the financial year ended 31 December 2022, the Group has transferred right-of-use assets to property, plant and equipment at the end of their respective lease terms, and accordingly, the depreciation of assets that were previously classified as right-of-use assets has been reclassified to depreciation of property, plant and equipment for the financial year ended 31 December 2023.

5. Trade and other receivables

| | Group As at 31 December 2023 RMB'000 | Group As at 31 December 2022 RMB'000 |
|---|---|---|
| Trade receivables – third parties | 2,257,479 | 2,041,584 |
| Less: Loss allowance (Note (iii)) | (102,664) | (31,673) |
| Bills receivables | 21,996 | 19,959 |
| | <u>2,176,811</u> | <u>2,029,870</u> |
| Amount due from non-controlling interests - trade | 35,045 | 13,773 |
| Total trade and bills receivables | <u>2,211,856</u> | <u>2,043,643</u> |
| Advances to suppliers (Note (i)) | 208,155 | 219,258 |
| Other receivables (Note (ii)) | 366,779 | 367,696 |
| Less: Loss allowance (Note (iii)) | (44,801) | (42,356) |
| Sub-total of other receivables | <u>321,978</u> | <u>325,340</u> |
| Amount due from non-controlling interests - non-trade | - | 11,030 |
| Other tax recoverable | | |
| - Value added tax recoverable | 330,383 | 311,574 |
| - Others | 1,971 | 1,054 |
| Prepayments | 38,489 | 37,186 |
| Total trade and other receivables | <u>3,112,832</u> | <u>2,949,085</u> |
| Analysed for reporting purposes as: | | |
| - Current assets | 2,947,267 | 2,789,208 |
| - Non-current assets | 165,565 | 159,877 |
| | <u>3,112,832</u> | <u>2,949,085</u> |

- (i) Advances to suppliers comprise the prepayments agreed in the Group's equipment procurement contracts and project construction contracts for its projects under construction and are unsecured and interest free.
- (ii) Other receivables include staff advances, refundable deposits, compensation receivable on closure of WTE plant, and others.
- (iii) Included in loss allowance for trade receivables and other receivables are impairment losses of RMB62,200,000 (2022: nil) and RMB4,650,000 (2022: nil) respectively, due to the difficulties and uncertainty encountered in the progress of the power plant of the BOT projects in Lucknow and Gurgaon.

6. 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 10 on borrowings from Zheneng Group, the following transactions took place between the Group and its related parties at terms agreed between the parties.

| | Group FY2023 RMB'000 | Group FY2022 RMB'000 |
|---|----------------------------|----------------------------|
| Companies in which Zheneng Group has control over: | | |
| - Purchases of materials | 7,403 | 83,403 |
| - Interest expense | 20,825 | 23,606 |
| | <u>28,228</u> | <u>107,009</u> |
| Companies in which Jinjiang Group has control over: | | |
| - Purchases of materials | 185 | 14,591 |
| - Revenue from EMC business | (94) | (6,690) |
| - Rendering of technical and management services | (1,442) | (1,451) |
| | <u>(1,351)</u> | <u>6,450</u> |
| Joint ventures: | | |
| - Interest income | (9,871) | (20,311) |
| | <u>(9,871)</u> | <u>(20,311)</u> |

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

| | Group As at 31 December 2023 RMB'000 | Group As at 31 December 2022 RMB'000 |
|--|---|---|
| Trade: | | |
| Amounts due from companies in which the major shareholders have control over | 12,748 | 13,181 |
| Amounts due from joint ventures | 7,511 | 7,215 |
| | <u>20,259</u> | <u>20,396</u> |
| Non-trade: | | |
| Amounts due from a joint venture | 238,095 | 228,278 |
| | <u>258,354</u> | <u>248,674</u> |
| | | |
| Trade: | | |
| Amounts due to companies in which the major shareholders have control over | 30,463 | 35,505 |
| Amounts due to joint ventures | 120 | 51 |
| | <u>30,583</u> | <u>35,556</u> |
| | | |
| Non-trade: | | |
| Amounts due to companies in which the major shareholders have control over | 933 | 1,414 |
| Amounts due to joint ventures | 435 | 435 |
| | <u>1,368</u> | <u>1,849</u> |
| | <u>31,951</u> | <u>37,405</u> |

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

7. Service concession receivables

| | Group As at 31 December 2023 RMB'000 | Group As at 31 December 2022 RMB'000 |
|---|---|---|
| Service concession receivables | 782,240 | 811,461 |
| Less: Amount due within one year shown under current assets | (68,088) | (68,088) |
| Service concession receivables due after one year | <u>714,152</u> | <u>743,373</u> |
| | | |
| Expected collection schedule is analysed as follows | | |
| Within 1 year | 68,088 | 68,088 |
| Within 2 to 5 years | 232,485 | 232,485 |
| Over 5 years | 481,667 | 510,888 |
| | <u>782,240</u> | <u>811,461</u> |

8. Property, plant and equipment

| <u>Group</u> | Property, plant and equipment | Right-of-use assets | Total |
|--|----------------------------------|------------------------|--------------------|
| | RMB'000 | RMB'000 | RMB'000 |
| Cost | | | |
| At 1 January 2022 | 10,586,362 | 2,377,274 | 12,963,636 |
| Additions | 866,815 | 14,666 | 881,481 |
| Transfer | 1,777,592 | (1,777,592) | - |
| Disposals/Written off | (5,421) | - | (5,421) |
| Exchange difference | (4,729) | (282) | (5,011) |
| At 31 December 2022 | 13,220,619 | 614,066 | 13,834,685 |
| Additions | 927,536 | 6,393 | 933,929 |
| Disposals/Written off | (7,352) | (10,943) | (18,295) |
| Exchange difference | 11,228 | 2,271 | 13,499 |
| At 31 December 2023 | 14,152,031 | 611,787 | 14,763,818 |
| Accumulated depreciation | | | |
| At 1 January 2022 | (2,048,342) | (856,391) | (2,904,733) |
| Depreciation for the year | (419,753) | (85,454) | (505,207) |
| Transfer | (806,986) | 806,986 | - |
| Disposals/Written off | 4,387 | - | 4,387 |
| Exchange difference | 798 | - | 798 |
| At 31 December 2022 | (3,269,896) | (134,859) | (3,404,755) |
| Depreciation for the year | (495,967) | (17,093) | (513,060) |
| Disposals/Written off | 6,139 | 10,943 | 17,082 |
| Exchange difference | (4,043) | - | (4,043) |
| At 31 December 2023 | (3,763,767) | (141,009) | (3,904,776) |
| Accumulated impairment | | | |
| At 1 January 2022 and 31 December 2022 | (27,490) | - | (27,490) |
| Written off | 4,366 | - | 4,366 |
| At 31 December 2023 | (23,124) | - | (23,124) |
| Carrying values | | | |
| At 31 December 2023 | 10,365,140 | 470,778 | 10,835,918 |
| At 31 December 2022 | 9,923,233 | 479,207 | 10,402,440 |

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 year ended 31 December 2023 and 31 December 2022. During the financial year ended 31 December 2023, one of the subsidiaries of the Company, Jinjiang Environment Holding Limitada had been wound up by way of a members' voluntary winding up and the related assets of RMB4,366,000, which were previously fully impaired, have been written off.

