DONGJIANG ENVIRONMENTAL COMPANY LIMITED*

東江環保股份有限公司

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 00895)

2021 Annual Report

* For identification purpose only

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

TAN Kan *(Chairman)*
YU Zhongmin *(Chief executive officer)*
(appointed on 6 January 2022)
LIN Peifeng

NON-EXECUTIVE DIRECTORS

TANG Yi
SHAN Xiaomin
JIN Yongfu

INDEPENDENT NON-EXECUTIVE DIRECTORS

LI Jinhui
SIU Chi Hung
GUO Suyi

SUPERVISORS

YU Fan *(appointed on 6 January 2022)*
HUANG Hai Ping *(resigned on 6 January 2022)*
ZHANG Hao
JIANG Ping

COMPANY SECRETARY

MOK Ming Wai *(appointed on 24 December 2021)*
SO Shuk Yi Betty *(retired on 24 December 2021)*

AUDIT COMMITTEE

SIU Chi Hung *(Chairman)*
LI Jinhui
GUO Suyi

REMUNERATION AND APPRAISAL COMMITTEE

GUO Suyi *(Chairman)*
LI Jinhui
SIU Chi Hung

NOMINATION COMMITTEE

LI Jinhui *(Chairman)*
TAN Kan
SIU Chi Hung

STRATEGIC DEVELOPMENT COMMITTEE

TAN Kan *(Chairman)*
LIN Peifeng
LI Jinhui

AUTHORISED REPRESENTATIVES

TAN Kan
MOK Ming Wai *(appointed on 24 December 2021)*
SO Shuk Yi Betty *(retired on 24 December 2021)*

STOCK CODES

A shares listed on Shenzhen Stock Exchange: 002672
H shares listed on The Stock Exchange of Hong Kong Limited: 00895

AUTHORISED REPRESENTATIVE TO ACCEPT SERVICE OF PROCESSES AND NOTICES

Jeffrey Mak Law Firm

CORPORATE INFORMATION

INTERNATIONAL AUDITORS

Mazars CPA Limited

DOMESTIC AUDITORS

Zhongshen Zhonghuan
Certified Public Accountants
(Special General Partnership)

LEGAL ADVISERS

Jeffrey Mak Law Firm *(as to Hong Kong law)*
廣東東方昆侖律師事務所 *(as to China law)*

PRINCIPAL BANKER

China Merchants Bank

HONG KONG H SHARE REGISTRAR

Tricor Tengis Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

1st Floor, 3rd Floor,
North of 8th Floor, 9th-12th Floor
Dongjiang Environmental Building
No. 9 Langshan Road
North Zone of Hi-tech Industrial Park
Nanshan District, Shenzhen
The People's Republic of China

COMPANY'S WEBSITE

http://www.dongjiang.com.cn

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

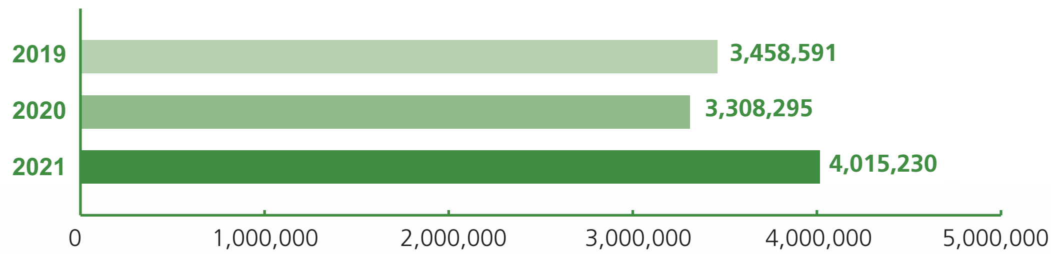
6th Floor, O.T.B. Building
259-265 Des Voeux Road Central, Hong Kong

FINANCIAL SUMMARY

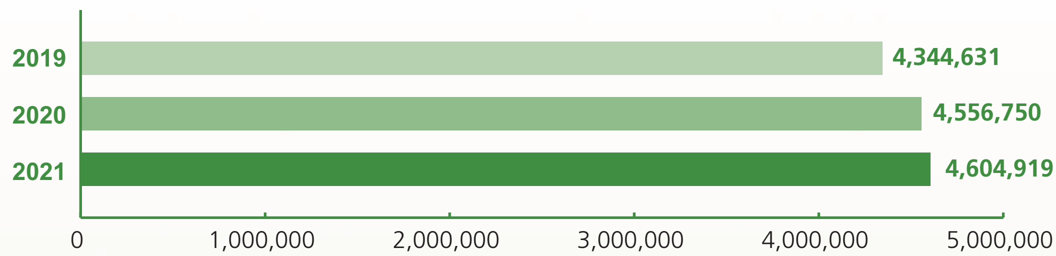
	2021 RMB'000	2020 RMB'000 (restated)	2019 RMB'000	2018 RMB'000	2017 RMB'000
Results					
Total operating revenue	**4,015,230**	3,308,295	3,458,591	3,284,081	3,099,659
Gross profit	**1,103,577**	1,128,659	1,247,958	1,158,840	1,112,149
Gross profit margin	**27.48%**	34.12%	36.08%	35.29%	35.88%
Net profit attributable to equity holders of the Company	**160,745**	304,920	423,930	407,917	473,376
Financial position					
Total assets	**11,813,210**	10,447,497	10,395,432	9,763,884	9,240,147
Total liabilities	**6,365,415**	5,055,766	5,360,589	5,077,724	4,918,300
Non-controlling interests	**842,876**	834,981	690,212	644,229	592,752
Equity attributable to equity holders of the Company	**4,604,919**	4,556,750	4,344,631	4,041,931	3,729,095

Note: The above financial summary for the years ended 31 December 2017, 2018 and 2019 is not comparable to the financial summary for the year ended 31 December 2020 and 2021 as the Company's financial statements for the years ended 31 December 2017, 2018 and 2019 were prepared under China Accounting Standards for Business Enterprises while the Company's financial statements for the years ended 31 December 2020 and 2021 were prepared under International Financial Reporting Standards.

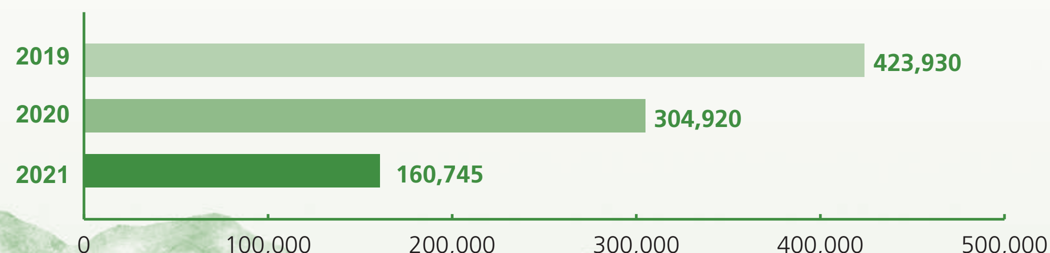
Total operating revenue
(RMB'000)



Equity attributable to equity holders of the Company
(RMB'000)



Net profit attributable to equity holders of the Company
(RMB'000)



CHAIRMAN'S STATEMENT

On behalf of the board (the" **Board**") of directors (the" **Directors**") of Dongjiang Environmental Company Limited* (the" **Company**"), I am pleased to report the audited consolidated results of the Company and its subsidiaries (collectively, the" **Group**") for the year ended 31 December 2021 (the" **Reporting Period**").

OVERVIEW

The year 2021 was the first year towards the targets of" carbon peaking" and" carbon neutrality", which marked the start of the Company's new journey in the" 14th Five-Year" plan period, and was also a critical year for deepening corporate reform. Currently, the hazardous waste disposal industry is undergoing profound changes with overcapacity in certain areas, significant reduction at source, emergence of" cement kiln", increasing industry competition and intensifying" price war", which caused serious difficulties and challenges to the development of hazardous waste industry. Meanwhile, with the in-depth implementation of the strategy of" carbon peaking" and" carbon neutrality", the environmental protection industry in China is set for a new round of strategic development in the context of building a resource-saving society and a green, low-carbon circular economy. Facing such opportunities and challenges, the Company overcame adversities and sought joint development with firm belief, hard work and diligence, boosted its internal growth drivers through comprehensive and in-depth reform, accelerated transformation and upgrading with major projects and enhanced quality and efficiency through refined management to ensure stable development of the Company.

In 2021, the Company put great efforts in developing hazardous waste treatment and disposal business by implementing various key projects. In particular, a total of six new construction or expansion project of waste incineration and landfill completed construction and commenced operation, contributing hazardous waste disposal capacity of approximately 169,500 tonnes per year. In addition, the three provincial key projects in Zhuhai and Jieyang were currently under construction with total designed capacity of 355,500 tonnes per year, which were expected to be completed and commence operation within two years. As of the end of the Reporting Period, benefited from the commencement of operation of newly constructed projects and the implementation of proactively market strategies, the total treatment capacity of the Company exceeded 2,300,000 tonnes per year for hazardous waste treatment. Meanwhile, during the Reporting Period, the Company expressly proposed to shift the strategic focus towards recycling and integrated utilization sector with focus on main businesses. In addition, the Company adhered to the idea of innovation-driven development, continued to put great efforts in research and development based on research institutes. During the year, the Company was granted 93 new patents and has obtained over 500 patents, and 19 entities within the Group were recognized as high technology enterprises, which provided strong momentum for the high-quality development of the Company.

CHAIRMAN'S STATEMENT

Facing the challenging market situation, the Company actively responded to the market changes to capture market share by strengthening market collection and transportation, promptly adjusting prices and improving customer services, while accelerating the implementation of a series of tasks such as key project construction, technological innovation, research and development, standardized operation and management, and human resources reform. With such efforts, the Company achieved an operating revenue of RMB4,015 million for the year, representing an increase of 21.37% as compared to the same period of last year. Affected by increased market competition, the gross profit margin of the Company's main business declined, affecting the overall profitability of the Company. In addition, considering the adverse impact of the industry in which it operates and the impact of changes in the operating environment on certain long-term assets and contingencies of the Company, the Company took prudent approach to make reasonable provision for asset impairment and estimated liabilities, which caused certain impact on the profit for the year. During the Reporting Period, our net profit attributable to the equity holders of the Company amounted to approximately RMB161 million, representing a decrease of 47.28% as compared to the same period of last year. As at the end of 2021, total assets grew steadily to RMB11,813 million, representing an increase of 13.07% over the beginning of the period, and the equity attributable to the equity holders of the Company was RMB4,605 million, representing an increase of 1.06% over the beginning of the period.

The Company has always attached importance to the return on investment of its shareholders and has formulated a continuous and stable profit distribution plan and shareholder return plan. In order to reward the shareholders, the Board of Directors of the Company proposed to distribute a final cash dividend of RMB0.055 per share (tax inclusive) to all shareholders, subject to approval by the shareholders of the Company at the forthcoming annual general meeting.

OUTLOOK

Since the start of the" 14th Five-Year" plan period in 2021, China has focused on the development strategy of" carbon peaking" and" carbon neutrality", and low-carbon operation and emission reduction have become market development trend. The reshaping of energy structure is of great importance to China's development of a green, low-carbon and circular economy. In the coming years, driven by the industry policy of sustainable development of green economy, low-carbon economy and circular economy, enterprises in environmental protection industry will continue to expand their business scope and explore frontier areas. In the new green, low-carbon and circular economy, the environmental protection industry is bound to upgrade to green industry. Environmental protection enterprises will adjust their business activities and scope to better serve the" 14th Five-Year" plan and the more distant goals of" carbon peaking" and" carbon neutrality", seize development opportunities in the changing situation and strive to participate in carbon emission reduction for long-term development.

The year 2022 is a critical year for strengthening reform in the" 14th Five-Year" plan period and for the Company to consolidate its foundation, deepen its reform and accelerate its transformation. In 2022, as a pioneer and leader in China's hazardous waste treatment industry, the Company will actively play an exemplary and leading role as a state-owned environmental protection enterprise, proactively support national strategies, follow industry policies and guidance, focus on the development goals of" stabilizing main business while seeking transformation", pursue development amidst the challenges and opportunities in the hazardous waste treatment industry with the operational direction of" intelligent upgrade, collective development, service expansion, safety management and control and green transformation", consolidate the main business of hazardous waste treatment, capture market opportunities to refine, develop and expand the recycling business and accelerate business transformation and upgrade, enhance the comprehensive competitiveness of the Company and build a leading technology-based integrated environmental service provider specialized in hazardous waste disposal in China.

ACKNOWLEDGEMENTS

Finally, on behalf of the Board, I would like to express my gratitude to the shareholders, clients, suppliers, partners, and staff who make unremitting effort to the Group's development.

Dongjiang Environmental Company limited
Tan Kan
Chairman

Shenzhen, Guangdong Province, the PRC
25 March 2022

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION DISCUSSION AND ANALYSIS

The year 2021 marked the start of the Company's new journey in the "14th Five-Year" plan period, and was also a critical year for deepening corporate reform. Currently, the hazardous waste disposal industry is undergoing profound changes with overcapacity in certain areas, significant reduction at source, emergence of "cement kiln", increasing industry competition and intensifying "price war", which caused serious difficulties and challenges to the development of hazardous waste disposal industry. Meanwhile, with the in-depth implementation of the strategy of "carbon peaking" and "carbon neutrality", the environmental protection industry in China is set for a new round of strategic development in the context of building a resource-saving society and a green, low-carbon circular economy. Facing such opportunities and challenges, the Company focused on its objectives and tasks in the "14th Five-Year" plan period, tackled challenges with diligence, hard work and firm belief, boosted its growth drivers through comprehensive and in-depth reform, maintained stable operation of its main business, made structural adjustment and promoted transformation, enhanced quality and efficiency through refined management, and actively addressed the changes in competitive landscape of hazardous waste market, thereby achieving a smooth start to the "14th Five-Year" plan period.

In 2021, increasing competition in the industry led to continuous increase in the cost of collection and transportation of recycled hazardous waste and a significant drop in the price of collection and transportation for harmless treatment of wastes. Based on the Company's market research, prices of collection and transportation for waste incineration and landfill fell by an average of over 20%, with over 30% drop for waste incineration in Central China. The price of collection and transportation for year-based customers also recorded an average decline of 15%, while the average discount rate for collection and transportation of recycled metal-containing wastewater rose by over 5%. Facing the challenging market environment for hazardous waste treatment, the Company actively responded to the changes in the market environment and took various measures to increase its efforts in market expansion and customer development. In particular, the Company actively adjusted its market strategy, flexibly applied the pricing mechanism, adopted the strategy of "capturing market share by securing business with competitive price", expanded its business regions, increased its market share in core regions such as Guangdong and Jiangsu, and empowered standardized and refined management through the Company's self-developed intelligent environmental protection system, thus achieving record highs in total volume of hazardous waste collection and transportation and sales of recycled products for the year. In particular, total volume of collection and transportation for waste incineration and landfill increased by 28% and 120%, respectively, and revenue from harmless treatment business amounted to approximately RMB1,712 million for the year, representing a growth rate of approximately 7.04% despite the significant drop of disposal price. In addition, by producing high-value-added recycled products, expanding sales in overseas market, developing recycling business and customer base, and based on the recycled product gross margin linkage mechanism, the operating revenue of the industrial waste recycling segment was approximately RMB1,565 million, representing an increase of 48.45% over the same period last year, which contributed profit before tax of approximately RMB155 million.

With the Group's concerted efforts and the above measures, the Company achieved an operating revenue of RMB4,015 million for the year, representing an increase of 21.37% as compared to the same period of last year. However, affected by the competition in the hazardous waste treatment market, the profitability of the Company's main business of harmless treatment was subject to a certain degree of impact with a decrease in gross profit margin ratio of 8.72% points as compared to the same period of last year, thus affecting the overall profitability of the Company. In addition, considering the adverse impact of the industry in which it operates and the impact of changes in the operating environment on certain long-term assets and contingencies of the Company, the Company took prudent approach to make reasonable provision for asset impairment and estimated liabilities, which caused certain impact on the profit for the year. During the Reporting Period, our net profit attributable to the equity holders of the Company amounted to approximately RMB161 million, representing a decrease of 47.28% as compared to the same period of last year, and the net profit attributable to the equity holders of the Company after deducting non-recurring profit or loss amounted to approximately RMB155 million, representing a year-on-year decrease of 42.31%.

In response to changes in the market environment, the Company accelerated its strategic transformation, actively adjusted its business structure, and developed and improved its industrial chain. During the Reporting Period, the Company actively responded to the national strategies of "carbon peaking" and "carbon neutrality" and the industry guidance of "development of a green and low-carbon circular economic development system" and facilitated industry upgrade with large-scale project investment and construction based on the Company's "14th Five-Year" development plan.