9. Intangible assets

| | Group As at 31 December 2023 RMB'000 | Group As at 31 December 2022 RMB'000 |
|---|---|---|
| Software | 12,685 | 14,487 |
| Service concession arrangement (Note (a)) | 4,624,330 | 4,694,396 |
| | <u>4,637,015</u> | <u>4,708,883</u> |
| (a) Service concession arrangement | | |
| Cost | | |
| At 1 January 2023/1 January 2022 | 5,447,482 | 4,876,119 |
| Additions | 283,123 | 571,363 |
| At 31 December 2023/31 December 2022 | <u>5,730,605</u> | <u>5,447,482</u> |
| Accumulated amortisation | | |
| At 1 January 2023/1 January 2022 | (722,884) | (565,836) |
| Amortisation | (185,414) | (157,048) |
| At 31 December 2023/31 December 2022 | <u>(908,298)</u> | <u>(722,884)</u> |
| Accumulated impairment | | |
| At 1 January 2023/1 January 2022 | (30,202) | (30,202) |
| Impairment losses | (167,775) | - |
| At 31 December 2023/31 December 2022 | <u>(197,977)</u> | <u>(30,202)</u> |
| Net book value | <u>4,624,330</u> | <u>4,694,396</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 2023 and 2022 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 2023, an impairment loss of RMB167,775,000 was recognised on the intangible assets due to the difficulties and uncertainty encountered in the progress of the power plant of the BOT projects in Lucknow and Gurgaon, India. In addition, loss allowances of RMB66,847,000 and RMB37,206,000 were recognised for trade and other receivables (refer to Note 5) and pledged bank deposits for performance bond respectively.

10. Borrowings and lease liabilities

| | Group As at 31 December 2023 RMB'000 | Group As at 31 December 2022 RMB'000 |
|---|---|---|
| Amount repayable within one year or less, or on demand | | |
| - Secured borrowings | 2,832,457 | 2,381,652 |
| - Unsecured borrowings | 1,340,159 | 2,519,600 |
| - Lease liabilities | 2,756 | 2,457 |
| | <u>4,175,372</u> | <u>4,903,709</u> |
| Amount repayable after one year | | |
| - Secured borrowings | 5,749,784 | 5,744,593 |
| - Unsecured borrowings | 1,386,777 | 600,310 |
| - Lease liabilities | 1,558 | - |
| | <u>7,138,119</u> | <u>6,344,903</u> |
| Total borrowings and lease liabilities, net of transaction costs | <u>11,313,491</u> | <u>11,248,612</u> |

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

Included in the borrowings of the Group are borrowings with an aggregate principal amount of RMB540,000,000 (2022: RMB540,000,000) from subsidiaries of Zheneng Group, namely Zhejiang Provincial Energy Group Finance Co., Ltd.

Included in the borrowings of the Group as at 31 December 2022 was an amount of RMB1,224,480,000 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"). Before the full repayment of the Facility in February 2023, under the terms of the Facility, the Company had to ensure that the ratio of its consolidated net debt to consolidated total equity did not exceed 100% for the period from 1 January 2022 to 31 December 2022 ("Financial Covenant"). The aforesaid ratio had exceeded 100% for the financial year ended 31 December 2022 resulting in non-compliance by the Company of the Financial Covenant. Due to the non-compliance of the Financial Covenant, the banks were contractually entitled to request for immediate repayment of the outstanding borrowing with covenant breaches. Nevertheless, the Group had not received any notice for the accelerated repayment from the Agent prior to the Company's full repayment of the outstanding amount. The Facility had been fully repaid by the Company by the end of February 2023, ahead of the scheduled maturity date.

As of 31 December 2023, there was no non-compliance with any financial covenants in respect of any outstanding borrowings.

11. Share capital and share premium

| | Group and Company | | |
|--|------------------------------|--------------------------|--------------------------|
| | No. of ordinary shares | Share Capital RMB'000 | Share premium RMB'000 |
| Fully paid ordinary shares | | | |
| As at 1 January 2022, as at 31 December 2022 and as at 31 December 2023 | 1,454,024,700 | 96 | 1,601,100 |

Fully paid ordinary shares have a par value of US\$0.00001 (2022: US\$0.00001), carry one vote per share and carry a right to dividend, amounting to equivalent RMB96,000 (2022: RMB96,000).

There were no changes in the share capital of the Company in the year ended 31 December 2023.

The total number of issued Shares as at 31 December 2023 and 31 December 2022 was 1,454,024,700.

The Company had no convertibles, treasury shares or subsidiary holdings as at 31 December 2023 and 31 December 2022.

12. Earnings per share

| | Group FY2023 | Group FY2022 |
|--|-----------------|-----------------|
| Basic and fully diluted earnings per share (RMB cents) | 19.37 | 22.35 |
| Weighted average number of shares | 1,454,024,700 | 1,454,024,700 |

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

The total number of issued shares as at 31 December 2023 and 31 December 2022 was 1,454,024,700.

13. Net asset value

| | Group As at 31 December 2023 | Group As at 31 December 2022 | Company As at 31 December 2023 | Company As at 31 December 2022 |
|--|------------------------------------|------------------------------------|--------------------------------------|--------------------------------------|
| Assets | | | | |
| Net asset value per share (RMB cents) | 493.04 | 472.81 | 117.88 | 125.41 |
| Number of shares in issue at the end of the period | 1,454,024,700 | 1,454,024,700 | 1,454,024,700 | 1,454,024,700 |

The net asset value per share as at 31 December 2023 and 31 December 2022 were computed based on the number of shares in issue at the end of the period.

The total number of issued shares as at 31 December 2023 and 31 December 2022 was 1,454,024,700.

14. 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 has assessed that the carrying amounts of the other financial assets and financial liabilities recorded at amortised cost in the condensed financial statements approximate their fair values at the end of the reporting period.

15. Commitments

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

| | Group As at 31 December 2023 RMB'000 | Group As at 31 December 2022 RMB'000 |
|-------------------------------|--|--|
| Property, plant and equipment | 1,628,629 | 253,393 |

16. 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, construction services provided and financial income under service concession.
- (2) Project technical and management service, equipment selection and sale and EMC business comprise service income.

| | Waste-to-energy project construction and operation RMB '000 | Project technical and management service, equipment selection and sale and EMC business RMB '000 | Total RMB '000 |
|---|---|--|-------------------|
| 1 January 2023 to 31 December 2023 | | | |
| Segment revenue | | | |
| External revenue | 3,731,221 | 19,196 | 3,750,417 |
| Inter-segment revenue | - | 366,047 | 366,047 |
| | 3,731,221 | 385,243 | 4,116,464 |
| Elimination | - | (366,047) | (366,047) |
| Revenue | 3,731,221 | 19,196 | 3,750,417 |
| Segment profit | | | |
| Government grants and VAT refund | 1,129,447 | 1,058 | 1,130,505 |
| | 118,453 | 951 | 119,404 |
| Loss on disposal on property, plant and equipment | (278) | - | (278) |
| Loss allowance recognised on financial assets | | | (110,642) |
| Impairment loss on intangible assets | | | (167,775) |
| Gain on disposal of shares of a joint venture | | | 2,260 |
| Foreign exchange gain | | | 5,662 |
| Other income | | | 155,970 |
| Administrative expenses | | | (268,863) |
| Finance costs | | | (397,488) |
| Share of profit of associates | | | 289 |
| Share of loss of joint ventures | | | (8,635) |
| Profit before tax | | | 460,409 |
| As at 31 December 2023 | | | |
| Assets and Liabilities | | | |
| Segment assets | 18,584,081 | 626,072 | 19,210,153 |
| Unallocated | | | 2,737,857 |
| Consolidated total assets | | | 21,948,010 |
| Segment liabilities | 13,444,506 | 315,540 | 13,760,045 |
| Unallocated | | | 1,019,053 |
| Consolidated total liabilities | | | 14,779,097 |
| 1 January 2023 to 31 December 2023 | | | |
| Other segment information | | | |
| Depreciation and amortisation | 690,243 | 12,189 | 702,432 |
| Additions to non-current assets | 1,146,712 | 9,926 | 1,156,638 |

| | Waste-to-energy project construction and operation RMB '000 | Project technical and management service, equipment selection and sale and EMC business RMB '000 | Total RMB '000 |
|---|---|--|-------------------|
| 1 January 2022 to 31 December 2022 | | | |
| Segment revenue | | | |
| External revenue | 3,973,071 | 100,784 | 4,073,855 |
| Inter-segment revenue | - | 356,798 | 356,798 |
| | 3,973,071 | 457,582 | 4,430,653 |
| Elimination | - | (356,798) | (356,798) |
| Revenue | 3,973,071 | 100,784 | 4,073,855 |
| Segment profit | | | |
| Government grants and VAT refund | 82,241 | 1,787 | 84,028 |
| Loss on disposal of property, plant and equipment | (651) | - | (651) |
| Loss allowance recognised on financial asset | | | (765) |
| Gain on disposal of shares of an associate | | | 421 |
| Foreign exchange loss | | | (195,414) |
| Other income | | | 103,597 |
| Administrative expenses | | | (248,122) |
| Finance costs | | | (417,443) |
| Share of loss of associates | | | (38) |
| Share of profit of joint ventures | | | 2,891 |
| Profit before tax | | | 486,259 |
| As at 31 December 2022 | | | |
| Assets and Liabilities | | | |
| Segment assets | 18,006,210 | 697,781 | 18,703,991 |
| Unallocated | | | 2,768,900 |
| Consolidated total assets | | | 21,472,891 |
| Segment liabilities | 13,005,918 | 674,232 | 13,680,150 |
| Unallocated | | | 918,034 |
| Consolidated total liabilities | | | 14,598,184 |
| 1 January 2022 to 31 December 2022 | | | |
| Other segment information | | | |
| Depreciation and amortisation | 646,776 | 18,776 | 665,552 |
| Additions to non-current assets | 1,449,054 | 11,670 | 1,460,724 |

All assets are allocated to reportable segments other than investments in joint ventures and associates, other tax recoverable, pledged bank deposits, cash and cash equivalents and the non-trade related balances due from related parties and non-controlling interests.

All liabilities are allocated to reportable segments other than income tax liabilities, other tax liabilities, deferred tax liabilities and the non-trade related balances due to related parties.

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 year ended 31 December 2023 and 2022, there was no single customer that accounted for 10% or more of the Group's revenue for the two reportable and operating segments.

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

1. Review of performance of the Group

Consolidated Statement of Comprehensive Income

2H2023 vs 2H2022

Revenue

| | 2H2023 RMB'000 | % | 2H2022 RMB'000 | % | Change % |
|--|-------------------|-------|-------------------|-------|-------------|
| Waste-to-energy project construction and operation | | | | | |
| <u>Waste-to-energy business</u> | | | | | |
| - Sales of electricity | 835,945 | 46.1 | 889,832 | 39.8 | (6.1) |
| - Sales of steam | 426,050 | 23.5 | 402,204 | 18.0 | 5.9 |
| - Revenue from waste treatment | 446,209 | 24.6 | 527,270 | 23.6 | (15.4) |
| | <u>1,708,204</u> | 94.2 | <u>1,819,306</u> | 81.4 | (6.1) |
| <u>Construction services provided under BOT concession agreements</u> | | | | | |
| - Revenue from construction services provided under service concession agreements | 65,198 | 3.6 | 300,302 | 13.4 | (78.3) |
| - Financial income under service concession agreements | 27,694 | 1.5 | 22,667 | 1.0 | 22.2 |
| | <u>92,892</u> | 5.1 | <u>322,969</u> | 14.5 | (71.2) |
| Total | <u>1,801,096</u> | 99.3 | <u>2,142,275</u> | 95.9 | (15.9) |
| Project technical and management service, equipment selection and sale and EMC business | 12,383 | 0.7 | 92,277 | 4.1 | (86.6) |
| Total revenue | <u>1,813,479</u> | 100.0 | <u>2,234,552</u> | 100.0 | (18.8) |

Details of the electricity generated and supplied, steam supplied and waste treated for 2H2023 and 2H2022 are as follows:

| | Group 2H2023 | Group 2H2022 | Change % |
|---|-----------------|-----------------|-------------|
| Electricity generated ('000 KWh) | 2,069,192 | 2,071,457 | (0.1) |
| On-grid electricity supplied ('000 KWh) | 1,616,316 | 1,609,707 | 0.4 |
| Steam supplied ('000 tonnes) | 2,641 | 1,869 | 41.3 |
| Waste treated ('000 tonnes) | 6,379 | 6,974 | (8.5) |

Gross profit and gross profit margin

| | Gross Profit (RMB '000) | | Gross Profit Margin | |
|---|----------------------------|----------------|---------------------|---------------|
| | 2H2023 | 2H2022 | 2H2023 | 2H2022 |
| WTE business (excluding gross profit from construction services provided under BOT concession agreements) | 514,186 | 565,763 | 30.10% | 31.10% |
| Construction services provided under BOT concession agreements | 8,893 | 34,487 | 13.64% | 11.48% |
| Financial income under service concession agreements | 27,694 | 22,667 | N.A | N.A |
| Project technical and management service and EMC business | (4,807) | 19,871 | (38.82%) | 21.53% |
| Total | <u>545,966</u> | <u>642,788</u> | <u>30.11%</u> | <u>28.77%</u> |

The decrease in gross profit by RMB96.8 million from RMB642.8 million in 2H2022 to RMB546.0 million in FY2023 and the increase in gross profit margin by 1.34% are mainly attributable to:

WTE business (excluding gross profit from construction services provided under BOT concession agreements)

The gross profit of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) decreased by RMB51.6 million or 9.1% from RMB565.8 million in 2H2022 to RMB514.2 million in 2H2023, which is mainly due to:

1. The gross profit of WTE plants put into trial operation and commencement of operations of WTE plants (includes Baishan Green Energy WTE Facility in Jilin Province, Zhongwei Green Energy WTE Facility in Ningxia Hui Autonomous Region, and others) increased by RMB2.5 million in 2H2023 as compared to 2H2022.
2. The gross profit of Zhuji Bafang Facility in Zhejiang Province increased by RMB52.1 million in 2H2023 as compared to 2H2022, mainly due to (i) increase of RMB43.9 million in gross profit due to increase in steam supplied of the coal-fired unit and stable coal prices, and (ii) increase of RMB7.6 million in gross profit due to decrease in depreciation and the cost of implementing overhaul in 2H2023 as compared to 2H2022.
3. The one-time loss impact of the other WTE facilities resulted gross profit decreased by RMB52.1 million in 2H2023 as compared to 2H2022, mainly due to (i) decrease of RMB25.3 million in gross profit due to Hankou Jinjiang WTE Facility and Wuhan Jinjiang WTE Facility receiving supplementary power supply subsidies of previous years in 2022 but not in 2023, and (ii) decrease of RMB26.8 million in gross profit due to the difficulties and uncertainty encountered in the progress of the power plant of India projects resulting in the overall reduction in revenue.
4. The gross profit of the other WTE facilities, excluding the impact of one-time loss, decreased by RMB54.1 million in 2H2023 as compared to 2H2022. The decrease is mainly due to (i) decrease of RMB17.3 million in gross profit due to expiration of national subsidies for some enterprises, (ii) decrease of RMB7.5 million in gross profit due to competitive reallocation of resources in some regions, (iii) decrease of RMB26.9 million in gross profit due to increase in depreciation and environmental protection costs after the commencement of the expansion project, and (iv) decrease of RMB31.3 million in gross profit due to the increase in power plant overhaul costs. However, the decrease in gross profit was partially offset by (i) increase of RMB7.7 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, and (ii) increase of RMB21.2 million in gross profit due to increase in revenue from the expansion of steam supply business.