For project investment, the Company successfully acquired 70% equity interest in Chenzhou Xiongfeng Environment Technology Company Limited* (郴州雄風環保科技有限公司) ("**Xiongfeng Environment**") at a consideration of RMB429 million, officially entering the rare and precious metals recycling sector and optimising the layout of our recycling business segment. By leveraging the strength of Xiongfeng Environment, the Company will bridge the key links to extend the industrial chain and expand the operation scale of recycling business, fully enhance the Company's internal collaborative disposal capability, and promote in-depth and high-quality development of the traditional recycling business. In the future, as one of the important business of the Company, rare and precious metals recycling business will further expand the Company's revenue stream and profitability, enhance the proportion of recycling business, and accelerate the Company's shift towards recycling business.

For project construction, the Company implemented various key projects during the Reporting Period. In particular, a total of six new constructions or expansion projects of waste incineration and landfill completed construction and commenced operation, contributing hazardous waste disposal capacity of approximately 169,500 tonnes per year. In addition, the three provincial key projects in Zhuhai and Jieyang were currently under construction with total designed capacity of 355,500 tonnes per year, which were expected to be completed and commence operation within two years. As of the end of the Reporting Period, benefited from the commencement of operation of newly constructed projects and the implementation of proactively market strategies, the total treatment capacity of the Company exceeded 2,300,000 tonnes per year for hazardous waste treatment.

In order to ensure the smooth operation of the Company's businesses and accelerate the transformation and upgrading of the Company, during the Reporting Period, the Company successfully issued medium-term notes of RMB500 million and the first tranche of super short-term financing bonds of RMB500 million in January 2022 with interest rates of 3.79% and 3.20% respectively, which were at a relatively low level in the market for the same period, further reducing the Company's finance costs and optimising its debt structure. Meanwhile, the Company will accelerate the project of non-public issuance of A shares to implement equity financing, reduce the Company's gearing ratio and provide capital support for the Company's steady development.

During the Reporting Period, the Company carried out various special tasks such as "removing loss-making projects and compressing business scale", "asset revitalization" and "benchmarking world leading companies", actively implemented special rectification work, and further enhanced production and operation efficiency. During the Reporting Period, the Company also formulated scientific "14th Five-Year" plan which expressly proposed to shift the strategic focus towards recycling and integrated utilization sector with focus on main businesses. In addition, the Company adhered to the idea of innovation-driven development, continued to put great efforts in research and development based on research institutes. During the year, the Company was granted 93 new patents and has obtained over 500 patents, and 19 entities within the Group were recognized as high technology enterprises.

FINANCIAL REVIEW

Total operating revenue

For the year ended 31 December 2021, the Group's total operating revenue increased by 21.37% as compared with 2020 to approximately RMB4,015,230,000 (2020 (restated): approximately RMB3,308,295,000). The increase in total operating revenue was mainly due to the fact that in facing the changes in the economic environment and intensive market competition, the Company aimed to increase its market share and business volume by optimizing and adjusting its market management model to ensure stable development of the principal business of the Company, and captured the opportunities from increase in metal prices by increasing the sales of recycled products. In particular, the operating revenue of industrial waste treatment and disposal increased by approximately 7.04% as compared with the same period of last year to approximately RMB1,712,164,000 (2020: approximately RMB1,599,509,000). The operating revenue of industrial waste recycling products increased by approximately 48.45% as compared with the same period of last year to approximately RMB1,565,155,000 (2020: approximately RMB1,054,328,000).

Profit

For the year ended 31 December 2021, the Group's integrated gross profit margin was 27.48% (2020 (restated): 34.12%). The integrated gross profit margin decreased by approximately 6.64% points as comparing to last year, which was mainly because of the commencement of operation on new production capacity in the industry, the industry became increasingly competitive, the cost of recycling business increased, and the market prices for collection and transportation of non-hazardous waste decreased, which led to the decrease in profit margin of the Company.

For the year ended 31 December 2021, net profit attributable to equity holders of the Company was approximately RMB160,745,000 (2020 (restated): approximately RMB304,920,000), which decreased by approximately 47.28% compared with 2020. This was mainly due to the further intensified competition in the hazardous waste market and the overcapacity of hazardous waste disposal and price competition in several provinces in China, which led to the continuous increase in the cost of collection and transportation of recycled hazardous waste and a significant drop in the price of collection, transportation and harmless treatment of waste, resulting in a decline in the Company's net profit under pressure; and the fact that considering the adverse impact of the Company's engaged industry and the change in operating environment and the actual impact of certain long-term assets and legal proceedings, the Company made prudential and reasonable provision on impairment of long-term assets and estimated liabilities, which constituted significant impact on the annual profit of the Company.

Selling expenses

For the year ended 31 December 2021, the Group's selling expenses were approximately RMB109,381,000 (2020: approximately RMB100,869,000), accounting for 2.72% of the total operating revenue (2020 (restated): 3.05%). The increase in selling expense was mainly due to the increase in operating revenue and the consequent increase in selling expenses as well as the impact of the reduction of social insurance expenses benefited from the government subsidy related to the coronavirus disease ("**COVID-19**") pandemic in the same period of last year.

Administrative expenses

For the year ended 31 December 2021, the Group's administrative expenses were approximately RMB407,590,000 (2020: approximately RMB361,726,000), accounting for 10.15% of the total operating revenue (2020 (restated): 10.93%). The increase in administrative expenses during the Reporting Period was mainly due to the expanded scope of consolidation and reduction and exemption of social insurance expenses benefited from the government subsidy related to the COVID-19 pandemic in the same period of last year.

Finance costs

For the year ended 31 December 2021, the Group's finance costs were approximately RMB135,010,000 (2020 (restated): approximately RMB127,066,000), accounting for 3.36% of the total operating revenue (2020 (restated): 3.84%). The increase in finance costs charged to the profit or loss was mainly due to the decrease in capitalization of borrowing costs directly attributable to construction in progress during the Reporting Period.

Income tax expenses

For the year ended 31 December 2021, the Group's income tax expenses were approximately RMB35,665,000 (2020: approximately RMB68,225,000), accounting for 18.62% of total profit (2020 (restated): 16.91%). The decrease in income tax expenses was mainly due to the decrease in profit before taxation for the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL POSITION AND LIQUIDITY

As of 31 December 2021, net current liabilities of the Group amounted to approximately RMB828,191,000 (2020 (restated): approximately RMB1,018,913,000), including cash and time deposits at banks and other financial institution of approximately RMB521,425,000 in total (2020: approximately RMB653,579,000).

As of 31 December 2021, total liabilities of the Group amounted to approximately RMB6,365,415,000 (2020 (restated): approximately RMB5,055,766,000). The Group's gearing ratio was 53.88% (2020 (restated): 48.39%) in terms of the Group's total liabilities and total assets. The Group's current liabilities amounted to approximately RMB3,805,521,000 (2020 (restated): approximately RMB3,576,294,000). As of 31 December 2021, the Group's outstanding bank and other loans reached approximately RMB3,359,793,000 (2020: approximately RMB2,632,898,000). In the opinion of the directors of the Company, the Group can meet its financial obligations through the unused banking facilities and the registered super short-term financing bonds available to the Group.

The Board believes that the Group has a stable and strong financial and liquidity position to meet the needs of its future business development.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

In June 2021, the Company made investment of RMB51,000,000 in Jieyang Dongjiang Guoye Environmental Protection Technology Co., Ltd.* (揭陽東江國業環保科技有限公司), a subsidiary owned as to 85% by the Company.

In September 2021, the Company made investment of RMB429,000,000 in Xiongfeng Environment, a subsidiary owned as to 70% by the Company.

In September 2021, the Company acquired 15% equity interest in Qingyuan Xinlv Environmental Technology Co., Ltd.* (清遠市新綠環境技術有限公司), a subsidiary owned as to 62.5% by the Company, at a consideration of RMB16,200,000, thereby increasing its shareholding to 77.5%.

In December 2021, the Company acquired 40% equity interest in Xiamen Oasis Environmental Industrial Co., Ltd.* (廈門綠洲環保產業股份有限公司), a subsidiary owned as to 60% by the Company, at a consideration of approximately RMB131,727,000, thereby increasing its shareholding to 100%.

Save as disclosed in this report, during the Reporting Period, the Group has no other significant investment, acquisition and disposal of subsidiaries and associates.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, the Group does not have other future plans for material investments or capital assets, except for the capital commitment of RMB424,218,000 which will be funded by internal resources and external borrowings.

INTEREST RATE AND FOREIGN EXCHANGE RISKS

Interest rate risk

The Group is exposed to the fair value interest rate risks as a result of the Group's fixed-rate bank and other loans. The Group currently has no interest rate hedging policy. However, the management of the Group closely monitors the interest rate risk and should a significant risk be foreseeable, it will consider taking other necessary actions.

The Group is also exposed to cash flow interest rate risk as a result of the Group's floating-rate bank and other loans. The Group's policy is to maintain the floating-rate bank and other loans to reduce the cash flow interest rate risk.

The Group's cash interest rate risk mainly results from the Group's RMB borrowings, and is subject to the fluctuations of the interest rate benchmark published by the People's Bank of China.

Foreign exchange risk

The Group's functional currency is RMB, and the majority of transactions are denominated in RMB. However, certain bank balances, trade and other receivables and other payables are denominated in currencies other than RMB. Expenses of the Group's overseas operations other than PRC are also denominated in foreign currencies. The Group has not engaged in any particular hedge against foreign exchange risk.

Capital commitment

As at 31 December 2021, the capital commitment of the Group was as follows:

Item	**2021** **RMB'000**	2020 RMB'000
Significant outsourcing contracts	**304,782**	338,433
Commitment to acquisition of long-term assets	**119,436**	30,232
Total	**424,218**	368,665

Contingent liabilities

As of 31 December 2021, the Group had no material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PROSPECTS

(I) Future outlook

Since the start of the "14th Five-Year" plan period in 2021, China has focused on the development strategy of "carbon peaking" and "carbon neutrality", and low-carbon operation and emission reduction have become market development trend. The reshaping of energy structure is of great importance to China's development of a green, low-carbon and circular economy. In the coming years, driven by the industry policy of sustainable development of green economy, low-carbon economy and circular economy, enterprises in environmental protection industry will continue to expand their business scope and explore frontier areas. In the new green, low-carbon and circular economy, the environmental protection industry is bound to upgrade to green industry. Environmental protection enterprises will adjust their business activities and scope to better serve the "14th Five-Year" plan and the more distant goals of "carbon peaking" and "carbon neutrality", seize development opportunities in the changing situation and strive to participate in carbon emission reduction for long-term development.

In 2022, as a pioneer and leader in China's hazardous waste treatment industry, the Company will actively play an exemplary and leading role as a state-owned environmental protection enterprise, proactively support national strategies, follow industry policies and guidance, focus on the development goals of "stabilizing main business while seeking transformation", pursue development amidst the challenges and opportunities in the hazardous waste treatment industry with the business objective of "intelligent upgrade, collective development, service expansion, safety management and control and green transformation", consolidate the main business of hazardous waste treatment while capturing market opportunities to refine, develop and expand the recycling business and accelerate business transformation and upgrade.

In 2022, leveraging the strength of existing main business of hazardous waste treatment, the Company will facilitate the construction and commencement of operation of incineration, landfill and other hazardous waste treatment projects of the Company, strive to enhance its hazardous waste treatment capacity to 2,500,000 tonnes by the end of 2022, optimize the qualification structure of hazardous waste treatment, further align the qualifications with market demand, enhance the capacity utilization efficiency of the Company, increase hazardous waste treatment volume and market share, and steadily expand the revenue scale of hazardous waste treatment business. It will also increase the proportion of and investment in recycling business and expand the revenue stream and profitability of the rare and precious metals recycling business through technological modification and upgrading. Moreover, the Company will enhance, optimize and upgrade its market service model, seize opportunities from favourable policy of circular transformation of industrial parks under the "14th Five-Year" plan, fully utilize its advantages in wastewater treatment, intelligent safety and environmental management, environmental testing, comprehensive utilization of solid waste, optimization and upgrade of technology and equipment, and put more efforts in developing integrated "environmental caretaker" service, thereby strengthening the core competitive strength of the Company. It will simultaneously carry out various special tasks such as "intelligent environmental protection operation management platform", "removing loss-making projects and compressing business scale", "ultimate cost reduction" and "project of non-public issuance of A shares", improve its operational efficiency and management effectiveness, improve its operational efficiency and management effectiveness while addressing historical problems, adjusting its asset structure, expanding its income sources and cutting costs to improve the overall profitability of the Company.

In order to accelerate the business transformation and upgrading of the Company, the Group will continuously monitor the industry development trend and conduct research on relevant policies, markets and technologies to identify better markets, more advanced technologies and high-value projects, thereby creating momentum for the Company's business transformation. In 2022, under the strategy of "carbon peaking" and "carbon neutrality", China will frequently introduce relevant policies and plans. Against such backdrop, the Company will continue to focus on power battery recycling, photovoltaic power generation industry chain and aluminium ash treatment and disposal, and seek opportunities to expand to new business sectors. It will also cooperate with relevant research institutes to jointly promote the power battery green recycling and integrated utilization project, carry out in-depth technological research and explore cooperation models in such field, actively expand in the new sector of power battery recycling, and explore the potential of full industrial chain coverage of recycling business. Meanwhile, the Company will pay close attention to the relevant policies and development trends of the photovoltaic power generation industry chain, and take advantage of the strategy and huge market demand of "carbon peaking" and "carbon neutrality" to facilitate its development in new energy sector and gradually establish a new energy business system, thereby creating new profit growth drivers.

(II) Potential risks and countermeasures

1. *Risk related to intensified competition in the industry*

With the growing awareness of environmental protection among the general public, the tightening of national regulation on environmental protection and the increasing policy support for the circular economy, the environmental protection industry has become increasingly attractive to various investors, with large state-owned enterprises and private capital entering the market in recent years. If more enterprises enter the industry in the future, it will significantly increase the production capacity of hazardous waste treatment in China, resulting in a decrease in the price of hazardous waste treatment, which will have an adverse impact on the Company's revenue and profit. In response, the Company will continue to improve its capabilities in market services, technology innovation and business management, focus on development of its core business, strengthen its "internal strength", and enhance its core competitiveness in terms of scale, layout, cost and technology, thereby promoting high-quality development of the Company.

2. *Risk related to production safety and environmental protection*

Hazardous wastes are highly corrosive, toxic, flammable, reactive or infectious in nature and are characterised by fragmented sources, unstable composition and complicated make-up, which have high requirements on the skills of operators, operating techniques and processes and safety management measures. The Company's operations involve the collection, storage and disposal of hazardous wastes with an extensive business scope covering a wide range of products, thus putting great pressure on production safety and environmental protection management. The Company will continue to strengthen the management of its pollutant treatment facilities, raise employees' awareness of compliance operations, and fully enhance its safety protection capability to minimise the risk related to production safety and environmental protection.

3. *Risk of loss and shortage of professionals in the industry*

As more and more companies enter the hazardous waste treatment industry, the increasing number and expanding business scale of competitors in the industry may lead to the risk of loss and shortage of professionals if potential competitors in the industry offer more favourable remuneration and benefits to attract talents from the Company or if there is change in workforce due to other factors. The Company will comprehensively implement the project of "attracting, cultivating, utilizing and retaining talents" and maximize the utilization of human resources by further improving the talent sourcing and recruitment mechanism, optimizing the training system, strengthening job rotation and exchange, and improving long-term assessment and motivation, so as to develop a solid talent pool to support the high-quality development of the Company.

EXECUTIVE DIRECTORS

Mr. Tan Kan (譚侃) ("Mr. Tan"), aged 53, is a member of the Communist Party of China, holds a bachelor's degree. He was deputy research officer of environmental evaluation management department in Shenzhen Neighborhood Committee (深圳市人居委), deputy director of dongshen water source protection office and deputy division chief of water and soil environmental management office in Shenzhen Neighborhood Committee (深圳市人居委) and the head of pollution prevention and control department of Shenzhen Water Bureau (深圳市水務局). Mr. Tan was appointed as an executive director and chairman on 12 November 2018, and served as the secretary of the Communist Party of the Company. Mr. Tan is the beneficial owner of 120,000 A shares, representing 0.014% of the issued share capital of the Company.

Mr. Yu Zhongmin (余中民) ("Mr. Yu"), aged 50, member of the Communist Party of China, holds a Bachelor's degree and is an Engineer. He was the vice president and party committee member of Shenzhen Zhongjin Lingnan Non-ferrous Metal Co., Ltd.* (深圳市中金嶺南有色金屬股份有限公司), a non-wholly-owned subsidiary of Guangdong Rising Holdings Group Co., Ltd.* (廣東省廣晟控股集團有限公司) (a substantial shareholder of the Company), director of Shenzhen Jinzhou Precision Technology Corp.* (深圳市金洲精工科技股份有限公司) and vice chairman of Beijing Antaike Information Co., Ltd.* (北京安泰科信息股份有限公司), a company quoted on the National Equities Exchange and Quotations. Mr. Yu was appointed as chief executive officer on 13 December 2021. And Mr. Yu was appointed as an executive director on 6 January 2022 and serves as the deputy secretary of the Communist Party of the Company.