Revenue from our WTE business (excluding revenue from construction services provided under BOT concession agreements) decreased RMB111.1 million or 6.1% from RMB1,819.3 million in 2H2022 to RMB1,708.2 million in 2H2023. This was mainly attributable to (i) the decrease of RMB89.6 million in revenue from waste treatment from projects in India as well as the decrease in the volume of the waste treated, (ii) decrease of RMB25.4 million in revenue due to Hankou Jinjiang WTE Facility and Wuhan Jinjiang WTE Facility having received supplementary power supply subsidies of previous years in 2022 but not in 2023, and (iii) competitive reallocation of resources in some regions, resulting in a reduction in waste treated and revenue from waste treatment. However, the decrease in revenue was partially offset by the (i) increase in waste treated due to commencement of operations of the Baishan Green Energy WTE Facility in Jilin Province, Zhongwei Green Energy WTE Facility in Ningxia Hui Autonomous Region, Expansion Project of Xishan Green Energy WTE Facility in Yunnan Province, and (ii) the increase in steam supplied due to the expansion of existing power plant steam supply business.

The gross profit margin decreased from 31.10% in 2H2022 to 30.10% in 2H2023. As mentioned above, this is mainly due to the decrease in gross profit margin for existing WTE facilities as a result of the expiration of national subsidies for some enterprises in 2023, the receipt of additional national subsidies of previous years in 2022 and decrease in revenue from projects in India.

Construction services provided under BOT concession agreements

The gross profit from construction services provided under BOT concession agreements (including financial income) decreased RMB20.6 million from RMB57.2 million in 2H2022 to RMB36.6 million in 2H2023. The gross profit from the construction services provided under BOT concession agreements decreased RMB25.6 million and the gross profit from financial income under service concession agreements increased by RMB5.0 million. The increase in the proportion of revenue from financial income under service concession agreements led to a 21.7% increase in the gross margin in 2H2023 as compared to 2H2022.

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 from gross profit of RMB19.9 million in 2H2022 to gross loss of RMB4.8 million in 2H2023. This was mainly due to the decrease in sales volume from project technical and management service, equipment selection and sale.

Other income

| | Group | Group | Increase / | Change |
|--|---------|---------|------------|-----------|
| | 2H2023 | 2H2022 | (Decrease) | |
| | RMB'000 | RMB'000 | RMB'000 | + / (-) % |
| Bank interest income | 19,139 | 14,769 | 4,370 | 29.6 |
| Government grants | 19,912 | 17,649 | 2,263 | 12.8 |
| Value added tax refund | 43,804 | 30,606 | 13,198 | 43.1 |
| Gain on sales of scrap materials | 55,414 | 37,187 | 18,227 | 49.0 |
| Interest income from joint ventures and others | 7,644 | 9,190 | (1,546) | (16.8) |
| Other income | 145,913 | 109,401 | 36,512 | 33.4 |

Other income increased RMB36.5 million or 33.4% from RMB109.4 million in 2H2022 to RMB145.9 million in 2H2023, mainly due to (i) increase of RMB4.4 million in bank interest income in line with the increase in bank deposits and interest rates, (ii) increase of RMB13.2 million in value added tax refund, and (iii) increase of RMB18.2 million in gain on sales of scrap materials in 2H2023 due to the Group's retendering of the slag sales contracts (expiring in 2022 and beyond) to increase the unit price of the sales, and the increase in the volume of scrap materials.

Loss allowance recognised on financial assets

Loss allowance recognised on financial assets of RMB110.6 million in 2H2023 was mainly due to the impairment loss on trade and other receivables and pledged bank deposits for performance bond of RMB104.0 million as a result of the difficulties and uncertainty encountered in the progress of the power plant of the BOT projects in Lucknow and Gurgaon, India (refer to note 5 of the condensed interim financial statements) and expected credit losses recognised for trade receivables of RMB6.6 million. The loss allowance recognised on financial assets of RMB0.8 million in 2H2022 is due to expected credit losses recognised for trade receivables.

Other gains and losses, net

| | Group | Group | Increase / | Change |
|---|---------|----------|------------|-----------|
| | 2H2023 | 2H2022 | (Decrease) | |
| | RMB'000 | RMB'000 | RMB'000 | + / (-) % |
| Foreign exchange gains/(losses) | 26,607 | (84,659) | 111,266 | N.A |
| Loss on disposal of property, plant and equipment | (99) | (781) | 682 | N.A |
| Others | (4,453) | (7,372) | 2,919 | N.A |
| Other gains and losses, net | 22,055 | (92,812) | 114,867 | N.A |

Other gains and losses, net increased RMB114.9 million from other losses of RMB92.8 million in 2H2022 to other gains of RMB22.1 million in 2H2023, mainly due to the decrease of RMB111.3 million in foreign exchange losses. The decrease in foreign exchange losses was mainly due to (i) the full repayment of syndicated term loan facility of US\$146 million partially funded by RMB financing obtained from the internal restructuring exercise of the Group in February 2023 when the United States Dollar exchange rate was lower, and (ii) the depreciation of the United States Dollar against the Chinese Renminbi in 2H2023, while the appreciation of the United States Dollar against the Chinese Renminbi in 2H2022.

Administrative expenses

Administrative expenses increased RMB13.0 million from RMB134.0 million in 2H2022 to RMB147.0 million in 2H2023, mainly due to the increase of RMB6.4 million in management fees as a result of the official commencement of operations of Baishan Green Energy WTE Facility in Jilin Province and Zhongwei Green Energy WTE Facility in Ningxia Hui Autonomous Region in 2023 and the increase in consulting service fees.

Finance costs

Finance costs decreased RMB29.7 million from RMB214.6 million in 2H2022 to RMB184.9 million in 2H2023, mainly due to the lower interest rates on existing loans after refinancing and the reduction of interest rates on floating rate loans, which is in line with the downwards adjustment of loan prime rates in China, and partially offset by the increase in interest rates on overseas loans due to the upward adjustment of the overseas secured overnight financing rate (SOFR).

Other expenses

Other expenses of RMB167.8 million in 2H2023 was mainly due to the difficulties and uncertainty encountered in the progress of the power plant of the BOT projects in Lucknow and Gurgaon, India, which resulted in the recognition of an impairment of RMB167.8 million on the assets relating to the two BOT projects (refer to note 9 of the condensed interim financial statements).

Profit before tax

As a result of the foregoing, profit before tax decreased RMB217.7 million from RMB313.1 million in 2H2022 to RMB95.4 million in 2H2023.