Mr. Lin Peifeng (林培鋒) ("Mr. Lin"), aged 45, is a member of the Communist Party of China, holds a bachelor's degree and graduated from South China University of Technology, with a major in electronics and information technology. Since 2018, Mr. Lin has held several positions in Guangdong Rising Holdings Group Co., Ltd. including deputy director and director of party committee office (administration office). Mr. Lin was appointed as an executive director on 29 June 2020 and serves as the deputy secretary of the Communist Party and the chairman of the trade union of the Company.

NON-EXECUTIVE DIRECTORS

Mr. Tang Yi (唐毅) ("Mr. Tang"), aged 49, is a member of the Communist Party of China, holds bachelor's and master's degrees. He served as an assistant to the manager and deputy manager of finance department of Guangdong Rising Nonferrous Metals Import and Export Company (廣東廣晟有色金屬進出口有限公司) and an executive, senior executive and deputy director of the planning and finance department and deputy director of finance department (clearing center) of Guangdong Rising Holdings Group Co., Ltd. Mr. Tang currently serves as a designated director assigned to listed companies by Guangdong Rising Holdings Group Co., Ltd., and a director of Southern United Assets And Equity Exchange Limited Liability Company (南方聯合產權交易中心有限責任公司), Guangdong Fenghua Advanced Technology Holding Co., Ltd. (廣東風華高新科技股份有限公司) and Shenzhen Zhongjin Lingnan Non-ferrous Metal Co., Ltd.. Mr. Tang was appointed as a non-executive director on 22 December 2020.

Ms. Shan Xiaomin (單曉敏) ("Ms. Shan"), aged 50, is a member of the Communist Party of China, holds master's and doctoral degrees. She served as deputy chief of Donghai County (東海縣), deputy secretary of the Party Committee, acting chief and chief of Lianyungang Haizhou District (連雲港市海州區), deputy secretary of the Party Committee, acting chief and chief of Lianyungang Xinpu District (連雲港市新浦區). Ms. Shan currently serves as the vice president and a Party Committee member of Jiangsu High Hope International Group Co., Ltd.* (江蘇匯鴻國際集團股份有限公司) (listed on the Shanghai Stock Exchange, stock code: 600981), the chairman of Jiangsu Huihong Dongjiang Environmental Protection Co., Ltd. (江蘇匯鴻東江環保有限公司) and the chairman of Wuxi Tianpeng Group Co., Ltd. (無錫天鵬集團有限公司). Ms. Shan was appointed as a non-executive director on 22 December 2020.

Mr. Jin Yongfu (晉永甫) ("Mr. Jin"), aged 54, is a member of the Communist Party of China, holds a bachelor's degree. He served as the deputy manager of finance department and a director of the office of Jiangsu Skyrun Corporation (江蘇開元股份有限公司), the secretary of the board and an assistant to the general manager and the manager of investment development department of Jiangsu Skyrun Corporation (江蘇開元股份有限公司), the general manager of Jiangsu Huihong Huisheng Investment Management Co., Ltd. (江蘇匯鴻匯升投資管理有限公司), a deputy director, a director of the office and a director of information center of Jiangsu High Hope International Group Co., Ltd. (listed on the Shanghai Stock Exchange, stock code: 600981). He currently serves as the general manager of the investment management department of Jiangsu High Hope International Group Co., Ltd. (listed on the Shanghai Stock Exchange, stock code: 600981), secretary of the general Party branch and chairman of Jiangsu Huihong Huisheng Investment Management Co., Ltd. (江蘇匯鴻匯升投資管理有限公司), a director of Jiangsu Huihong International Group Asset Management Co., Ltd. (江蘇匯鴻國際集團資產管理有限公司) and a director of Jiangsu High Hope Venture Capital Co., Ltd. (江蘇匯鴻創業投資有限公司). Mr. Jin was appointed as a non-executive director on 12 November 2018.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Li Jinhui (李金惠) ("Mr. Li"), aged 57, is a member of the Communist Party of China, holds a doctoral degree and is a professor (employed on a long-term contract) and doctoral tutor as well as the chief scientist of Circular Economy and Urban Minerals Innovative Team of the School of Environment, Tsinghua University. Currently, he serves as an executive director of the United Nations Environment Programme Basel Convention Regional Centre (Asia Pacific), a director of Circular Economy Branch, Chinese Society for Environmental Sciences (中國環境科學學會循環經濟分會), a managing director of Chinese Society for Environmental Sciences and deputy director and secretary-general of the Solid Waste Treatment and Utilization Committee of China Association of Environmental Protection Industry. His research on common technologies of urban circular economy won the second prize of National Scientific and Technological Progress Awards (ranked No.1, 2016), and he was selected among the second batch of national environmental protection professional and technical leaders (totalling 40 leaders nationwide) in 2016. He was appointed as a Distinguished Professor of the" Changjiang Scholars Award Program" of the Ministry of Education in 2021, and he won two awards and two commendation letters from the United Nations Environment Programme as well as more than 20 provincial and ministerial science and technology awards. He serves as an editorial board member of Frontiers of Environmental Science & Engineering (SCI Journal), an editorial board member of Journal of Material Cycles and Waste Management (SCI Journal) and an associate editor of Chinese Journal of Environmental Engineering. He also serves as an independent director of SCIMEE Tech. & Sci. Co.,Ltd.* (中建環能科技股份有限公司) (listed on the Shenzhen Stock Exchange, stock code: 300425) and Jiangxi Green Recycling Industry Co., Ltd. (江西格林循環產業股份有限公司). Mr. Li was appointed as an independent non-executive director on 22 December 2020.

Mr. Siu Chi Hung (蕭志雄) ("Mr. Siu"), aged 51, holds a bachelor's degree in Business Administration from the Chinese University of Hong Kong and is a non-practising member of the Hong Kong Institute of Certified Public Accountants, a member of the American Institute of Certified Public Accountants and a member of the Hong Kong Independent Non-Executive Director Association. He joined KPMG (Hong Kong) in 1994 and held the positions of a partner, the principal partner of real estate of KPMG (China) and the principal partner of Capital Markets Development (Southern China) of KPMG (China) from 2008 to June 2018. He has been serving as an executive director of LVGEM (China) Real Estate Investment Company Limited (listed on The Stock Exchange of Hong Kong Limited (the" **Hong Kong Stock Exchange**" or the" **Stock Exchange**"), stock code: 0095) from September 2019 to September 2021, an independent non-executive director of China Gas Industry Investment Holdings Co., Ltd (listed on the Stock Exchange, stock code: 1940) since December 2020, an independent non-executive director of Roiserv Lifestyle Services Co., Ltd. (listed on the Stock Exchange, stock code: 2146) since January 2021, and an independent non-executive director of Central China Management Co., Ltd. (listed on the Stock Exchange, stock code: 9982) since May 2021. Mr. Siu was appointed as an independent non-executive director on 22 December 2020.

Ms. Guo Suyi (郭素頤) ("Ms. Guo"), aged 44, is a member of the Revolutionary Committee and holds a bachelor's degree. She was a part-time professor and off-campus postgraduate tutor for Master of Law at the School of Law of Guangdong University of Foreign Studies (廣東外語外貿大學). She is currently a senior partner of Genius-Law (廣東金輪律師事務所), an arbitrator of the Guangzhou Arbitration Commission, an off-campus postgraduate tutor for full-time Master of Law at the School of Law of the South China University of Technology (華南理工大學), secretary general of the State-owned Assets Legal Professional Committee of the Guangdong Lawyers Association (廣東省律師協會國有資產法律專業委員會), and the secretary general of the Lawyer Industry Development and Reform Committee of Guangzhou Lawyers Association (廣州市律師協會律師行業發展與改革委員會). Ms. Guo was appointed as an independent non-executive director on 22 December 2020.

SUPERVISORS

Mr. Yu Fan (余帆), aged 43, is a member of the Communist Party of China, holds a master's degree, graduated from Wuhan University with a Bachelor's degree majoring in Business Administration and Shanghai University of Finance and Economics with a Master's degree, and is a first-level enterprise human resource manager. He served as secretary of the Youth League Committee, deputy secretary of the Disciplinary Committee, director of the Party and Human Resources Department, director of the Supervision and Audit Office of Guangdong Hongling Group Co., Ltd. (廣東省紅嶺集團有限公司), member of the Party Committee, secretary of the Disciplinary Committee, and Chairman of the Supervisors Committee of Guangdong Rising Construction Investment Group Co., Ltd. (廣東省廣晟建設投資集團有限公司), and member of the Party Committee, secretary of the Disciplinary Committee, Chairman of Supervisory Committee of Guangdong Rising Real Estate Group Co., Ltd.* (廣東省廣晟置業集團有限公司). He is currently the Chairman of the Supervisory Committee of Guangdong Rising Guohong Underground Space Investment and Construction Co., Ltd. (廣東省廣晟國宏地下空間投資建設有限公司). He joined the Group in 2021 and currently serves as a chairman of the supervisory committee and secretary of commission for discipline inspection of the Company.

Ms. Jiang Ping (江萍) ("Ms. Jiang"), aged 32, is a member of the Communist Party of China, graduated from Lingnan College of Sun Yat-sen University (中山大學嶺南學院) with a bachelor's degree in finance, and is an intermediate accountant, certified public accountant and certified tax agent. She served as an assistant and assistant supervisor of the planning and finance department of Guangdong Electronics Information Operations Group Co., Ltd. (廣東省電子信息產業集團有限公司) and seconded deputy officer of the disciplinary inspection office of the Communist Party of China of the State-owned Assets Supervisory and Management Committee of the People's Government of Guangdong Province (廣東省人民政府國有資產監督管理委員會). Ms. Jiang joined the Group in 2020 and currently serves as an assistant supervisor of the disciplinary office of Guangdong Rising Holdings Group Co., Ltd. and supervisor of the Company.

Mr. Zhang Hao (張好) ("Mr. Zhang"), aged 32, is a member of the Communist Party of China and received college education. He served as an accountant of Shenzhen Dongjiang Kaida Transport Co., Ltd.* (深圳市東江愷達運輸有限公司) and a financial supervisor of Shenzhen Baoan Dongjiang Environmental Technology Co., Ltd.* (深圳市寶安東江環保技術有限公司) and currently serves as a supervisor and supervisor of the discipline inspection and supervision office of the Company. Mr. Zhang joined the Group in 2015.

Save as disclosed in this report, each of the directors and the supervisors mentioned above did not have any relationship with any other directors, senior management, substantial shareholders or controlling shareholders (as respectively defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**")) of the Company.

COMPANY SECRETARY

Ms. Mok Ming Wai ("Ms. Mok"), was appointed as the company secretary of the Company with effect from 24 December 2021. She is currently an executive director of the Corporate Services Division of Tricor Services Limited, an integrated provider offering business, corporate and investor services. Ms. Mok is a Chartered Secretary, a Chartered Governance Professional and a fellow of both The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators).

SENIOR MANAGEMENT

Mr. Wang Shi (王石), aged 54, holds a bachelor's degree and is a senior engineer and a registered environmental impact assessment engineer. He graduated from Central South University of Technology (now known as Central South University). Mr. Wang Shi worked at Changsha Metallurgical Design and Research Institute of China Metallurgical Group and Shenzhen Environmental Engineering Science and Technology Center Co., Ltd. He won the second prize of Shenzhen Science and Technology Progress Award, the second prize of Excellent Engineering Design in the category of metallurgy, and the third prize of Environmental Science and Technology in the category of environmental protection. He also holds invention patents and is a specially engaged expert of Shenzhen government department. He joined the Group in 2018 and now serves as the vice chief executive officer of the Company. Mr. Wang Shi worked as the following positions in subsidiaries: Jieyang Dongjiang Guoye Environmental Protection Technology Co., Ltd.: chairman of the board of directors; Huizhou Dongtou Environmental Protection Co., Ltd. chairman of the board of directors; Xiamen Dongjiang Environmental Technology Co., Ltd.: chairman of the board of directors; Xiamen Oasis Environmental Industrial Co., Ltd.: chairman of the board of directors; Dongjiang Environmental (HK) Co., Limited: director; Lik Shun Services Limited: director. Mr. Wang Shi worked as the following positions in associate: Huizhou Dongjiang Veolia Environmental Services Limited: director.

Mr. Song Weibin (宋衛斌) ("Mr. Song"), aged 58, received college education and is certified public accountant. He was deputy general manager, general manager of Assets and Finance Department, director of Fund Operation Center of Jiangsu High Hope International Group Co., Ltd. (listed on the Shanghai Stock Exchange, stock code: 600981), director of Jiangsu cereals, oils and foodstuffs Import and Export Group Corp. * (江蘇省糧油食品進出口集團股份有限公司), director of Skyrun (Hong Kong) Co. Ltd.* (開元股份 (香港)有限公司), director of Jiangsu High Hope Zhongding Corporation Co., Ltd.* (江蘇匯鴻國際集團中鼎控股股份有限公司) and supervisor of Jiangsu High Hope Baby Products Co., Ltd.* (江蘇匯鴻寶貝嬰童用品有限公司). Mr. Song joined the Group in 2021 and has been appointed as vice president and chief financial officer of the Company on 13 December 2021.

Mr. Li Zehua (李澤華), aged 37, is a member of the Communist Party of China, holds a master's degree and graduated from the School of Law of Tsinghua University (清華大學). He has obtained a legal professional qualification certificate, a fund practice qualification certificate, and the board secretary qualification certificate of listed company from the Shenzhen Stock Exchange. He served as a legal manager of China Resources Gas Group Limited (華潤燃氣控股有限公司, listed on the Stock Exchange, stock code: 1193), the director of the legal and compliance department of Huarong Borun (Shenzhen) Investment Holdings Co., Ltd. (華融柏潤 (深圳)投資控股有限公司), and the director of the legal and compliance department of First Capital Management Co., Ltd. (第一創業投資管理有限公司). Mr. Li Zehua joined the Group in 2019 and is currently secretary of the Board, general counsel, of the Company, and he also concurrently serves as the head of the Securities and Legal Department, the head of Human Resources and the head of Political Work Department of the Company. Mr. Li Zehua worked as the following positions in subsidiaries: Xiamen Dongjiang Environmental Technology Co., Ltd.: director; Kunshan Qiandeng Three Wastes Treatment Co., Ltd: director.

Save as disclosed in this report, each of the senior management mentioned above did not have any relationship with any other directors, supervisors and senior management.

DIRECTORS' REPORT

The Directors present this report and the audited financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

The principal activities of the Group are processing and sales of recycled products, provision of waste treatment services, rare and precious metals recycling services, provision of environmental protection systems and services, and trading of chemical products. Details of the principal activities of the subsidiaries are set out in note 49 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the Reporting Period.

RESULTS

The results of the Group for the Reporting Period are set out in the consolidated statement of comprehensive income on page 60 of this report.

PROFIT DISTRIBUTION POLICY

According to the requirements of the Articles of Association, the accumulated profits distributed in cash by the Company in the last three years shall not be less than 30% of the average annual distributable profits realized in the last three years; the Board shall be responsible for formulating the profit distribution plan of the Company, which shall be considered and approved at the shareholders' general meeting, and after the shareholders' general meeting has resolved on the profit distribution plan, the Board shall complete the distribution of dividends (or shares) within two months after the shareholders' general meeting; the Board of the Company shall fully consider the opinions of the independent non-executive Directors when formulating the Company's profit distribution plan and the independent non-executive Directors shall express their independent opinions; after the profit distribution plan is announced in accordance with relevant laws, the Company shall fully consider the opinions and suggestion of the shareholders, in particular the minority shareholders.

The amount of accumulated profits distributed in cash by the Company for the years 2019 to 2021 met the requirement of Article 255 of the Articles of Association, which requires that "Where cash distribution conditions are met, profits distributed by cash every year shall be not less than 20% of the distributable profit achieved for the current year, and in any three consecutive years, the Company's accumulative profit distributed in cash is not less than 30% of distributable profits achieved during such three years."

During the year, the Company did not make any adjustment or change to its profit distribution policy.

DIVIDENDS

The Board recommends the payment of a final dividend of RMB0.055 per share of the Company (inclusive of tax) (2020: RMB0.11) to all shareholders of the Company based on the total number of issued shares of 879,267,102 shares of the Company upon obtaining the approval from the shareholders of the Company at the 2021 annual general meeting ("**AGM**"). Accordingly, the total amount of dividend to be paid is approximately RMB48,360,000, which is expected to be paid to the shareholders of the Company on or before 31 August 2022. No bonus shares will be awarded and no capital reserves will be converted into shares. The remaining undistributed profits will be carried forward to the following year. In case of any change in the total number of issued share capital of the Company before the record date for the implementation of the dividend distribution, the total distribution amount will remain unchanged and the distribution amount per share will be adjusted accordingly with specific adjustments to be announced separately. The above said proposal is subject to, among other things, approval by the shareholders of the Company at the AGM to be convened and held. The Company will make further announcement in accordance with the Listing Rules upon the record date to ascertain holders of H shares and holder of A shares entitled to the final dividends is determined.