Income tax expense

Income tax expenses increased RMB0.8 million to RMB70.0 million in 2H2023 as compared to 2H2022 mainly due to the increase in profit before impairment losses. In 2H2023, 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 RMB235.1 million in 2H2022 to RMB22.8 million in 2H2023.

FY2023 vs FY2022

Revenue

| | FY2023 | | FY2022 | | Change |
|--|------------------|----------|------------------|----------|---------------|
| | RMB'000 | % | RMB'000 | % | % |
| Waste-to-energy project construction and operation | | | | | |
| <u>Waste-to-energy business</u> | | | | | |
| - Sales of electricity | 1,651,860 | 44.0 | 1,613,648 | 39.6 | 2.4 |
| - Sales of steam | 831,847 | 22.2 | 735,725 | 18.1 | 13.1 |
| - Revenue from waste treatment | 941,306 | 25.1 | 985,802 | 24.2 | (4.5) |
| | <u>3,425,013</u> | 91.3 | <u>3,335,175</u> | 81.9 | 2.7 |
| <u>Construction services provided under BOT concession agreements</u> | | | | | |
| - Revenue from construction services provided under service concession agreements | 256,530 | 6.9 | 593,928 | 14.6 | (56.8) |
| - Financial income under service concession agreements | 49,678 | 1.3 | 43,968 | 1.1 | 13.0 |
| | <u>306,208</u> | 8.2 | <u>637,896</u> | 15.7 | (52.0) |
| Total | <u>3,731,221</u> | 99.5 | <u>3,973,071</u> | 97.5 | (6.1) |
| Project technical and management service, equipment selection and sale and EMC business | 19,196 | 0.5 | 100,784 | 2.5 | (81.0) |
| Total revenue | <u>3,750,417</u> | 100.0 | <u>4,073,855</u> | 100.0 | (7.9) |

Details of the electricity generated and supplied, steam supplied and waste treated for FY2023 and FY2022 are as follows:

| | Group FY2023 | Group FY2022 | Change % |
|---|-----------------|-----------------|-------------|
| Electricity generated ('000 KWh) | 4,011,977 | 3,764,085 | 6.6 |
| On-grid electricity supplied ('000 KWh) | 3,125,025 | 2,909,251 | 7.4 |
| Steam supplied ('000 tonnes) | 4,766 | 3,524 | 35.2 |
| Waste treated ('000 tonnes) | 12,766 | 12,629 | 1.1 |

Gross profit and gross profit margin

| | Gross Profit (RMB '000) | | Gross Profit Margin | |
|---|----------------------------|-----------|---------------------|--------|
| | FY2023 | FY2022 | FY2023 | FY2022 |
| WTE business (excluding gross profit from construction services provided under BOT concession agreements) | 1,044,778 | 1,016,565 | 30.50% | 30.48% |
| Construction services provided under BOT concession agreements | 34,991 | 74,538 | 13.64% | 12.55% |
| Financial income under service concession agreements | 49,678 | 43,968 | N.A | N.A |
| Project technical and management service and EMC business | 1,058 | 22,684 | 5.51% | 22.51% |
| Total | 1,130,505 | 1,157,755 | 30.14% | 28.42% |

The decrease in gross profit by RMB27.3 million from RMB1,157.8 million in FY2022 to RMB1,130.5 million in FY2023 and the increase in gross profit margin by 1.72% 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 RMB89.8 million or 2.7% from RMB3,335.1 million in FY2022 to RMB3,425.0 million in FY2023. This was mainly attributable to the increase in steam supplied at Zhuji Bafang Facility in Zhejiang Province in FY2023 as compared to FY2022 and the expansion of existing power plant steam supply business, which resulted in an increase in sales of steam by a total of RMB96.1 million.

The gross profit of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) increased by RMB28.2 million or 2.8% from RMB1,016.6 million in FY2022 to RMB1,044.8 million in FY2023, which is mainly due to:

1. The gross profit of WTE plants put into trial operation and commencement of operations of WTE plants (includes Baishan Green Energy WTE Facility in Jilin Province, Zhongwei Green Energy WTE Facility in Ningxia Hui Autonomous Region, and others) increased by RMB15.1 million in FY2023 as compared to FY2022.
2. The gross profit of Zhuji Bafang Facility in Zhejiang Province increased by RMB58.3 million in FY2023 as compared to FY2022, mainly due to (i) increase of RMB17.6 million in gross profit due to the increase in steam supplied from the waste turbines, (ii) increase of RMB41.3 million in gross profit due to increase in steam supplied of the coal-fired unit and stable coal prices, and (iii) partially offset by the increase in other costs.
3. The one-time loss impact of the other WTE facilities resulted gross profit decreased by RMB53.8 million in FY2023 as compared to FY2022, mainly due to (i) decrease of RMB25.4 million in gross profit due to Hankou Jinjiang WTE Facility and Wuhan Jinjiang WTE Facility having received supplementary power supply subsidies of previous years in 2022 but not in 2023, and (ii) decrease of RMB28.4 million in gross profit due to the difficulties and uncertainty encountered in the progress of the power plant of India projects, which resulted in an overall reduction in revenue.

4. The gross profit of the other WTE facilities, excluding the impact of one-time loss, increased by RMB8.6 million in FY2023 as compared to FY2022. The increase is mainly due to (i) increase of RMB22.5 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 RMB43.5 million in gross profit due to increase in revenue from the expansion of steam supply business, and (iii) increase of RMB50.6 million in gross profit due to the increase in waste intake and electricity supplied from waste incineration in FY2023 as compared to FY2022. However, the increase in gross profit was partially offset by (i) decrease of RMB34.3 million in gross profit due to expiration of national subsidies for some enterprises, (ii) decrease of RMB22.0 million in gross profit due to the increase in power plant overhaul costs, and (iii) decrease of RMB51.7 million in gross profit due to increase in depreciation and environmental protection costs after the commencement of the expansion project.

The gross profit margin for WTE business (excluding construction services provided under BOT concession agreements) for FY2023 was essentially unchanged as compared to FY2022.

Construction services provided under BOT concession agreements

The gross profit from construction services provided under BOT concession agreements (including financial income) decreased RMB33.8 million from RMB118.5 million in FY2022 to RMB84.7 million in FY2023. The gross profit from the construction services provided under BOT concession agreements decreased RMB39.6 million and the gross profit from financial income under service concession agreements increased by RMB5.7 million. The increase in the proportion of revenue from financial income under service concession agreements led to a 9.1% increase in the gross margin in FY2023 as compared to FY2022.

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 RMB21.6 million from RMB22.7 million in FY2022 to RMB1.1 million in FY2023. This was mainly due to the decrease in sales volume from project technical and management service, equipment selection and sale.

Other income

| | Group FY2023 RMB'000 | Group FY2022 RMB'000 | Increase / (Decrease) RMB'000 | Change +/(-) % |
|--|----------------------------|----------------------------|-------------------------------------|-------------------|
| Bank interest income | 39,457 | 22,862 | 16,595 | 72.6 |
| Government grants | 41,903 | 40,294 | 1,609 | 4.0 |
| Value added tax refund | 77,501 | 43,734 | 33,767 | 77.2 |
| Gain on sales of scrap materials | 105,141 | 67,440 | 37,701 | 55.9 |
| Interest income from joint ventures and others | 13,668 | 20,667 | (6,999) | (33.9) |
| Other income | 277,670 | 194,997 | 82,673 | 42.4 |

Other income increased RMB82.7 million or 42.4% from RMB195.0 million in FY2022 to RMB277.7 million in FY2023, mainly due to (i) increase of RMB16.6 million in bank interest income in line with the increase in bank deposits and interest rates, (ii) increase of RMB33.8 million in value added tax refund, and (iii) increase of RMB37.7 million in gain on sales of scrap materials in FY2023 due to the Group's retendering of the slag sales contracts (expiring in 2022 and beyond) to increase the unit price of the sales, and the increase in the volume of scrap materials. The increase in other income was partially offset by the decrease of RMB7.0 million in interest income from joint venture and others in FY2023 following the receipt of non-trade amounts due from a joint venture, Hohhot Jiasheng New Energy Co., Ltd in second quarter of 2022.