A circular containing details of distribution of dividend together with the notice of the annual general meeting will be dispatch to the shareholders in due course. As at the date of this report, the Board was not aware that any shareholders of the Company had waived or agreed to any arrangement to waive dividends.

BUSINESS REVIEW

A review of the business of the Group for the year ended 31 December 2021, a discussion on the Group's future prospects are provided in "Management Discussion and Analysis" in pages 8 to 16 in this report, an analysis of the Group's performance during the Reporting Period using key performance indicators are provided in "Financial Summary" in page 4 in this report.

MATTERS DURING THE REPORTING PERIOD

Registration and Issuance of Super Short-term Financing Bonds

The Company applied for the registration of the issuance of super short-term financing bonds (the "**Super Short-term Financing Bonds**") at the National Association of Financial Market Institutional Investors (the "**NAFMII**") with a size not exceeding RMB1.5 billion (inclusive). The resolution on the registration and issuance of Super Short-term Financing Bonds was considered and approved by the shareholders at the third extraordinary general meeting in 2020 of the Company held on 13 October 2020. In February 2021, the Company has received the Registration Acceptance Notice issued by the NAFMII, pursuant to which the NAFMII has decided to accept the registration of the Super Short-term Financing Bonds.

For details, please refer to the Company's overseas regulatory announcement dated 11 September 2020, circular dated 25 September 2020, poll results announcement dated 13 October 2020 and announcement dated 4 February 2021.

Major transaction – Acquisition of 70% Equity Interest in Xiongfeng Environment

On 15 July 2021, the Company and Beijing Hanfeng United Technology Co., Ltd.* (北京瀚豐聯合科技有限公司, "**Vendor**") entered into an acquisition agreement, pursuant to which the Company conditionally agreed to acquire 70% of the equity interest in Xiongfeng Environment from the Vendor at the consideration of RMB429 million ("**Acquisition**"), which constituted a major transaction of the Company under the Listing Rules. The resolution related to the Acquisition has been considered and approved by the Shareholders at the second extraordinary general meeting in 2021 of the Company held on 8 September 2021. Completion of the Acquisition took place on 16 September 2021, Xiongfeng Environment became a subsidiary of the Company. On 16 September 2021, the Company has received a confirmation from the Vendor that it has transferred the 30% equity interest in Xiongfeng Environment held by it to Mr. Li Jinqian (李金千). The Vendor has confirmed that it will continue to strictly perform its obligations under the Acquisition Agreement, and agreed that it shall be jointly liable to an unlimited extent for the undertaking provided to the Company by Mr. Li Jinqian and any payment, compensation or indemnification obligations of Mr. Li Jinqian arising from the performance of the Acquisition Agreement. The acquisition of Xiongfeng Environment resulted in significant increase in certain assets as at 31 December 2021, such as property, plant and equipment and inventories.

For details, please refer to the Company's announcements dated 16 July 2021, 10 September 2021 and 17 September 2021, circular dated 19 August 2021 and poll results announcement dated 8 September 2021.

Registration and Issue of Medium-term Notes

The Company applied for registration at the NAMFII and the issue of medium-term notes with issue size not exceeding RMB1.5 billion (inclusive) on the inter-bank bond market. The resolution relating to the proposed registration and issue of medium-term notes was considered and approved at the first extraordinary general meeting in 2020 of the Company, and on 16 April 2020, the Company has received a "Notice of Acceptance of Registration" (Zhongshi Xiezhu [2020] MTN No. 388) issued by the NAMFII, pursuant to which the NAMFII has decided to accept the registration of the medium-term notes of the Company.

The Company has completed the first tranche of the issuance of the medium-term notes on 11 May 2020 with the issue size of RMB600 million. The Company has commenced issuance of the first tranche of the medium-term notes in 2021 from 24 August 2021 to 25 August 2021 with the issue size of RMB500 million, and the proceeds have all been received by the Company on 26 August 2021.

For details, please refer to the Company's announcements dated 26 December 2019, 20 April 2020, 13 May 2020 and 26 August 2021, the circular dated 21 January 2020, the poll results announcement dated 11 February 2020 and the announcement dated 26 August 2021.

Continuing Connected Transaction – Sale and Purchase Framework Agreement

On 27 September 2021, a non-wholly-owned subsidiary of the Company, Xiongfeng Environment (as purchaser) and Danxia Smelter of Shenzhen Zhongjin Lingnan Non-ferrous Metal Co., Ltd.* (深圳市中金嶺南有色金屬股份有限公司丹霞冶煉廠, "**Danxia Smelter**") (as seller) entered into a sale and purchase framework agreement in relation to the supply of lead and silver residue, concentrated silver residue and replacement residue, which constituted a continuing connected transaction under the Listing Rules. The annual cap in respect of the maximum transaction amount for the purchase of lead and silver residue, concentrated silver residue and replacement residue by Xiongfeng Environment for the year ended 31 December 2021 shall be RMB35,000,000.

For details, please refer to the announcement of the Company dated 27 September 2021.

Relevant Issues relating to the Confirmation on Equity Transfer Agreement

On 22 January 2020, the Company and Sound Sustainable Resources Holding Co., Ltd* (桑德再生資源控股有限公司) (now known as Qidi Sustainable Resources Technology Development Co., Ltd* (啟迪再生資源科技發展有限公司), "**Qidi Company**") entered into a confirmation, pursuant to which the parties agreed to accelerate and facilitate the resolution of issues relating to the restoration of the vetting of dissembled abandoned electrical appliances and electronic products. The parties also agreed that the obligations arising between the Company and Qidi Company from the actual loss in relation to Qingyuan Dongjiang Environmental Technologies Company Limited* (清遠市東江環保技術有限公司) shall be negotiated and confirmed in accordance with the equity transfer agreement dated 12 April 2016 (the "**Equity Transfer Agreement**").

As disclosed in the announcement of the Company dated 4 December 2020, Qidi Company has filed an application of arbitration with the Shanghai Arbitration Commission in relation to the disputes with the Company on the Equity Transfer Agreement, and the Shanghai Arbitration Commission has accepted such application (the "**Arbitration**"). As disclosed in the announcement of the Company dated 14 October 2021, the Company has received a notice from the Shanghai Arbitration Commission, under which Qidi Company has submitted an application for change of arbitration request to the Shanghai Arbitration Commission to make changes to the arbitration request. Qidi Company requested the Company to pay damages after setting off debts of approximately RMB27,733,000 in 2015, the loss of fund subsidies of RMB40,807,000 up to the end of August 2016, legal fees of RMB1,400,000 and costs of the Arbitration. In the view of the directors, the possible potential loss from the Arbitration would be the principal amount of the compensation for damages and part of the compensation for damages on loss of fund subsidies totaled RMB54,074,000 and it is the best estimate of the provision recognised as at 31 December 2021.

For details, please refer to the announcements of the Company dated 23 January 2020, 4 December 2020 and 14 October 2021.

Change in Shareholding Structure

On 3 November 2021, the Company was notified by Guangdong Rising Holdings Group Co., Ltd. ("**Guangdong Rising Group**"), the largest shareholder of the Company, that Guangdong Rising Group has entered into share transfer agreements with Shenzhen Rising Investment Development Co., Ltd.* (深圳市廣晟投資發展有限公司, "**Shenzhen Rising**") and Guangdong Rising Finance Holdings Co., Ltd.* (廣東省廣晟金融控股有限公司, "**Guangdong Rising Finance**"), respectively, pursuant to which, Shenzhen Rising and Guangdong Rising Finance transferred 1,302,027 A shares of the Company and 33,597,766 A Shares, respectively, to Guangdong Rising Group (collectively, the "**Transfer**").

After the completion of the Transfer, Shenzhen Rising and Guangdong Rising Finance ceased to hold any shares of the Company. Guangdong Rising Group (i) directly holds 200,968,294 A Shares of the Company; and (ii) indirectly holds 25,179,200 H shares of the Company, (in aggregate 226,147,494 shares of the Company) with an aggregate shareholding of approximately 25.72% of the issued share capital in the Company. On 15 December 2021, registration of transfer of shares at the China Securities Depository and Clearing Co., Ltd. (Shenzhen Branch) has been completed. The largest shareholder of the Company remains to be Guangdong Rising Group, and the de facto controller remains to be the State-owned Assets Supervision and Administration Commission of the People's Government of Guangdong Province* (廣東省人民政府國有資產監督管理委員會).

For details, please refer to the announcements of the Company dated 3 November 2021 and 16 December 2021.

Connected Transaction – Waste Processing Service Agreements

On 26 April 2021, ALBA Rising Green Fuel (Jieyang) Ltd.* (歐晟綠色燃料 (揭陽)有限公司, "**Jieyang ALBA**") and Huizhou Dongjiang Veolia Environmental Services Limited* (惠州東江威立雅環境服務有限公司, "**Dongjiang Veolia**") have entered into a waste processing service agreement (the "**Waste Processing Service Agreement**"), pursuant to which Jieyang ALBA has agreed to engage Dongjiang Veolia for the services of the transportation and non-hazardous processing of ash residues ("**Services**"). The total amount of ash residues shall be no more than 5,000 tonnes and the estimated total service fee should not exceed RMB8.9 million.

On 3 August 2021, Jieyang ALBA, Dongjiang Veolia and Shaoguan Dongjiang Environmental Sustainable Resources Development Co., Ltd.* (韶關東江環保再生資源發展有限公司, "**Shaoguan Sustainable Resources**") have entered into a supplemental waste processing service agreement (the "**Supplemental Waste Processing Service Agreement A**"), pursuant to which Jieyang ALBA has agreed to engage Dongjiang Veolia and Shaoguan Sustainable Resources for the joint provision of the Services at the same rate of service fee as agreed in the Waste Processing Service Agreement A. The total amount of ash residues to be transported and processed by Shaoguan Sustainable Resources shall be no more than 1,800 tonnes, representing the amount of unprocessed ash residues under the Waste Processing Service Agreement A, and the estimated total service fee should not exceed RMB3,204,000.

On 13 December 2021, Jieyang ALBA, Dongjiang Veolia and Shaoguan Sustainable Resources have entered into the supplemental waste processing service agreement (the "**2nd Supplemental Waste Processing Service Agreement A**"), pursuant to which it was agreed that the total amount of ash residues to be transported and processed by Shaoguan Sustainable Resources shall be no more than 700 tonnes, and the estimated total service fee should not exceed RMB1,246,000. There is no change to the rate of service fee and payment terms for the provision of the Services as compared to that agreed in the Waste Processing Service Agreement A and Supplemental Waste Processing Service Agreement A.

On 13 December 2021, Jieyang ALBA and Shaoguan Sustainable Resources have entered into a waste processing service agreement (the "**Waste Processing Service Agreement B**"), pursuant to which Jieyang ALBA has agreed to engage Shaoguan Sustainable Resources for the Services. The total amount of ash residues to be transported and processed by Shaoguan Sustainable Resources shall be no more than 5,000 tonnes and the estimated total service fee should not exceed RMB8.9 million.

As Jieyang ALBA is considered to be a subsidiary of a jointly controlled entity the equity interest in which is indirectly held as to 50% by Guangdong Rising Group, a substantial shareholder of the Company, the Supplemental Waste Processing Service Agreement A, 2nd Supplemental Waste Processing Service Agreement A and Waste Processing Service Agreement B and the transactions contemplated thereunder constitute connected transactions of the Company.

For details, please refer to the announcements of the Company dated 13 December 2021.

SUBSEQUENT EVENTS WITH MATERIAL IMPACT ON THE GROUP AFTER 31 DECEMBER 2021

Issuance of the First Tranche of the Super Short-term Financing Bonds in 2022

The Company applied for the registration of the issuance of Super Short-term Financing Bonds at the NAFMII with a size not exceeding RMB1.5 billion (inclusive). The resolution on the registration and issuance of Super Short-term Financing Bonds was considered and approved by the shareholders at the third extraordinary general meeting in 2020 of the Company held on 13 October 2020. The Company has received the Registration Acceptance Notice issued by the NAFMII, pursuant to which the NAFMII has decided to accept the registration of the Super Short-term Financing Bonds.

The Company has completed the issuance of the first tranche of the Super Short-term Financing Bonds on 12 January and 13 January 2022, and received the proceeds in full on 14 January 2022.

For details, please refer to the Company's overseas regulatory announcement dated 11 September 2020, circular dated 25 September 2020, poll results announcement dated 13 October 2020 and announcement dated 4 February 2021 and 14 January 2022.

Supplemental agreement relating to the acquisition of 70% equity interest in Xiongfeng Environment

On 16 February 2022, in order to specify the profit and loss position during the transition period and the arrangements for events happened before completion of the Acquisition ("**Completion**") (including no cash compensation, the treatment of relevant waste arising before Completion and the obligations and liabilities to be borne by Mr. Li Jinqian), the Company, the Vendor and Mr. Li Jinqian have entered into a supplemental agreement. The Company considers that the supplemental agreement does not involve a material change of the rights and obligations of the parties under the acquisition agreement and the confirmation given by the Vendor, and therefore does not constitute a material variation of the terms of the acquisition agreement.

For details, please refer to the Company's announcements dated 16 July 2021, 10 September 2021, 17 September 2021 and 16 February 2022, circular dated 19 August 2021 and poll results announcement dated 8 September 2021.

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 4 of this report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in note 13 to the financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital are set out in note 36 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the PRC, being the jurisdiction in which the Company was established, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the Reporting Period.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their respective holding of the Company's securities.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Reporting Period or subsisted at the end of the year.

RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out in the consolidated statement of changes in equity on pages 63 to 64 of this report.

DISTRIBUTABLE RESERVES

During the Reporting Period, the Company's reserves available for distribution as dividends, calculated in accordance with the relevant rules and regulations, amounted to approximately RMB1,584,757,000. In addition, no amount in the Company's share premium account is available for distribution by way of capitalization issues.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, sales to the Group's five largest customers accounted for approximately 14.59% of the total sales for the year and sales to the largest customer included therein amounted to approximately 3.85%. Purchases from the Group's five largest suppliers accounted for approximately 10.55% of the total purchases for the year and purchase from the Group's largest supplier accounted for approximately 2.71% for the Reporting Period.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or in the Group's five largest suppliers.

DIRECTORS AND SUPERVISORS

The Directors during the Reporting Period were: Mr. Tan Kan and Mr. Lin Peifeng as the Executive Directors; Mr. Tang Yi, Ms. Shan Xiaomin and Mr. Jin Yongfu as the Non-executive Directors; and Mr. Li Jinhui, Mr. Siu Chi Hung and Ms. Guo Suyi as the Independent Non-executive Directors. The Directors up to the date of this report were: Mr. Tan Kan, Mr. Yu Zhongmin (appointed on 6 January 2022) and Mr. Lin Peifeng as the Executive Directors; Mr. Tang Yi, Ms. Shan Xiaomin and Mr. Jin Yongfu as the Non-executive Directors; and Mr. Li Jinhui, Mr. Siu Chi Hung and Ms. Guo Suyi as the Independent Non-executive Directors.

The supervisors of the Company ("**Supervisors**") during the Reporting Period were: Mr. Huang Hai Ping (resigned on 6 January 2022), Ms. Jiang Ping and Mr. Zhang Hao. Up to the date of this report, the Supervisors were Mr. Yu Fan (appointed on 6 January 2022), Ms. Jiang Ping and Mr. Zhang Hao.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the Independent Non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the Independent Non-executive Directors to be independent.

DIRECTORS' REPORT

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors, Supervisors and the senior management of the Company are set out on pages 17 to 21 of this report.

Save as otherwise set out in this report, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Mr. Tan Kan, Mr. Lin Peifeng, Mr. Tang Yi, Ms. Shan Xiaomin, Mr. Jin Yong Fu, Mr. Li Jinhui, Mr. Siu Chi Hung and Ms. Guo Suyi, the Directors (including Independent Non-executive Directors), have each entered into a service contract with the Company for a term commencing from 22 December 2020 and ending on the expiry of the term of the seventh session of the Board. Mr. Yu Zhongmin, the Director, has entered into a service contract with the Company for a term commencing from 6 January 2022 and ending on the expiry of the term of the seventh session of the Board.

Mr. Huang Hai Ping, Ms. Jiang Ping and Mr. Zhang Hao, Supervisors, have each entered into a service contract with the Company for a term commencing from 22 December 2020 and ending on the expiry of the term of the seventh session of the Supervisory Committee. And Mr. Huang Hai Ping resigned on 6 January 2022. Mr. Yu Fan, the Supervisor, has entered into a service contract with the Company for a term commencing from 6 January 2022 and ending on the expiry of the term of the seventh session of the Supervisory Committee.

None of the Directors or the Supervisors had entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as the positions held by the Directors or Supervisors in connected persons of the Company as disclosed in this report, no contracts or transactions of significance to which the Company or any of its subsidiaries was a party and in which a Director or a Supervisor had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

Save as disclosed in this report, no contract of significance has been entered into during the Reporting Period between the Company or any of its subsidiaries and the controlling shareholder or any of its subsidiary.

EMOLUMENTS FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of the emoluments for Directors, Supervisors and senior management of the Company are set out in note 9 to the financial statements.

As at 31 December 2021, the number of full-time employees stood at 5,265 (2020: 4,978) with a total staff cost of approximately RMB682,233,000 (2020: RMB594,598,000). The Group offered continual training, remuneration package of additional benefits to its employees, including retirement benefits, housing fund, and medical insurance.

The emoluments of the Directors are recommended by the Remuneration and Appraisal Committee of the Company, and approved by the Board, as authorised by shareholders in the annual general meeting of the Company, having regard to their time commitment and responsibilities, the salaries paid by comparable companies, employment conditions elsewhere in the Group and desirability of performance-based remuneration. No Directors are involved in deciding their own remuneration.

EMOLUMENT POLICY AND LONG-TERM INCENTIVE PLAN

The Company adopts different emolument policies for Executive Directors and Non-executive Directors:

REMUNERATION POLICY OF EXECUTIVE DIRECTORS

1. The remuneration of Executive Directors and Chairman of the Company is determined in accordance with the "Remuneration and Assessment Scheme for the Chairman and Senior Management". The annual remuneration consists of annual salary, incremental incentives, special contribution rewards and tenure incentive income, while annual salary includes basic annual salary and performance-based annual salary. The benchmark performance-based annual salary is determined by the Board of Directors based on the benchmark basic annual salary, the annual comprehensive appraisal coefficient of the Company, the performance adjustment coefficient and the net profit accomplishment ratio for annual appraisal of the Company. The exact amount of basic annual salary and performance-based annual salary of Executive Directors and Chairman will be determined by the Remuneration and Appraisal Committee within the above scope according to the operating results of the Company and the results of appraisal.

   The Company applies the following principles in the determination of Chairman's remuneration:

   A Adheres to the principle of distribution according to one's works and combination of duties, rights and benefits;

   B To adopt market-oriented approach and take into account the industry characteristics and development condition of the Company;

   C Adhere to implement the linking of the level of remuneration with the profitability and operational goals of the Company; and

   D Adhere to the principle of combining remuneration with the Company's long-term interests, strengthen incentives and constraints and promote the Company's long-term stable development.

   Other Executive Directors will receive remuneration in their capacity not as Executive Directors, but as senior management of the Company.

REMUNERATION POLICY OF NON-EXECUTIVE DIRECTORS

Non-executive Directors of the Company (excluding Independent Non-executive Directors) will not receive any remuneration in their capacity as Non-executive Directors. As to Independent Non-executive Directors, their remuneration is determined based on the time they devoted to the Company, their duties, the remuneration offered by comparable companies and their performance.

PRINCIPLES OF LONG-TERM INCENTIVE SCHEMES

1. The purpose is to reward exceptional performance, and awards should be scaled against achievement of performance criteria.

2. The link between executive reward and company performance should be strong and clear.

3. Grants under such schemes should be phased rather than awarded in one large block.

The emolument payable to the Directors is determined with reference to their qualification and experience, responsibilities undertaken, contribution to the Company, and the prevailing market level of remuneration of similar positions. The details of the fees and any other reimbursement or emolument payable to the Directors are set out in details in this report.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2021, the interests and short positions of the Directors, Supervisors and chief executive officer of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register of interests required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules were as follows:

Long positions in the ordinary shares of the Company

Name	Capacity	Number and class of shares held	Approximate percentage of equity of the Company/ shareholding in this class
Tan Kan	Beneficial owner	120,000 A shares	0.014%/0.018%

Save as disclosed above, as at 31 December 2021, none of the Directors, Supervisors or chief executive officer of the Company had any interest or short position in the shares, underlying shares or debentures of the Company as recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SENIOR MANAGEMENT'S INTERESTS IN SHARES

As at 31 December 2021, the number of ordinary shares of the Company held by the senior management *(Note)* of the Group are as follows:

Name	Capacity	Number and class of shares held	Approximate percentage of equity of the Company/ shareholding in this class
Wang Shi	Beneficial owner	28,300 A shares	0.003%/0.004%

Note: Biographical details of the senior management as at 31 December 2021 are set out on pages 17 to 21 of this report.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2021, so far as the Directors are aware, save as disclosed above, the persons or corporations (not being a Director or a chief executive of the Company) who have interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or have otherwise notified to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such persons' interest in such securities, together with any options in respect of such capital, were as follows:

Long positions in the ordinary shares of the Company

Name	Capacity	Number and class of shares held	Approximately percentage of equity of the Company/ shareholding in the class
Guangdong Rising Group	Beneficial owner	200,968,294 A Shares	22.86%/29.59%
	Interest of controlled corporation	25,179,200 H Shares *(Note 1)*	2.86%/12.58%
Jiangsu High Hope International Group Co., Ltd. ("**High Hope Group**")	Beneficial owner	50,087,669 A shares	5.70%/7.38%
	Interest of controlled corporation	25,995,038 A Shares *(Note 2)*	2.96%/3.83%
	Interest of controlled corporation	18,204,800 H Shares *(Note 2)*	2.07%/9.10%

Notes:

1. Rising Investment Development Co., Ltd.and Guangdong Rising H.K. (Holding) Limited are wholly-owned subsidiaries of Guangdong Rising Group. Therefore, Guangdong Rising Group was deemed to be interested in the 22,283,200 and 2,896,000 H shares held by Rising Investment Development Co., Ltd.and Guangdong Rising H.K. (Holding) Limited respectively under Part XV of the Securities and Futures Ordinance.

2. Jiangsu High Hope Venture Capital Co., Ltd. is a wholly-owned subsidiary of Jiangsu High Hope Group. Therefore, it was deemed to be interested in the 25,995,038 A shares and 18,204,800 H shares held by Jiangsu High Hope Venture Capital Co., Ltd. under Part XV of the Securities and Futures Ordinance.

Save as disclosed above, as at 31 December 2021, the Directors, Supervisors and chief executive officer of the Company are not aware of any other person (other than the Directors, Supervisors and chief executive officer of the Company) who has interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of the interests required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE H SHARES

During the Reporting Period, none of the Directors, Supervisors and chief executive officer of the Company was granted options to subscribe for H shares of the Company. As at 31 December 2021, none of the Directors, Supervisors and chief executive officer of the Company had any rights to acquire H shares of the Company.

SHARE OPTION SCHEME

No share option scheme was adopted by the Company as at 31 December 2021.

CONTINUING CONNECTED TRANSACTIONS

Details of continuing connected transactions of the Group during the Reporting Period are set out as follows:

Renewal of Financial Services Agreement and Supplemental Financial Services Agreement

On 25 February 2020, the Company entered into a financial services agreement (the "**Financial Services Agreement**") with Guangdong Rising Finance, in relation to the provision of financial services to the Group with a term of one year taking effect upon the Financial Services Agreement having been approved by the independent shareholders of the Company. The Financial Services Agreement and the transactions contemplated thereunder were approved by the shareholders at the second extraordinary general meeting in 2020 of the Company on 12 May 2020.

In order to satisfy the operational development needs of the Group and to enhance funds management and utilization, on 14 August 2020, the Company entered into a supplemental financial services agreement (the "**Supplemental Financial Services Agreement**") with Guangdong Rising Finance with a term of two years taking effect upon the Supplemental Financial Services Agreement having been approved at the third extraordinary general meeting in 2020 of the Company held on 13 October 2020, pursuant to which the maximum daily deposit amount of deposit services has been revised as RMB385,000,000. The Supplemental Financial Services Agreement and the transaction contemplated thereunder has been approved by the shareholders at the third extraordinary general meeting in 2020 of the Company held on 13 October 2020. Under the Financial Services Agreement (as supplemented by the Supplemental Financial Services Agreement), Guangdong Rising Finance would provide the following financial services to the Group: (i) deposit of money service (the "**Deposit Services**"); (ii) payment service and collection service as well as other ancillary services related to settlement business and other financial services (the "**Settlement Services and Other Financial Services**"); and (iii) credit business including loans, bills acceptance, bills discounting, etc. (the "**Credit Facility Services**").

The maximum daily deposit amount of the Deposit Services, the cap for the Settlement Services and Other Financial Services and the cap for the Credit Facility Services for the period from 1 January 2021 to 31 December 2021 are RMB385,000,000, RMB1,000,000 and RMB1,000,000,000 respectively. As at 31 December 2021, the actual maximum daily deposit amount was RMB356,520,000 and the actual utilised amount for the Credit Facility Services was RMB200,000,000. During the year ended 31 December 2021, the actual transaction amount for the Settlement Services and Other Financial Services was RMB Nil.

Guangdong Rising Finance is a direct wholly-owned subsidiary of Guangdong Rising Group, a substantial shareholder of the Company. Hence, pursuant to the Rule 14A.07(4) of the Listing Rules, Guangdong Rising Finance is a connected person of the Company. As such, the entering into of the Financial Services Agreement, the Supplemental Financial Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

For details, please refer to the announcements of the Company dated 25 February 2020 and 14 August 2020, the circulars dated 24 April 2020 and 25 September 2020, and the poll results announcements dated 12 May 2020 and 13 October 2020.

Facility Agreement

On 22 October 2020, Shaoguan Sustainable Resources (a direct non-wholly-owned subsidiary of the Company) entered into the facility agreement (the "**Facility Agreement**") with Guangdong Rising Finance, pursuant to which Guangdong Rising Finance has agreed to provide the facility to Shaoguan Sustainable Resources in an aggregate principal amount of up to RMB200,000,000 for a term of three years.

The cap for the facility granted by Guangdong Rising Finance to Shaoguan Sustainable Resources under the Facility Agreement from 1 January 2021 to 31 December 2021 was RMB200,000,000. The actual amount of the facility utilised as at 31 December 2021 was RMB84,230,000.

Guangdong Rising Finance is a direct wholly-owned subsidiary of Guangdong Rising Group, a substantial shareholder of the Company. Hence, pursuant to the Rule 14A.07(4) of the Listing Rules, Guangdong Rising Finance is a connected person of the Company. As such, the entering into of the Facility Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

For details, please refer to the announcements of the Company dated 22 October 2020 and 29 October 2020.

Sale and Purchase Framework Agreement

On 27 September 2021, a non-wholly-owned subsidiary of the Company, Xiongfeng Environment (as purchaser) and Danxia Smelter (as seller) entered into a sale and purchase framework agreement in relation to the supply of lead and silver residue, concentrated silver residue and replacement residue, which constituted a continuing connected transaction under the Listing Rules.

As Danxia Smelter is a branch of Shenzhen Zhongjin Lingnan Non-ferrous Metal Co., Ltd., which is a non wholly-owned subsidiary of Guangdong Rising Group (a substantial shareholder of the Company), Danxia Smelter is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Sale and Purchase Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The annual cap for the year ended 31 December 2021 was RMB35,000,000. The actual transaction amount for the year ended 31 December 2021 was approximately RMB13,541,000.

For details, please refer to the announcement of the Company dated 27 September 2021.

The above-mentioned continuing connected transactions were reviewed by the Independent Non-executive Directors of the Company. The Independent Non-executive Directors of the Company confirmed that such continuing connected transactions were entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on fair and reasonable terms under the relevant agreements governing them and in the interest of the Company and the Shareholders as a whole; and

(iii) on normal commercial terms or better.

The Company has engaged its auditor, Mazars CPA Limited, to issue a report on the continuing connected transactions of the Group for the year ended 31 December 2021. Pursuant to Rule 14A.56 of the Listing Rules, Mazars CPA Limited has issued a report on the review findings and conclusions of the above-disclosed continuing connected transactions of the Group, confirming that nothing has come to their attention that causes them to believe that the continuing connected transactions above-mentioned:

(i) have not been approved by the Board;

(ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve provision of goods or services by the Group;

(iii) have not been entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and

(iv) have exceeded the respective annual caps.

CONNECTED TRANSACTIONS

Details of connected transactions of the Group during the Reporting Period are set out as follows:

Waste Processing Service Agreements

On 26 April 2021, Jieyang ALBA and Dongjiang Veolia have entered into the Waste Processing Service Agreement A, pursuant to which Jieyang ALBA has agreed to engage Dongjiang Veolia for the services of the transportation and non-hazardous processing of ash residues ("**Services**"). The total amount of ash residues shall be no more than 5,000 tonnes and the estimated total service fee should not exceed RMB8.9 million.

On 3 August 2021, Jieyang ALBA, Dongjiang Veolia and Shaoguan Sustainable Resources have entered into the Supplemental Waste Processing Service Agreement A, pursuant to which Jieyang ALBA has agreed to engage Dongjiang Veolia and Shaoguan Sustainable Resources for the joint provision of the Services at the same rate of service fee as agreed in the Waste Processing Service Agreement A. The total amount of ash residues to be transported and processed by Shaoguan Sustainable Resources shall be no more than 1,800 tonnes, representing the amount of unprocessed ash residues under the Waste Processing Service Agreement A, and the estimated total service fee should not exceed RMB3,204,000.

On 13 December 2021, Jieyang ALBA, Dongjiang Veolia and Shaoguan Sustainable Resources have entered into the 2nd Supplemental Waste Processing Service Agreement A, pursuant to which it was agreed that the total amount of ash residues to be transported and processed by Shaoguan Sustainable Resources shall be no more than 700 tonnes, and the estimated total service fee should not exceed RMB1,246,000. There is no change to the rate of service fee and payment terms for the provision of the Services as compared to that agreed in the Waste Processing Service Agreement A and Supplemental Waste Processing Service Agreement A.

On 13 December 2021, Jieyang ALBA and Shaoguan Sustainable Resources have entered into the Waste Processing Service Agreement B, pursuant to which Jieyang ALBA has agreed to engage Shaoguan Sustainable Resources for the Services. The total amount of ash residues to be transported and processed by Shaoguan Sustainable Resources shall be no more than 5,000 tonnes and the estimated total service fee should not exceed RMB8.9 million.

As Jieyang ALBA is considered to be a subsidiary of a jointly controlled entity the equity interest in which is indirectly held as to 50% by Guangdong Rising Group, a substantial shareholder of the Company, the Supplemental Waste Processing Service Agreement A, 2nd Supplemental Waste Processing Service Agreement A and Waste Processing Service Agreement B and the transactions contemplated thereunder constitute connected transactions of the Company.

For details, please refer to the announcements of the Company dated 13 December 2021.

DIRECTORS' REPORT

RELATED PARTY TRANSACTIONS

Save as disclosed in the section headed "Connected Transactions" and "Continuing Connected Transactions" in this report, none of the "Related Party Transactions" as disclosed in Note 42 to the consolidated financial statements for the year ended 31 December 2021 constituted discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules. To the extent of the above "Related Party Transactions" constituted connected transactions or continuing connected transactions as defined in the Listing Rules, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the year ended 31 December 2021.

SERVICE CONTRACTS

The related party transactions in relation to the emoluments of Directors, Supervisors and employees as disclosed in note 42(ii) to the financial statements are connected transactions exempt from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.73(6) of the Listing Rules.

COMPETING BUSINESS

During the Reporting Period and up to the date of this report, none of the Directors, Supervisors, chief executive or the management and controlling shareholders of the Company and their respective associates are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public for the Reporting Period and up to the date of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

A number of factors may affect the results and business operations of the Group. For details, please refer to page 16 of this report.

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group and staff: the development of the Group is to integrate the development of environmental protection industry with the value of environment and staff's benefits in order to realize a unified harmonious development of the corporate efficiency, staff and social value.

The Group and suppliers: the Group strengthens close communication with suppliers through various means such as the Company's website, announcement published on e-procurement platform of the Company, meeting with suppliers to inform suppliers of the Group's current development and demand in a timely manner, which allows suppliers to get valid information in advance and get the best sourcing opportunities that are fair and equitable.

The Group and customers: the Group establishes strong relationship with customers with the principle of "Improving quality, providing considerate services, mutually understanding and building mutual trust". The Group uses its best endeavour to achieve harmonious development with its suppliers and customers to create value, share the success and build a trustful and cooperative platform together.

ENVIRONMENTAL POLICIES

The Group is principally engaged in the processing and sale of recycled products, the provision of waste treatment services, rare and precious metals recycling services, the construction and provision of environmental protection systems and services, and the trading of chemical products. In addition, by adhering to the corporate mission of "Developing Ecological Civilization to Build a Better China" and the vision of "Being a Pioneer of Comprehensive Environmental Services in China", the Company focuses on promoting waste recycling and harmless collaborative disposal techniques and propels the transformation and upgrades of the industry with technological innovation. With a strategic aim to "Becoming a Technology-based Comprehensive Environmental Service Provider Based Upon Hazardous Waste Treatment", the Company provides comprehensive environmental protection services for all sectors of the society in order to alleviate the conflict between social development and environmental protection, thereby contributing to the protection of lucid waters and lush mountains and the development of a better China.