Loss allowance recognised on financial assets

Loss allowance recognised on financial assets of RMB110.6 million in FY2023 was mainly due to the impairment loss on trade and other receivables and pledged bank deposits for performance bond of RMB104.0 million as a result of the difficulties and uncertainty encountered in the progress of the power plant of the BOT projects in Lucknow and Gurgaon, India (refer to note 5 of the condensed interim financial statements) and expected credit losses recognised for trade receivables of RMB6.6 million. The loss allowance recognised on financial assets of RMB0.8 million in FY2022 is due to expected credit losses recognised for trade receivables.

Other gains and losses, net

| | Group | Group | Increase / | Change |
|---|---------|-----------|------------|-----------|
| | FY2023 | FY2022 | (Decrease) | + / (-) % |
| | RMB'000 | RMB'000 | RMB'000 | |
| Foreign exchange gains/(losses) | 5,662 | (195,414) | 201,076 | N.A |
| Loss on disposal of property, plant and equipment | (278) | (651) | 373 | N.A |
| Gain on disposal of shares of an associate | - | 421 | (421) | N.A |
| Gain on disposal of shares of a joint venture | 2,260 | - | 2,260 | N.A |
| Others | (2,296) | (7,372) | 5,076 | N.A |
| Other gains and losses, net | 5,348 | (203,016) | 208,364 | N.A |

Other gains and losses, net increased RMB208.4 million from other losses of RMB203.0 million in FY2022 to other gains of RMB5.4 million in FY2023, mainly due to the decrease of RMB201.1 million in foreign exchange losses. The decrease in foreign exchange losses was mainly due to (i) the full repayment of syndicated term loan facility of US\$146 million partially funded by RMB financing obtained from the internal restructuring exercise of the Group in February 2023 when the United States Dollar exchange rate was lower, resulting in an exchange gain of RMB17 million in FY2023, and (ii) the appreciation of the United States Dollar against the Chinese Renminbi being relatively small in FY2023 as compared to FY2022. The increase in other gains and losses was also partially attributable to the gain on disposal of shares of a joint venture, Yulin Green New Energy Co., Ltd., of RMB2.3 million in FY2023.

Administrative expenses

Administrative expenses increased RMB20.8 million from RMB248.1 million in FY2022 to RMB268.9 million in FY2023, mainly due to the increase of RMB10.1 million in management fees as a result of the official commencement of operations of Baishan Green Energy WTE Facility in Jilin Province and Zhongwei Green Energy WTE Facility in Ningxia Hui Autonomous Region and the increase in consulting service fees.

Finance costs

Finance costs decreased RMB19.9 million from RMB417.4 million in FY2022 to RMB397.5 million in FY2023, mainly due to lower interest rates on existing loans after refinancing and the reduction of interest rates on floating rate loans, which is in line with the downwards adjustment of loan prime rates in China, and partially offset by the increase in interest rates on overseas loans due to the upward adjustment of the overseas secured overnight financing rate (SOFR).

Other expenses

Other expenses of RMB167.8 million in FY2023 was mainly due to the difficulties and uncertainty encountered in the progress of the power plant of the BOT projects in Lucknow and Gurgaon, India, which resulted in the recognition of an impairment of RMB167.8 million on the assets relating to the two BOT projects (refer to note 9 of the condensed interim financial statements).

Profit before tax

As a result of the foregoing, profit before tax decreased RMB25.9 million or 5.3% from RMB486.3 million in FY2022 to RMB460.4 million in FY2023.

Income tax expense

Income tax expenses increased RMB13.3 million to RMB154.6 million in FY2023 as compared to FY2022 mainly due to the increase in profit before impairment losses. In FY2023, 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 RMB334.8 million in FY2022 to RMB319.6 million in FY2023.

Statement of Financial Position

| | 31 December 2023 | 31 December 2022 | Increase / (Decrease) | Increase / (Decrease) |
|-------------------------|-----------------------------|-----------------------------|----------------------------------|----------------------------------|
| | RMB Million | RMB Million | RMB Million | % |
| Current assets | 5,274.6 | 5,122.4 | 152.2 | 3.0 |
| Non-current assets | 16,673.4 | 16,350.5 | 322.9 | 2.0 |
| Total assets | 21,948.0 | 21,472.9 | 475.1 | 2.2 |
| Current liabilities | 6,466.4 | 7,165.8 | (699.4) | (9.8) |
| Non-current liabilities | 8,312.7 | 7,432.4 | 880.4 | 11.8 |
| Total liabilities | 14,779.1 | 14,598.2 | 181.1 | 1.2 |
| Capital and reserves | 7,168.9 | 6,874.7 | 294.2 | 4.3 |

Current assets

The increase is mainly due to (i) the increase of RMB128.1 million or 5.2% in trade and other receivables (excluding amount due from non-controlling interests and other tax recoverable) from RMB2,451.8 million as at 31 December 2022 to RMB2,579.9 million as at 31 December 2023 mainly due to the increase in receivables from governments, (ii) the increase of RMB130.9 million or 10.2% in pledged bank deposits from RMB1,281.0 million as at 31 December 2022 to RMB1,411.9 million as at 31 December 2023, which was partially offset by (iii) the decrease of RMB164.6 or 26.3% in cash and cash equivalents from RMB627.1 million as at 31 December 2022 to RMB462.4 million as at 31 December 2023, mainly due to Company's utilization of the corporate overdraft facility to reduce daily holdings of funds.

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 reconstruction of BOO and BOT projects. In particular, (i) property, plant and equipment increased by RMB433.5 million from RMB10,402.4 million as at 31 December 2022 to RMB10,835.9 million as at 31 December 2023 due to the additions in reconstruction projects of Tianjin Sunrise WTE Facility and Wuhan Jinjiang WTE Facility, and (ii) this was partially offset by the decrease of RMB71.9 million in intangible assets from RMB4,708.9 million as at 31 December 2022 to RMB4,637.0 million as at 31 December 2023 due to the amortisation of intangible assets, impairment loss of RMB167.8 million on the India projects and partially offset by the BOT projects such as Expansion Project of Yunnan Green Energy WTE Facility and Jinghong Jiasheng WTE Project in Xishuangbanna Dai Autonomous Prefecture, Yunnan Province and others which carried out on schedule.

Current liabilities

The decrease is mainly due to current borrowings and lease liabilities decreasing RMB728.3 million or 15.5% from RMB4,903.7 million as at 31 December 2022 to RMB4,175.4 million as at 31 December 2023, mainly due to after repayment of syndicated term loan facility partially funded by the financing obtained from the internal restructuring exercise of the Group.