The environmental, social and governance report as required by Appendix 27 of the Listing Rules will be published separately by the Company on or before 31 May 2022.

PERMITTED INDEMNITY PROVISIONS

The Articles of Association of the Company provide that the Directors shall be indemnified and secured harmless out of the assets of the Company from and against all losses or liabilities which they incur or sustain as a Director in defending any proceedings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted. The Company has taken out and maintained directors' liability insurance which provides appropriate coverage for the Directors and directors of the subsidiaries of the Company.

COMPLIANCE WITH LAWS AND REGULATIONS

Our Group has to comply with relevant laws and regulations in the jurisdictions where the Group operates. The Group's operations are mainly carried out by the Company's subsidiaries in the PRC. Accordingly, our operations shall comply with relevant laws and regulations in the PRC. During the year ended 31 December 2021 and up to the date of this report, the Group does not have any violation of relevant laws and regulations which gives rise to significant impact to the Group's development, performance and businesses.

In 2021, the Board of the Company strictly complied the Company Law, Securities Law and the regulatory requirements of the China Securities Regulatory Commission, Shenzhen Stock Exchange and the Hong Kong Stock Exchange, earnestly performed the functions and powers conferred by the Articles of Association, diligently carried out all kinds of work, stuck with the Company's development strategy and the annual focus of work to actively carry out all kinds of work. All Directors have fulfilled their duties with diligence and responsibility, and actively participated in the decision-making process of the Company's major affairs with scientific, rigorous, prudent and objective work attitude, strived to secure the legitimate rights and interests of the Company and all shareholders, which has effectively guaranteed the realization of various work goals of the Company throughout the year.

DIRECTORS' REPORT

AUDITORS

SHINEWING Certified Public Accountants LLP ("**SHINEWING**") was the auditor of the Company for the year of 2019, and has retired after the conclusion of the annual general meeting of the Company held on 29 June 2020. At the 2019 annual general meeting of the Company held on 29 June 2020, the appointments of Zhongshen Zhonghuan Certified Public Accountants (Special General Partnership) ("**ZSZH**") as the PRC domestic auditors of the Company and Mazars CPA Limited ("**Mazars**") as the international auditors of the Company have been approved by the shareholders. Mazars will be responsible for auditing of the Company's financial statements prepared under the International Financial Reporting Standards while ZSZH will be responsible for auditing of the Company's financial statements prepared under China Accounting Standards for Business Enterprises.

Upon consideration and approval at the seventh meeting of the seventh session of the Board held on 18 May 2021 and the 2020 annual general meeting of the Company held on 18 June 2021, ZSZH and Mazars were appointed by the Company as the 2021 domestic and overseas auditors of the Company.

The consolidated financial statements for the year ended 31 December 2021 were audited by Mazars who would retire at the conclusion of the forthcoming annual general meeting and being eligible, offer itself for re-appointment. A resolution on appointment of auditor will be proposed at the forthcoming annual general meeting.

EXTERNAL DONATION

While implementing operation properly, the Company, as always, pays attention to social welfare undertakings, cares for minority of the community, and does positively make effort to do practical things and good deed, and solve problems for the community and needy employees, so as to maintain the harmony and stability of the enterprise and society. In 2021, the Group made external donations of RMB832,700 in total.

CORPORATE GOVERNANCE

In 2021, the Board carried out different kinds of work, including but not limited to corporate governance, convening of board meetings and committee meetings to review major matters of the Company, providing independent judgment and verification by the independent directors, and maintaining a good relationship with the shareholders of the Company through investor relationship management.

In 2022, the Board will actively play the core role of corporate governance, well perform the daily work of the Board, make important decisions with efficiency, implement the resolution of the general meeting, so as to ensure the steady and orderly development of business operation management and fundamentally secure the interests of shareholders. The main tasks include, but are not limited to, 1) strategy and planning preparation and management, to ensure the implementation of each annual goal of work; 2) efficient operation, to improve the decision-making mechanism of the Board; 3) continuous enhancement guidance on the Company's operation and management; 4) improving the transparency of information disclosure, so as to enhance recognition of the value of the Company; 5) intensify training and performing a standard operation.

ON BEHALF OF THE BOARD
Dongjiang Environmental Company limited

Tan Kan
Chairman
Shenzhen, Guangdong Province, the PRC
25 March 2022

SUPERVISORY COMMITTEE'S REPORT

To all shareholders of
Dongjiang Environmental Company limited* (the "Company")

During the year, the supervisory committee of the Company (the "**Supervisory Committee**") has duly carried out its supervisory duties in a stringent manner to effectively protect the interests of the Company and its shareholders (the "**Shareholders**") in accordance with the relevant provisions of the PRC Company Law and the requirement of the relevant laws and regulations of Hong Kong and articles of association of the Company (the "**Articles**").

On 25 March 2022, the Supervisory Committee convened a meeting, at which the 2021 financial statements of the Group and the independent auditor's report were reviewed and approved. The Supervisory Committee is of the view that the financial statements have been prepared in accordance with the relevant accounting standards and fairly reflect the financial conditions and results of operations of the Group.

The Supervisory Committee concluded that, during the year, all members of the Board and senior management of the Group had, under the principles of diligence, fairness and honesty, duly performed the responsibilities as stipulated in the Articles of the Company, carefully implemented all resolutions of the general meetings and the Board had never breached any laws, regulations and the Articles of the Company.

In the coming year, the Supervisory Committee shall continue to carry out its duties in accordance with the Articles of Association of the Company and the applicable rules governing listing of shares, and commit to perform supervisory duties honestly and diligently, with the aim of protecting the interests of the Company and its shareholders as a whole.

By Order of the Supervisory Committee
Dongjiang Environmental Company limited

Yu Fan
Chairman of the Supervisory Committee
Shenzhen, the PRC
25 March 2022

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is firmly committed to achieving and maintaining high overall standards of corporate governance and has always recognised the importance of accountability and communication with shareholders through continuous effort in improving its corporate governance practices and processes. Through the establishment of a quality and effective Board, a comprehensive internal control system and a stable corporate structure, the Company strives to achieve completeness and transparency in its information disclosure, enhance stable operation and consolidate and increase shareholders' value and profit.

Save for code provision A.2.1 of the Corporate Governance Code (the "**CG Code**") (which has been renumbered as code provision C.2.1 with effect from 1 January 2022) contained in Appendix 14 to the Listing Rules, the Company has complied with the applicable code provisions in the CG Code throughout the Reporting Period.

DIRECTORS' AND SUPERVISORS' SECURITIES TRANSACTIONS

The Company had adopted a code of conduct regarding securities transactions by the Directors and Supervisors on terms no less than the Model Code. Having made specific enquiries of all the Directors and Supervisors, the Company was not aware of any non-compliance with the Model Code and the Company's code of conduct regarding securities transactions by the Directors and Supervisors throughout the Reporting Period.

THE BOARD

The Board is responsible to the shareholders of the Company. The primary task of the Board is firstly, to formulate development guidance and strategies for the Group; and to monitor the implementation of policies and strategies as well as the performance of the management. Moreover, the Board is responsible for formulating and reviewing the basic systems and procedures of the Group, approving the annual budgets, quarterly, interim and annual results; as well as approving major transactions and other significant operational and financial matters.

The Board currently comprises three executive directors, being Mr. Tan Kan, Mr. Yu Zhongmin and Mr. Lin Peifeng; three non-executive directors, being Mr. Tang Yi, Ms. Shan Xiaomin and Mr. Jin Yongfu; and three independent non-executive directors, being Mr.Li Jinhui, Mr. Siu Chi Hung and Ms. Guo Suyi. Mr. Tan Kan is the chairman of the Board. The skills and expertise among the existing directors are considered appropriate to the business and nature of the Group. The experience and qualifications of directors and senior management and the relationship among them are set out on pages 17 to 21 of this report.

According to the Articles, the Board delegates day-to-day operations of the Group to the Executive Directors and senior management of the Company, including responsibility for managing the Group's business and the implementation of major strategies and initiatives adopted by the Board. On the other hand, the Board reserves certain key matters in making strategic decisions for its approval.

The day-to-day management, administration and operation of the Company are delegated to the chief executive officer and the senior management, including the preparation of annual and interim accounts for the Board's approval before public reporting; implementation of strategies approved by the Board; the implementation of internal control procedures; and the ensuring of compliance with relevant statutory requirements and other regulations and rules.

The Company has arranged appropriate insurance cover in respect of legal actions against its directors and senior management, and the coverage of this insurance is being reviewed each year.

The Board meets regularly at approximately quarterly intervals. Notice of a regular board meeting is given at least 14 days in advance to give all Directors an opportunity to attend. The agenda of the regular meeting is set in consultation with members of the Board so that all Directors are given an opportunity to include matters in the agenda. The Board documentation are circulated not less than 3 days before regular meetings.

The Board held 13 meetings during the Reporting Period. The following table shows the attendance record of individual Directors during the Reporting Period:

Name of Directors	Attendance/Number of meeting(s) held
Executive Directors	
Mr. Tan Kan *(Chairman)*	13/13
Mr. Yu Zhongmin *(Chief executive officer) (Note 1)*	–
Mr. Lin Peifeng	13/13
Non-executive Directors	
Mr. Tang Yi	13/13
Ms. Shan Xiaomin	13/13
Mr. Jin Yongfu	13/13
Independent Non-executive Directors	
Mr. Li Jinhui	13/13
Mr. Siu Chi Hung	13/13
Ms. Guo Suyi	13/13

Notes:

1. Mr. Yu Zhongmin was appointed as the Executive Director of the Board on 6 January 2022.

2. There are no other relationship (including financial, business, family or other material/relevant relationship(s)) among members of the Board.

CHAIRMAN AND CHIEF EXECUTIVE

Pursuant to code provision A.2.1 (which has been renumbered as code provision C.2.1 with effect from 1 January 2022) of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Following the resignation of Mr. Yao Shu as chief executive officer on 14 August 2020, Mr. Tan Kan, the chairman of the Company, has taken the role of acting chief executive officer until 13 December 2021. Mr. Yu Zhongmin, executive Director of the Company, has been appointed as chief executive officer on 13 December 2021. Since then, the Company has complied with code provision A.2.1 of the CG Code (which has been renumbered as code provision C.2.1 with effect from 1 January 2022).

The Board is of the view that Mr. Tan Kan's assumption of the office of acting chief executive officer was merely a transitional arrangement after the resignation of the former chief executive officer. The Board believes that with the support of the management, temporarily vesting both of the roles of chairman and chief executive officer in the same person during the transitional period did not impair the balance of power and authority.

The Chairman is primarily responsible for leadership and effective functioning of the Board, ensuring key issues are promptly addressed by the Board, as well as providing strategic direction of the Group, and also taking primary responsibility for ensuring good corporate governance practices and procedures are established. The chief executive together with other executive directors are responsible for the Company's daily operation and the effective implementation of corporate strategy and policies.

Details of the responsibilities of the chairman and chief executive officer of the Company are set out in the Articles.

NON-EXECUTIVE DIRECTORS

At least one-third of the Board are Independent Non-executive Directors. Non-executive Directors have appropriate professional qualification, and therefore, independent judgments can be effectively exercised, and the Non-executive Directors are of sufficient caliber and number for their views to carry weight. The Board has received a written confirmation from each of the Independent Non-executive Directors confirming their independence to the Company pursuant to Rule 3.13 of the Listing Rules, and considers that all of the Independent Non-executive Directors are independent.

Mr. Tang Yi, Ms. Shan Xiaomin and Mr. Jin Yongfu, who are Non-executive Directors, started their terms of office from 22 December 2020 and will serve up to the expiration of the term of the seventh session of the Board. Mr. Li Jinhui, Mr. Siu Chi Hung and Ms. Guo Suyi, who are Independent Non-executive Directors, started their term of office from 22 December 2020 and will serve up to the expiration of the term of the seventh session of the Board.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

The Directors have participated in continuous professional development to develop and refresh their knowledge and skills in respect of the corporate governance requirements and relevant rules and regulations relating to the listing of the Company. Set out below are the details of each Director's participation during the Reporting Period:

Name of Directors	Attending training/ briefing session	Reading materials
Executive Directors		
Mr. Tan Kan *(Chairman)*	√	√
Mr. Yu Zhongmin *(Chief executive officer) (appointed on 6 January 2022)*	√	√
Mr. Lin Peifeng	√	√
Non-executive Directors		
Mr. Tang Yi	√	√
Ms. Shan Xiaomin	√	√
Mr. Jin Yongfu	√	√
Independent Non-executive Directors		
Mr. Li Jinhui	√	√
Mr. Siu Chi Hung	√	√
Ms. Guo Suyi	√	√

NOMINATION, ELECTION AND RE-ELECTION OF DIRECTORS

Subject to the election by shareholders of the Company in the general meeting, the selection and nomination of a director are determined by the Board. The Board's nomination procedures of a new director are: 1) collecting the candidate recommendation letter, or seeking and identifying by itself (or by agencies) the qualified candidates; 2) examining the qualifications of the prospective candidates, and determining the final director candidates at Board meeting; 3) proposing the final candidate to the general meeting of shareholders of the Company for election through ordinary resolution.

The nomination committee of the Company searches for the director candidates, compiles written reports, convenes the meeting of the nomination committee and conducts examination of the qualification of the initial candidates and makes recommendations to the Board regarding candidates for filling in vacancies on the Board.

The criteria for prospective candidates for nomination is: 1) the skills, knowledge and working experiences to carry out the duties of a director; 2) compliance of the qualifications set out in the Articles, the Company Law of the PRC and the Listing Rules for acting as a director and, where applicable, qualifications to act as an independent non-executive director. The new director will be provided with the information prepared by an external lawyer and instruction on the Company's background and business from the senior management.

The Board is responsible for reviewing its structure, size, composition and its diversity regularly and making any changes to complement the Company's corporate strategy. During the Reporting Period, the Board has reviewed its board diversity policy and concluded that its existing structure, size, composition and diversity are appropriate.

According to the Articles, the terms of office of the Directors (Including Non-executive Directors) shall be three years and the Directors shall be eligible for re-election upon expiry of the said term.

BOARD DIVERSITY POLICY

The Company recognizes the benefits of having a diverse Board and has adopted a board diversity policy which sets out the approach to achieve diversity of the Board.

Pursuant to the Board Diversity Policy, the Nomination Committee is committed to diversify at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills and knowledge. The Board will consider setting measurable objectives to implement the board diversity policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

As at the date of this report, the Board comprises nine Directors, two of which are female and they are Ms. Shan Xiaomin and Ms. Guo Suyi. Three of our Directors, namely, Mr. Lin Peifeng, Mr. Tang Yi and Ms. Guo Suyi, are between the age group of 40 to 49, while other Directors are between the age group of 50 to 57. The Nomination Committee considered that the Board is sufficiently diverse and the Board has not set any measurable objectives.

GENERAL MEETINGS WITH SHAREHOLDERS

The Company held 3 general meetings during the Reporting Period. Set out below is the record of attendance of the Directors at these general meetings during the Reporting Period:

Name of Directors	Attendance/Number of meeting(s) held
Executive Directors	
Mr. Tan Kan *(Chairman)*	3/3
Mr. Yu Zhongmin *(Chief Executive Officer) (Note 1)*	–
Mr. Lin Peifng	3/3
Non-executive Directors	
Mr. Tang Yi	3/3
Ms. Shan Xiaomin	3/3
Mr. Jin Yongfu	3/3
Independent Non-executive Directors	
Mr. Li Jinhui	3/3
Mr. Siu Chi Hung	3/3
Ms. Guo Suyi	3/3

Notes:

1. Mr. Yu Zhongmin was appointed as the Executive Director of the Board on 6 January 2022.

2. Code A.6.7 of the code provision (which has been renumbered as code provision C.1.6 with effect from 1 January 2022) – This code provision requires independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established on 14 January 2003 with written terms of reference (which are available to the shareholders on the Stock Exchange's website and the Company's website), for the purpose of reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, formulating and implementing policies in relation to the non-audit services provided by auditors, reviewing the Company's financial information and its disclosure, monitoring the Company's internal control system and its implementation, reviewing and providing supervision over the Group's financial reporting process, internal control and risk management of the Company.

The Audit Committee currently comprises three Independent Non-executive Directors, namely, Mr. Siu Chi Hung, Mr. Li Jinhui and Ms. Guo Suyi. Mr. Siu Chi Hung has been appointed as the chairman of the Audit Committee. The Audit Committee has reviewed the Company's financial statements for the Reporting Period and this report, the financial statements and interim reports for the six months ended 30 June 2021 and the financial statements and quarterly reports of the Company for the three months ended 31 March 2021 and 30 September 2021.

The principal responsibilities of the Audit Committee include:

a. To supervise and evaluate the external auditor's work, and propose the appointment or change of external auditor;

b. To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process;

c. To formulate and implement policies in relation to the non-audit services provided by auditors;

d. To supervise and evaluate the internal audit work, supervise the Company's internal audit system and its implementation;

e. Responsible for coordination and communication between internal audit and external audit;

f. To review and provide supervision over the Group's financial reporting process and internal control system.

g. To review the Company's financial information and its disclosure; and

h. Other matters delegated by the Board.

The Audit Committee met 5 times during the Reporting Period to discuss the Group's quarterly, interim and annual financial reports, and review the accounting principles and practices and internal controls adopted by the Group. The following table shows the attendance record of individual members of the Audit Committee:

Name of Audit Committee members	Attendance/Number of meeting(s) held
Mr. Siu Chi Hung *(Chairman)*	5/5
Mr. Li Jinhui	5/5
Ms. Guo Suyi	5/5

REMUNERATION AND APPRAISAL COMMITTEE

The remuneration and appraisal committee of the Company (the "**Remuneration and Appraisal Committee**") was established in June 2005 with written terms of reference (which are available to the shareholders on the Stock Exchange's website and the Company's website) detailing the duties of the Remuneration and Appraisal Committee.

The Remuneration and Appraisal Committee currently comprises three Independent Non-executive Directors, namely, Ms. Guo Suyi, Mr. Li Jinhui and Mr. Siu Chi Hung. Ms. Guo Suyi has been appointed as the chairman of the Remuneration and Appraisal Committee.

The principal responsibilities of the Remuneration and Appraisal Committee are to review the remuneration and assessment schemes of the Directors and the senior management of the Company as well as other related remuneration matters instructed by the Board, and make relevant recommendations to the Board of Directors. The Executive Directors of the Company currently do not receive any remuneration, but will receive remuneration as the senior management of the Company. The Non-executive Directors of the Company also do not receive any remuneration.

The Remuneration and Appraisal Committee met 2 times during the Reporting Period to discuss the remuneration of the Directors and senior management, their terms of appointment and the relevant assessment policy. The following table shows the attendance records of individual members of the Remuneration and Appraisal Committee during the Reporting Period:

Name of Remuneration and Appraisal Committee members	Attendance/Number of meeting(s) held
Ms. Guo Suyi *(Chairman)*	2/2
Mr. Li Jinhui	2/2
Mr. Siu Chi Hung	2/2

NOMINATION COMMITTEE

The nomination committee of the Company (the "**Nomination Committee**") was established on 9 November 2010 with written terms of reference (which are available to the shareholders on the Stock Exchange's website and the Company's website) detailing the duties of the Nomination Committee. The Nomination Committee comprises two Independent Non-executive Directors, namely Mr. Li Jinhui and Mr. Siu Chi Hung, and one Executive Director, namely Mr. Tan Kan. Mr. Li Jinhui has been appointed as the chairman of the Nomination Committee. The principal responsibilities of the Nomination Committee are to review the structure, size, composition, diversity policy and the independent element of the Board, and make recommendations to the Board regarding candidates to fill vacancies on the Board.

Pursuant to the nomination policy of the Company, the Nomination Committee would consider the following criteria, including, among other things, character and integrity, qualifications (cultural and educational background, professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy), any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and diversity, and willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s).

The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship with a ranking of the candidates (if applicable) by order of preference based on the needs of the Company and reference check of each candidate.

A summary of the Board Diversity Policy of the Company is set out on page 46 of this report.

The Nomination Committee met 2 times during the Reporting Period to review the structure, size and composition of the Board, assess the independence of Independent Non-executive Directors and make recommendation to the Board regarding candidates for filling vacancies on the Board. The following table shows the attendance records of individual members of the Nomination Committee during the Reporting Period:

Name of Nomination Committee members	Attendance/Number of meeting(s) held
Mr. Li Jinhui *(Chairman)*	2/2
Mr. Siu Chi Hung	2/2
Mr. Tan Kan	2/2

STRATEGIC DEVELOPMENT COMMITTEE

The strategic development committee of the Company (the "**Strategic Development Committee**") was established on 9 November 2010 with written terms of reference detailing the duties of the Strategic Development Committee. The Strategic Development Committee comprises two Executive Director, namely Mr. Tan Kan and Mr. Lin Peifeng, and one Independent Non-executive Director, namely Mr. Li Jinhui. Mr. Tan has been appointed as the chairman of the Strategic Development Committee. The principal responsibility of the Strategic Development Committee is to make recommendations to the Board regarding the development of strategic planning, major investment and financing programs, major capital operation, assets, operations research projects, etc.

The Strategic Development Committee meets from time to time as required and no meeting was held during the year.

AUDITORS' REMUNERATION

In 2021, ZSZH provided audit services to the Group for total audit fee of approximately RMB1,480,000, and Mazars provided audit services to the Group and Hong Kong subsidiaries for total audit fee of approximately RMB600,000.

In 2021, ZSZH provided internal control audit services to the Company, and the fee for this non-audit service is RMB400,000.

COMPANY SECRETARY

Ms. So Shuk Yi, Betty has been appointed as the company secretary of the Company since 22 December 2020 and she ceased to be the company secretary of the Company upon the expiry of her service contract with the Company on 24 December 2021. Ms. So had participated in no less than 15 hours of relevant professional training during during her tenure as of 24 December 2021.

Ms. Mok Ming Wai was appointed as the company secretary of the Company on 24 December 2021, and she has taken no less than 15 hours of relevant professional training during the financial year ended 31 December 2021.

The primary corporate contact person of Ms. Mok Ming Wai at the Company is Mr. Li Zehua, the secretary to the board of Directors of the Company.

CONSTITUTIONAL DOCUMENTS

No change has been made to the Articles during the Reporting Period.

SHAREHOLDERS' RIGHTS

Shareholders are encouraged to attend the general meeting for which at least 15 days' notice is given. According to the Articles, Shareholders who possess (whether individually or jointly) over 10% (including 10% voting right issued by the Company) has the right to call for extraordinary general meeting by submitting written request to the Board, after the occurrence of which an extraordinary general meeting shall be held within 2 months by the board. Shareholders enjoy the right to supervise business activities of the Company and make recommendations and queries.

PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

According to the Articles, where the Company holds a general meeting, the shareholders (whether individually or jointly) holding at least three percent (3%) of the shares with voting rights of the Company shall be entitled to bring forward a new proposal in writing and the Company shall list the matters in the proposal within the duties of the general meeting into the proceedings of this general meeting. Also, Shareholder(s) individually or jointly holding over 3% (including 3%) of the shares carrying voting rights of the total issued shares of the Company may submit their provisional proposals in writing to the convener ten days before the convening of the general meeting of shareholders. The convener shall issue a supplementary notice of the general meeting of shareholders within two days after the proposals have been received and announce the content of the provisional proposals.

INVESTOR RELATIONS

Shareholders and public investors are welcome to make enquiries and contribute comments and suggestions. The Company also sets up the section of investor relations on its website to publish the updated and key information of the Group. The Board makes efforts to attend general meetings so they may answer any questions raised by Shareholders.

Shareholders may at any time send their enquiries and concerns to the Board in writing through delivery in-person, by fax, email, courier, registered air mail, etc, whose contact details are as follows:

Addressee:	Mr. Lin Desheng
Address:	10th Floor, Dongjiang Environmental Building, No. 9 Langshan Road, North zone of Hitech Industrial Park, Nanshan District, Shenzhen, the People's Republic of China
Email:	ir@dongjiang.com.cn
Tel No.:	86 (755) 88242614
Fax No.:	86 (755) 86676002

or by leaving message at the Company's website at http://www.dongjiang.com.cn under the section headed "Investor Relations".

SENIOR MANAGEMENT'S REMUNERATION

Pursuant to code provision B.1.5 of the CG Code (which has been renumbered as code provision E.1.5 with effect from 1 January 2022), the annual remuneration of the members of senior management for the year ended 31 December 2021 by band is set out below:

Remuneration by band	Number of senior management
Nil to HKD1,000,000 (equivalent to nil to RMB817,600)	3
HKD1,000,001 to HKD1,500,000 (equivalent to RMB817,601 to RMB1,226,400)	3

Particulars regarding senior management's remuneration and the five individuals with highest emoluments for the Reporting Period are set out in note 9 to the financial statements in this report.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions set out in code provision D.3.1 of the Code (which has been renumbered as code provision A.2.1 with effect from 1 January 2022). As at the date of this report, the Board has reviewed and monitored: (a) the Company's corporate governance policies and practices, (b) training and continuous professional development of directors and senior management, (c) the Company's policies and practices on compliance with legal and regulatory requirements, (d) the Company's code of conduct and (e) the Company's compliance with the Code disclosures requirements.

FINANCIAL REPORTING

The Directors acknowledged their responsibility for the preparation of financial statements which gives a true and fair view of the financial position of the Group. In preparing the financial statements which gives a true and fair view of the financial position of the Group, it is fundamental that appropriate accounting policies are selected and applied consistently. It is the auditors' responsibility to form an independent opinion, based on their audit, on those financial statements and to report their opinion to the Company's shareholders. The responsibilities of the auditors are set out in the report of the independent auditor's report on pages 54 to 59.

RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT

The Board has conducted an annual review of the effectiveness of the Group's risk management and internal control system during the Reporting Period. The scope of reviews covers all material controls including finance, operations and regulatory compliance and risk management. After review, the Board considered that nothing has come to its attention to cause the Board to believe that the risk management and internal control system is ineffective or inadequate.

The Company's system of internal control includes a complete internal management system and approving procedures which apply to all members of the Group. The Group has formulated a comprehensive budget management system, pursuant to which, business plans and budgets are prepared annually by the management of subsidiaries and individual core businesses and subject to review and approval by the executive directors. The executive Directors meet with the management of subsidiaries and individual businesses on a monthly basis to review monthly operating performance and address potential business risks and counter measures.

The Company has formulated and implemented the Administrative Rules for Information Disclosure to strengthen the duty of the Company's internal institutions and staff for information disclosure and to ensure that the information disclosure of the Company is conducted in a true, accurate, complete and timely manner. The Company has formulated and implemented the Internal Reporting System for Material Information to regulate the persons responsible for internal information reporting to report material information to the Board of the Company in a timely manner. The Company has formulated and implemented the System of Registration of Owners of Inside Information to regulate administration of the Company's inside information, procure confidentiality of the inside information and safeguard the principle of fairness in information disclosure. During the year, the Company implemented the aforesaid systems in a meticulous manner and actively conducted the administration of inside information.

The Company has established an internal audit function to ensure the effectiveness of its internal control system, as well as identify and prevent any potential risk. The head of internal audit submits working reports and recommendations on a regular basis to the Executive Directors. The 2021 annual audit report for the Reporting Period was submitted to the Board, and no major issues had been identified.

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness. Nonetheless, Shareholders shall note that the Group's risk management and internal control systems are designed to manage rather than eliminate risk of failure to achieves business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Besides the corporate governance aspect, which will be further discussed in this report below, more details of the Group's environmental, social and governance ("**ESG**") measures including the relevant policies and performance in the areas of environmental, employment and labour standards, operating practices, and community, as well as the compliance with the relevant laws and regulations that have a significant impact on the Group will be covered in the Group's ESG report, which will be published no later than 31 May 2022, on the websites of the Stock Exchange and the Company.

INDEPENDENT AUDITOR'S REPORT

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To the members of Dongjiang Environmental Company Limited
(Incorporated in the People's Republic of China with joint stock limited liability)

OPINION

We have audited the consolidated financial statements of Dongjiang Environmental Company Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 60 to 184, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). Our responsibilities under those standards are further described in the *"Auditor's Responsibilities for the Audit of the Consolidated Financial Statements"* section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Loss allowance for expected credit loss ("ECL") on trade and other receivables

Refer to significant accounting policies in Note 2 and the disclosure of trade and other receivables in Notes 24, 25 and 43(b) to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2021, the gross amount of trade and other receivables (excluding other taxes receivables and prepayments) was approximately RMB1,099,444,000 and RMB368,101,000 respectively. We consider this matter to be a key audit matter because of their significance to the consolidated financial statements and the assessment of ECL for trade and other receivables involves significant management judgement and estimate. Management assessed the provision for ECL of trade and other receivables at the end of each reporting period based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors.	Our key audit procedures, among others, included: – Understanding, through enquiry with the management, the established policies and procedures on credit risk management of receivables arising from the Group's business; – Assessing and evaluating the design of controls with respect to the process of impairment provision for trade and other receivables of the Group with ECL model and assessing the reasonableness of key assumptions and data; – Assessing management's basis and judgement, including their identification of any credit-impaired trade and other receivables and the basis of ECL rate applied individually (with reference to historical observed default rates and forward-looking information) in determining the ECL of trade and other receivables as at 31 December 2021; and – Evaluating the appropriateness of the disclosures in respect of the credit risk and impairment assessment in the consolidated financial statements.

Impairment review on goodwill

Refer to significant accounting policies in Note 2 and the disclosure of goodwill in Note 17 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The Group's goodwill measured at cost less accumulated impairment loss amounted to approximately RMB1,182,402,000 at the end of reporting period. We consider this matter to be a key audit matter because the amount is significant. In view of different operating conditions of the subsidiaries, the impairment assessment on goodwill involved significant judgements and estimates, including the determination of the expected future income and cash flow discount rate of the subsidiaries acquired. Therefore, we identified the assessment on impairment of goodwill as a key audit matter.	Our key audit procedures, among others, included: – Evaluating the reasonableness of key assumptions such as the expected future income and cash flow discount rate of each component and profitability of each component through allocation to the Group's cash-generating unit ("**CGU**") identified according to the asset groups or asset portfolios; – Obtaining an understanding of the business and industry and evaluating the appropriateness of the key assumption and data given by independent professional valuer; – Reviewing the key input data of the Group against the supporting evidence, such as approved budget and assessing the reasonableness of the budget; – Obtaining the valuation reports to assess the reasonableness of any significant unobservable input and the accuracy of the source data adopted by the management and the independent professional valuer; and – Evaluating the competence, capabilities and objectivity of the independent professional valuer.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2021 annual report of the Company but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguard applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Mazars CPA Limited
Certified Public Accountants
Hong Kong, 25 March 2022

The engagement director on the audit resulting in this independent auditor's report is:
Chan Chi Ming Andy
Practising Certificate number: P05132

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	2021 RMB'000	2020 RMB'000 (Restated)
Revenue	4	**4,015,230**	3,308,295
Cost of sales and services		**(2,911,653)**	(2,179,636)
Gross profit		**1,103,577**	1,128,659
Other income	5	**89,124**	157,705
Selling expenses		**(109,381)**	(100,869)
Administrative expenses		**(407,590)**	(361,726)
Other operating expenses		**(249,710)**	(233,336)
Net provision for loss allowance on trade, loans and other receivables	43(b)	**(16,368)**	(45,095)
Provision for impairment loss on goodwill	17	**(55,707)**	(34,535)
Impairment loss on construction in progress	14	**(41,015)**	–
Finance costs	6	**(135,010)**	(127,066)
Share of results of associates	19	**(2,166)**	547
Share of results of joint ventures	20	**15,753**	19,287
Profit before taxation	7	**191,507**	403,571
Income tax expenses	8	**(35,665)**	(68,225)
Profit for the year		**155,842**	335,346
Other comprehensive income			
Items that are reclassified or may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations		**22**	408
Items that will not be reclassified to profit or loss			
Revaluation on transfer of property, plant and equipment to investment properties, net of tax		**–**	393
Other comprehensive income for the year, net of tax		**22**	801
Total comprehensive income for the year		**155,864**	336,147
Profit (Loss) for the year attributable to:			
Equity holders of the Company		**160,745**	304,920
Non-controlling interests		**(4,903)**	30,426
Profit for the year		**155,842**	335,346
Total comprehensive income (loss) for the year attributable to:			
Equity holders of the Company		**160,767**	305,549
Non-controlling interests		**(4,903)**	30,598
Total comprehensive income for the year		**155,864**	336,147
		RMB cents	RMB cents (Restated)
Earnings per share			
Basic and diluted	11	**18**	35