Non-current liabilities

The increase is mainly due to non-current borrowings and lease liabilities increasing RMB793.2 million or 12.5% from RMB6,344.9 million as at 31 December 2022 to RMB7,138.1 million as at 31 December 2023, due to the new non-current financing obtained from the internal restructuring exercise of the Group after the repayment of syndicated term loan facility.

Capital and reserves

The increase of RMB294.2 million or 4.3% from RMB6,874.7 million as at 31 December 2022 to RMB7,168.9 million as at 31 December 2023 is due to the retained earnings for FY2023.

Consolidated Statement of Cashflows

| | Group 2H2023 RMB Million | Group FY2023 RMB Million |
|--|---|---|
| Net cash from operating activities | 914.5 | 1,322.8 |
| Net cash used in investing activities | (411.9) | (863.4) |
| Net cash used in financing activities | (407.5) | (626.5) |
| Cash and cash equivalents at beginning of the period | 379.4 | 627.0 |
| Effects of currency translation on cash and cash equivalents | (12.1) | 2.5 |
| Cash and cash equivalents at the end of the period | <u>462.4</u> | <u>462.4</u> |

In 2H2023, operating cash inflow was RMB914.5 million. This is due to (i) operating cash inflow before movements in working capital of RMB857.7 million after deducting abnormal gains and losses without cash flow, (ii) increase in cash inflow due to the increase in trade and other receivables and decrease in trade and other payables, (iii) increase in activities for the construction of BOT projects (which includes, Expansion Project of Yunnan Green Energy WTE Facility in Kunming City, Yunnan Province, Jinghong Jiasheng WTE Facility in Xishuangbanna Dai Autonomous Prefecture, Yunnan Province, Zhongwei Green Energy WTE Facility in Ningxia Hui Autonomous Region, and others) resulting in operating cash outflow of RMB32.6 million, and (iv) payment of income tax resulting a cash outflow of RMB24.5 million.

In FY2023, operating cash inflow was RMB1,322.8 million. This is due to (i) operating cash inflow before movements in working capital of RMB1,719.9 million after deducting abnormal gains and losses without cash flow, (ii) decrease in cash inflow due to the increase in trade and other receivables and decrease in trade and other payables, (iii) increase in activities for the construction of BOT projects (which includes, Expansion Project of Yunnan Green Energy WTE Facility in Kunming City, Yunnan Province, Jinghong Jiasheng WTE Facility in Xishuangbanna Dai Autonomous Prefecture, Yunnan Province, Zhongwei Green Energy WTE Facility in Ningxia Hui Autonomous Region, and others) resulting in operating cash outflow of RMB212.0 million, and (iv) payment of income tax resulting a cash outflow of RMB58.9 million.

In 2H2023, investing cash outflow was RMB411.9 million. This is due to (i) investments in property, plant and equipment of RMB462.7 million which includes the payment for equipment and construction for the Tianjin Sunrise WTE Facility, Zhuji Bafang Facility in Zhejiang Province, Baishan Green Energy WTE Facility in Jilin Province, Shijiazhuang Jiasheng WTE Facility in Hebei Province and others, which was partially offset by (ii) interest received of RMB19.1 million from bank deposits and change in invested bank deposits pledged of RMB38.4 million.

In FY2023, investing cash outflow was RMB863.4 million. This is due to (i) investments in property, plant and equipment of RMB940.4 million which includes the payment for equipment and construction for the Tianjin Sunrise WTE Facility, Zhuji Bafang Facility in Zhejiang Province, Baishan Green Energy WTE Facility in Jilin Province, Shijiazhuang Jiasheng WTE Facility in Hebei Province and others, which was partially offset by (ii) receipt of proceeds from disposal of Yulin Green New Energy Co., Ltd. of RMB9.74 million, and (iii) interest received of RMB39.5 million from bank deposits and change in invested bank deposits pledged of RMB34.5 million.

In 2H2023, financing cash outflow was RMB407.5 million. This is due to (i) repayment or early repayment of borrowings and finance costs of RMB3,399.7 million, (ii) cash outflows arising from changes in pledged bank deposits for borrowings, and partially offset by (iii) the new borrowings amounting to RMB3,195.2 million, including the renewal of loans, new borrowings, project financing and new leases.

In FY2023, financing cash outflow was RMB626.5 million. This is due to (i) repayment or early repayment of borrowings and finance costs of RMB9,026.9 million, (ii) cash outflows arising from changes in pledged bank deposits for borrowings, and partially offset by (iii) the new borrowings amounting to RMB8,607.1 million, including the financing obtained from the internal restructuring exercise of the Group to partially fund the repayment of syndicated term loan facility, renewal of loans, new borrowings, project financing and new leases.

Bank balances and cash as at 31 December 2023 was RMB462.4 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 guidance announcement released on 30 January 2024 had disclosed that the Group was expected to record a significant decrease in total comprehensive income in 2H2023 mainly attributable to substantial impairment losses of assets recorded as at 31 December 2023 given the difficulties and uncertainty associated with the Group's projects in India.

The Group's financial results for 2H2023 is consistent with the aforementioned profit guidance 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

In 2023, in the face of a challenging international environment and the arduous tasks of reform, development and stability within China, the Chinese government prioritised stability while pursuing progress, accelerated the establishment of a new development pattern, successfully achieved major targets, set the pace for the recovery of the national economy, and made solid progress in high-quality development. The national economy achieved a 5.2% year-on-year growth in nominal gross domestic product in 2023. However, considering the increasing complexities and challenges arising from the international environment, the prospects for domestic economic recovery still face difficulties and challenges. The Chinese government continues to focus on the primary task of high-quality development and promote the qualitative and effective improvement of the economy and reasonable quantitative growth.

2023 is the opening year to fully implement the spirit of the 20th Congress of the Communist Party of China. Under the backdrop 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 August 2023, the National Development and Reform Commission, the Ministry of Finance, and the National Energy Administration issued the Notice on Promoting Renewable Energy Electricity Consumption through Full Coverage of Renewable Energy Green Electricity Certificates (the "Notice"). The Notice clearly stipulates that renewable energy green power certificates should cover all renewable energy industries, covering the scope of usage, issuance mechanism, trading methods, etc., and for the first time clearly defines the green certificate as "the only proof of environmental attributes of renewable energy". There being no longer a distinction among photovoltaic, wind power and other renewable energy sources, the green certificate is given a new meaning and function, paving the way for an era of the "comprehensive green certificate". The release of the Notice also provides a policy basis for the participation of domestic waste incineration power generation in green electricity trading and green certificate trading, and provides a channel for the increase of power generation income for projects that experience withdrawals of national subsidies. After the release of the Notice, the Group actively studied the Notice and procured various projects including Xiaoshan Jinjiang, Tangshan Jiasheng, Leting Jinhuan, Wuhan Jinjiang, Wuhan Green Energy, Lianyungang Sunrise, Wuhu Jinjiang and Baishan Green Energy to complete the filing for initial review under the Notice.

In August 2023, the CPC Zhejiang Provincial Committee and the People's Government of Zhejiang Province issued the Implementation Opinions on Deepening the Battle against Pollution Prevention and Control (the "Opinions"), which clearly stated that by 2025, the ecological environment should continue to improve, the total emission of major pollutants and the carbon dioxide emission per unit of GDP should be reduced to meet the control targets set by the State. All districted cities and 60% of counties (cities and districts) should have completed the transition to "zero-waste cities". Environmental risks should have been effectively controlled. The quality and stability of the ecosystem and the ecological environment governance system should continue to improve. New progress should be achieved in the establishment of an ecological civil society that is "waste free". In connection with this, the proportion of waste incineration will further increase. Under the guidance of the Opinions, the Group is actively promoting the fly ash resource projects of Zhuji Bafang, Wenling Green Energy, Wuhu Jinjiang and other enterprises.

In September 2023, the National Energy Administration issued the Notice on Matters Relating to the Issuance of Renewable Energy Green Power Certificates (National Energy Development New Energy [2023]64), clarifying the parameters of green certificate issuance. Entities which are entitled to be considered for new green certificate issuance include distributed project owners, market-oriented hydropower, biomass power generation (including domestic waste incineration power generation), geothermal power generation, and ocean energy power generation enterprises that commenced operation in 2023.

In November 2023, The General Office of the State Council forwarded the notice of the National Development and Reform Commission and the Ministry of Finance (State Office Letter [2023] No.115) (the "Guiding Opinions") on the Guidance on the Orderly Implementation of the New Framework for Cooperation between the Government and Private Capital. The Guiding Opinions encourage giving priority to private enterprises to participate as sole owner or controller in projects with a high degree of marketization and weak public attributes. In addition, qualified state-owned enterprises are also encouraged to participate in the revitalization of stock assets through the franchise model, forming a virtuous cycle of investment. The Company has the potential to tap on the benefits given to both state-owned enterprises and private enterprises, and the implementation of the new framework will be conducive to the further expansion of the Company's business.

(B) Operational Matters

The operating enterprises of the Group, on the basis of ensuring normal and stable operation, are actively expanding the waste treatment capacity of existing projects to enhance the overall market competitiveness and contribute to the high-quality development of the Group. In 2H2023, the expansion of projects under the Group's umbrella is progressing in an orderly manner in accordance with the established program objectives. In order to effectively relieve the pressure of municipal solid waste incineration treatment in Yinchuan City, Ningxia Hui Autonomous Region, and promote the harmless treatment and resource utilization of domestic waste, Yinchuan Zhongke WTE Facility has obtained approval for the domestic waste power generation upgrading and expansion project (first stage of phase three) (Ningfagai Energy (Development) No. [2023]125). The planned construction scale is two furnaces and two generators. In this stage, one furnace and one machine will be built, with a waste treatment capacity of 850 tonnes per day. The expansion project of Wuhan Jinjiang WTE Facility in Wuhan city, Hubei Province successfully signed a supplementary agreement to the concession agreement, which added 3,000 tonnes per day of waste treatment capacity (including 1,000 tonnes per day of pre-treatment) on the basis of the previously determined 2,500 tonnes per day, and finally formed a total waste treatment capacity of 5,500 tonnes per day. Zibo Green Energy WTE Facility in Zibo City, Shandong Province signed a cooperation framework agreement on kitchen waste treatment with the local government, aiming to further improve the classification and treatment capacity of kitchen waste in Zibo City, with a waste treatment capacity of 200 tonnes per day.

The Group's project construction is progressing on schedule in an orderly manner. In 2H2023, the Zhongwei Kitchen Waste Treatment Project in Ningxia Hui Autonomous Region started construction smoothly and entered the trial operation, increasing the waste treatment capacity of 100 tonnes per day. The Shijiazhuang Jiasheng WTE Facility in Hebei Province was officially put into operation, increasing the waste treatment capacity of 1,600 tonnes per day and installed capacity of 80MW. The reconstruction and expansion project of Wuhan Jinjiang WTE Facility in Wuhan city, Hubei Province and the supporting resource recycling and kitchen waste treatment project officially started construction. The Group also made a breakthrough in overseas projects, and officially signed a power purchase agreement for the Palembang WTE Project in Indonesia.

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. An entrusted storage agreement will need to be signed between Kunming Soil Storage Center and the Wuhua District government in respect of the land parcel before the terms of the closure compensation agreement can be confirmed. Kunming Soil Storage Center has submitted the entrusted storage agreement to the Wuhua District government, and the terms of the entrusted storage agreement will be confirmed after the executive meeting of the Wuhua District government in the near future, following which the entrusted storage agreement can be signed to officially start the land acquisition and storage negotiations. The Group is currently in further communication with the Kunming government in the hope of signing the closure compensation agreement as soon as possible.

Overall, as of 31 December 2023, the Group has invested in 27 operational WTE facilities, 3 kitchen waste treatment facilities and 8 waste resource recycling facilities in the PRC with a total installed waste treatment capacity of 44,405 tonnes per day and installed capacity of 915MW. Furthermore, the Group has 4 WTE projects, 1 kitchen waste treatment project and 1 waste resources project under construction, 15 WTE projects and 2 kitchen waste treatment projects in the preparatory stage in the PRC 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 63,270 tonnes per day and 1,352MW upon the completion of these projects.

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.

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

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

Yes, a final cash dividend has been recommended.

The Company currently does not have a fixed dividend policy. When making recommendations on the timing, amount and form of future dividends, if any, the Board will consider, among other things, the Group's results of operations and cash flow, expected financial performance and working capital needs, future prospects, capital expenditures and other investment plans, other investment and growth plans and the general economic and business conditions and other factors deemed relevant by the Board and statutory or contractual restrictions on the payment of dividends.

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

1.30 Singapore cents per ordinary share.

- (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).**

The dividend is tax exempt in the hands of the shareholders.

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

The date for dividend payment will be announced at a later date, subject to approval by shareholders at the forthcoming annual general meeting.

- (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.**

To be announced at a later date.

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

Not applicable.

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 |
|---|--|---|---|
| Purchases of materials from: | | | |
| Zhejiang Petroleum Integrated Energy Sales Co., Ltd | Associate of Zheneng Group | - | 4,655 |
| Zhejiang Petroleum Fuel Oil Sales Co., Ltd. | Associate of Zheneng Group | - | 912 |
| Engineering, procurement and construction services from: | | | |
| Zhejiang Tiandi Environmental Protection Technology Co., Ltd. | Associate of Zheneng Group | - | 23,298 |
| Interest expenses to: | | | |
| Zhejiang Provincial Energy Group Finance Co., Ltd. | Associate of Zheneng Group | 19,888 | - |
| Revenue from waste treatment and sales of steam: | | | |
| Lianyuangang Jinchí Bio-technology Co., Ltd* | Associate of Mr. Dou Zhenggang, a controlling shareholder of the Company ("Mr. Dou") | - | 620 |
| Hangzhou Jinjiang Group Environmental Protection Technology Co., Ltd. | Associate of Mr. Dou | - | 881 |
| WTE project consulting services from: | | | |
| Hangzhou Deyi Investment Management Co., Ltd. | Associate of Mr. Dou | 1,000 | - |
| Interest income from: | | | |
| Zibo Green New Energy Co., Ltd. | Associate of Mr. Dou | 3,635 | - |
| Total | | 24,523 | 30,366 |

* Due to subsequent changes in shareholding, Lianyuangang Jinchí Bio-technology Co., Ltd has ceased to be an associate of Mr. Dou since 30 September 2023.

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. For interest income, the value of interest can be determined only after the quarter as the interest rate is based on the interest rate agreed in the financing agreement signed between Zibo Green New Energy Co., Ltd. and the third-party financial institution, and will be reviewed every quarter. Accordingly, for these categories of transactions, disclosure of the aggregate value is based on the actual amount incurred for the period.

8. 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.

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

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

BY ORDER OF THE BOARD

Wei Dongliang
Executive Chairman
28 February 2024