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Note	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000 (Restated)	As at 1 January 2020 RMB'000 (Restated)
Non-current assets				
Investment properties	12	**456,663**	449,741	433,545
Property, plant and equipment	13	**4,367,619**	3,275,325	2,884,124
Construction in progress	14	**1,015,213**	1,088,214	1,242,122
Right-of-use assets	15	**774,965**	764,065	612,950
Intangible assets	16	**539,893**	564,043	422,178
Goodwill	17	**1,182,402**	1,229,438	1,287,973
Interests in associates	19	**194,812**	196,978	166,881
Interests in joint ventures	20	**103,409**	95,156	85,869
Designated financial assets at fair value through other comprehensive income ("FVOCI")		**4,243**	–	–
Trade receivables and contract assets	24	**96,931**	99,088	101,727
Other non-current assets	21	**49,341**	76,786	114,757
Deferred tax assets	35	**50,389**	51,282	36,664
		8,835,880	7,890,116	7,388,790
Current assets				
Inventories	22	**550,902**	267,105	299,713
Loans receivables	23	**103,576**	125,724	160,230
Trade receivables and contract assets	24	**1,277,855**	1,147,944	1,087,819
Prepayment, deposits and other receivables	25	**491,767**	351,176	372,923
Prepaid income tax		**2,809**	3,775	2,834
Cash and cash equivalents	26	**550,421**	661,657	1,104,761
		2,977,330	2,557,381	3,028,280
Current liabilities				
Trade payables	27	**839,976**	729,967	786,251
Contract liabilities	28	**138,257**	131,915	169,267
Lease liabilities	15	**5,011**	8,461	5,858
Current portion of interest-bearing borrowings	30	**2,186,375**	1,971,310	1,823,658
Bond payables	31	**19,422**	12,800	863,584
Due to controlling shareholder	32	**332,742**	430,637	436,745
Income tax payables		**15,709**	33,068	33,068
Other payables	29	**268,029**	258,136	278,744
		3,805,521	3,576,294	4,397,175
Net current liabilities		**(828,191)**	(1,018,913)	(1,368,895)
Total assets less current liabilities		**8,007,689**	6,871,203	6,019,895

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Note	**As at 31 December 2021 RMB'000**	As at 31 December 2020 RMB'000 (Restated)	As at 1 January 2020 RMB'000 (Restated)
Non-current liabilities				
Lease liabilities	15	**3,525**	3,571	10,653
Interest-bearing borrowings	30	**1,173,418**	661,588	769,659
Bond payables	31	**1,099,387**	599,438	–
Provisions	33	**77,924**	27,734	–
Deferred income	34	**162,774**	161,769	164,928
Deferred tax liabilities	35	**37,780**	19,939	15,364
Other payables	29	**5,086**	5,433	8,208
		2,559,894	1,479,472	968,812
NET ASSETS		**5,447,795**	5,391,731	5,051,083
Capital and reserves				
Share capital	36	**879,267**	879,267	879,267
Reserves	37	**3,725,652**	3,677,483	3,480,792
Equity attributable to equity holders of the Company		**4,604,919**	4,556,750	4,360,059
Non-controlling interests	18	**842,876**	834,981	691,024
TOTAL EQUITY		**5,447,795**	5,391,731	5,051,083

The consolidated financial statements on pages 60 to 184 were approved and authorised for issue by the Board of Directors on 25 March 2022 and signed on its behalf by:

Tan Kan
Executive Director

Yu Zhongmin
Executive Director

	Equity attributable to equity holders of the Company										
		Reserves									
	Share capital RMB'000 *(Note 36)*	Capital reserve RMB'000 *(Note 37(a))*	Statutory reserve RMB'000 *(Note 37(b))*	Property revaluation reserve RMB'000 *(Note 37(c))*	Exchange reserve RMB'000 *(Note 37(d))*	Other reserve RMB'000 *(Note 37(e))*	Accumulated profits RMB'000	Total reserves RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2021											
As previously reported	879,267	465,448	242,460	17,851	(221)	1,796	2,932,963	3,660,297	4,539,564	834,076	5,373,640
Prior year adjustments *(Note 47)*	–	–	–	–	–	–	17,186	17,186	17,186	905	18,091
As restated	879,267	465,448	242,460	17,851	(221)	1,796	2,950,149	3,677,483	4,556,750	834,981	5,391,731
Profit (Loss) for the year	–	–	–	–	–	–	160,745	160,745	160,745	(4,903)	155,842
Other comprehensive income											
Exchange difference on translation of foreign operations	–	–	–	–	22	–	–	22	22	–	22
Total comprehensive income (loss) for the year	–	–	–	–	22	–	160,745	160,767	160,767	(4,903)	155,864
Transactions with equity holders of the Company											
Contributions and distributions:											
Transfer to statutory reserve	–	–	32,968	–	–	–	(32,968)	–	–	–	–
Usage of other reserve	–	–	–	–	–	(1,597)	–	(1,597)	(1,597)	(779)	(2,376)
Dividend *(Note 10)*	–	–	–	–	–	–	(96,719)	(96,719)	(96,719)	(42,375)	(139,094)
Contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	9,000	9,000
Changes in ownership interest:											
Non-controlling interests arising from business combination *(Note 39)*	–	–	–	–	–	–	–	–	–	183,437	183,437
Changes in ownership interests in subsidiaries that do not result in a loss of control *(Note 41)*	–	(14,042)	–	–	–	–	–	(14,042)	(14,042)	(134,285)	(148,327)
Disposal of a subsidiary *(Note 40)*	–	–	–	–	–	–	–	–	–	(1,883)	(1,883)
Deregistration of a subsidiary	-	(240)	-	-	-	-	-	(240)	(240)	(317)	(557)
	–	(14,282)	32,968	–	–	(1, 597)	(129,687)	(112,598)	(112, 598)	12,798	(99,800)
As at 31 December 2021	879,267	451,166	275,428	17,851	(199)	199	2,981,207	3,725,652	4,604,919	842,876	5,447,795

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Equity attributable to equity holders of the Company										
		Reserves									
	Share capital RMB'000 *(Note 36)*	Capital reserve RMB'000 *(Note 37(a))*	Statutory reserve RMB'000 *(Note 37(b))*	Property revaluation reserve RMB'000 *(Note 37(c))*	Exchange reserve RMB'000 *(Note 37(d))*	Other reserve RMB'000 *(Note 37(e))*	Accumulated profits RMB'000	Total reserves RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2020											
As previously reported	879,267	438,713	224,966	17,630	(629)	5,499	2,779,185	3,465,364	4,344,631	690,212	5,034,843
Prior year adjustments *(Note 47)*	–	–	–	–	–	–	15,428	15,428	15,428	812	16,240
As restated	879,267	438,713	224,966	17,630	(629)	5,499	2,794,613	3,480,792	4,360,059	691,024	5,051,083
Profit for the year (restated)	–	–	–	–	–	–	304,920	304,920	304,920	30,426	335,346
Other comprehensive income											
Exchange difference on translation of foreign operations	–	–	–	–	408	–	–	408	408	–	408
Revaluation on transfer of property, plant and equipment to investment properties	–	–	–	221	–	–	–	221	221	172	393
Total other comprehensive income for the year, net of tax	–	–	–	221	408	–	–	629	629	172	801
Total comprehensive income for the year (restated)	–	–	–	221	408	–	304,920	305,549	305,549	30,598	336,147
Transactions with equity holders of the Company											
Contributions and distributions:											
Transfer to statutory reserve	–	–	17,494	–	–	–	(17,494)	–	–	–	–
Usage of other reserve	–	–	–	–	–	(3,703)	–	(3,703)	(3,703)	1,161	(2,542)
Dividend *(Note 10)*	–	–	–	–	–	–	(131,890)	(131,890)	(131,890)	(55,229)	(187,119)
Contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	62,700	62,700
Changes in ownership interest:											
Changes in ownership interests in subsidiaries that do not result in a loss of control *(Note 41)*	–	26,735	–	–	–	–	–	26,735	26,735	106,112	132,847
Deregistration of a subsidiary	–	–	–	–	–	–	–	–	–	(1,385)	(1,385)
	–	26,735	17,494	–	–	(3,703)	(149,384)	(108,858)	(108,858)	113,359	4,501
As at 31 December 2020 (restated)	879,267	465,448	242,460	17,851	(221)	1,796	2,950,149	3,677,483	4,556,750	834,981	5,391,731

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Note	2021 RMB'000	2020 RMB'000 (Restated)
OPERATING ACTIVITIES			
Cash generated from operations	38(a)	**666,952**	1,161,605
Interest received		**15,911**	15,660
Net value-added tax and other taxes paid		**(113,303)**	(124,844)
PRC income tax paid		**(63,295)**	(86,989)
Net cash from operating activities		**506,265**	965,432
INVESTING ACTIVITIES			
Additional investment in associates		**–**	(29,550)
Dividend received from joint ventures		**7,500**	10,000
Purchase of property, plant and equipment		**(146,152)**	(144,571)
Purchase of construction in progress		**(819,725)**	(537,130)
Purchase of right-of-use assets		**(6,542)**	(179,633)
Purchase of intangible assets		**(21,314)**	(173,293)
Proceed from disposal of property, plant and equipment and intangible assets		**30,743**	31,563
Net cash outflow on acquisition of subsidiaries	39	**(380,573)**	–
Net cash inflow on disposal of a subsidiary	40	**2,457**	–
Net cash used in investing activities		**(1,333,606)**	(1,022,614)
FINANCING ACTIVITIES			
Dividend paid		**(139,094)**	(187,119)
Interest paid		**(143,574)**	(172,410)
Proceeds from interest-bearing borrowings, bonds payables and due to controlling shareholder		**3,738,455**	2,525,693
Repayment of interest-bearing borrowings, bonds payables and due to controlling shareholder		**(2,642,040)**	(2,674,904)
Repayment of lease liabilities		**(9,931)**	(10,529)
Considerations paid to non-controlling interests	41	**(117,651)**	–
Contributions from non-controlling interests		**9,000**	132,878
Net cash from (used in) financing activities	38(b)	**695,165**	(386,391)
Net decrease in cash and cash equivalents		**(132,176)**	(443,573)
Cash and cash equivalents at the beginning of the year		**653,579**	1,096,744
Effect on exchange rate changes on cash and cash equivalents		**22**	408
Cash and cash equivalents at the end of the reporting period, represented by cash and time deposits at banks and other financial institutions	26	**521,425**	653,579

1. CORPORATE INFORMATION

Dongjiang Environmental Company Limited (the "Company") was incorporated as a joint stock limited company in the People's Republic of China (the "PRC") in accordance with the Company Law of the PRC (the "Company Law") on 18 July 2002. The registered address and the principal place of business of the Company is 1st Floor, 3rd Floor, North of 8th Floor, 9th-12th Floor, Dongjiang Environmental Building, No. 9 Langshan Road, North Zone of Hi-tech Industrial Park, Nanshan District, Shenzhen, the PRC.

The Company's shares are listed on both the Shenzhen Stock Exchange (the "Shenzhen Stock Exchange") ("A shares") and the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") ("H shares"). As at 31 December 2021, the Company had 679,129,602 A shares and 200,137,500 H shares.

In the opinion of the directors, the ultimate controlling party of the Company is the State-owned Assets Supervision and Administration Commission of the People's Government of Guangdong Province (廣東省人民政府國有資產監督管理委員會).

The principal activities of the Company are investment holding, processing and sales of recycled products, provision of waste treatment services, rare and precious metals recycling services, provision of environmental protection systems and services, and trading of chemical products. Details of the principal subsidiaries of the Company and their principal activities are disclosed in Note 49 to the consolidated financial statements. The Company and its subsidiaries are herein collectively referred to as the "Group".

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable IFRSs, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board (the "IASB"), the disclosure requirements of the Companies Ordinance (the "HKCO") and the applicable disclosure requirements under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules").

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2020 consolidated financial statements except for the adoption of the following new/revised IFRSs that are relevant to the Group and effective from the current year.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Adoption of new/revised IFRSs

The Group has applied, for the first time, the following new/revised IFRSs that are relevant to the Group:

Amendments to IAS 39, IFRSs 4, 7, 9 and 16: Interest Rate Benchmark Reform – Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the "Reform"). The amendments complement those issued in September 2019 and relate to:

- changes to contractual cash flows – a company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;

- hedge accounting – a company will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and

- disclosures – a company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Going concern

The consolidated financial statements have been prepared in conformity with the principles applicable to a going concern basis. The applicability of these principles is dependent upon continued availability of adequate finance or attaining profitable operations in the future in view of the excess of current liabilities over current assets. At the end of the reporting period, the Group's current liabilities exceeded its current assets by approximately RMB828,191,000.

The directors have evaluated all the relevant facts available to them and are of the opinion that there are no significant adverse conditions precluding the Group from obtaining sufficient available funding. The Group maintained cash and time deposits at banks and other financial institutions of approximately RMB521,425,000 as at 31 December 2021.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Going concern *(Continued)*

Notwithstanding the aforesaid conditions, the consolidated financial statements have been prepared on a going concern basis on the assumption that the Group is able to operate as a going concern for the foreseeable future. In the opinion of the directors of the Company, the Group can meet its financial obligations as and when they fall due within the next twelve months, after taking into consideration of the measures and arrangements made by the Group as detailed below:

(i) the unutilised banking facilities readily available to the Group amounted to approximately RMB6,625,000,000 as at 31 December 2021;

(ii) the Company received the Registration Acceptance Notice (Zhong Shi Xie Shu [2021] SCP32) issued by the National Association of Financial Market Institutional Investors (the "NAFMII") on 2 February 2021 for issuance of super short-term financing bonds (the "Super Short-term Financing Bonds") with an amount of not exceeding RMB1,500,000,000. The Super Short-term Financing Bonds will be mainly for refinancing and replenishing the working capital of the Group. On 14 January 2022, the Company issued the first tranche of the Super Short-term Financing Bonds with issuance size of RMB500,000,000; and

(iii) the Company will actively proceed with financial plans such as medium-term notes with an amount of RMB400,000,000 based on actual needs, optimise the debt structure of the Company and effectively supplement the working capital.

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for investment properties and designated financial assets at FVOCI, which are measured at fair value as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Non-controlling interests are presented, separately from equity holders of the Company, in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, are measured initially either at fair value or at the present ownership instrument's proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by IFRSs.

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests. Total comprehensive income is attributed to the equity holders of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the equity holders of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Subsidiaries *(Continued)*

In the Company's statement of financial position which is presented within these notes, an investment in subsidiary is stated at cost less accumulated impairment loss. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is a contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group reassesses whether it has joint control of an arrangement and whether the type of joint arrangement in which it is involved has changed, if facts and circumstances change.

The Group's investment in associate or joint venture is accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held for sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long term interests that, in substance, form part of the Group's net investment in the investee.

Goodwill arising on an acquisition of an associate or a joint venture is measured as the excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the acquired associate or joint venture. Such goodwill is included in interests in associates or joint ventures. On the other hand, any excess of the Group's share of its net fair value of identifiable assets and liabilities over the cost of investment is recognised immediately in profit or loss as an income.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investees, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In the Company's statement of financial position which is presented within these notes, an investment in associates and joint ventures is accounted for using the equity method.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Goodwill

Goodwill arising on an acquisition of a business is measured as the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previously held equity interest in the acquiree over the acquisition date amounts of the identifiable assets acquired and the liabilities assumed of the acquired business.

Goodwill on acquisition of business is recognised as a separate asset and is carried at cost less accumulated impairment losses, which is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment test and determination of gain or loss on disposal, goodwill is allocated to cash-generating units. An impairment loss on goodwill is not reversed.

On the other hand, any excess of the acquisition date amounts of identifiable assets acquired and the liabilities assumed of the acquired business over the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree, if any, after reassessment, is recognised immediately in profit or loss as an income from bargain purchase.

Any resulting gain or loss arising from remeasuring the previously held equity interests in the acquiree at the acquisition-date fair value is recognised in profit or loss or other comprehensive income, as appropriate.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment, other than construction in progress, over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual values of 3%, using the straight-line method at the following rates per annum. Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis and depreciated separately:

Buildings	20 – 30 years
Leasehold improvement	Over the remaining lease terms
Machinery and other equipment	5 – 10 years
Transportation equipment	5 years
Office equipment	5 years
Other equipment (including construction and measuring equipment)	5 – 10 years

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Construction in progress

Construction in progress which represents machinery and other equipment under construction or pending installation and is stated at cost less accumulated impairment loss. Cost includes construction expenditures incurred and other direct costs capitalised during the construction and installation period. No depreciation is made on construction in progress until the construction and installation work is completed that the assets are ready for their intended use. When the assets concerned are available for use, the costs are transferred to property, plant and equipment.

Investment properties

Investment properties are land and/or buildings that are held by owner or lessee, to earn rental income and/or for capital appreciation. These include properties held for a currently undetermined future use.

Investment properties are stated at fair value at the end of the reporting period. Any gain or loss arising from a change in fair value is recognised in profit or loss. The fair value of investment property is based on a valuation by an independent valuer who holds a recognised professional qualification and has recent experience in the location and category of property being valued. The fair value reflects, among other things, rental income from current leases and other assumptions that market participants would use when pricing investment property under current market conditions and is adjusted for separately recognised assets or liabilities to avoid double-counting assets or liabilities.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the item is derecognised.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Intangible assets

Patents and non-patent technologies

Patents and non-patented technologies acquired separately and with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on the straight-line basis over their estimated useful lives.

Emission rights

Emission rights acquired are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on the straight-line basis over their estimated useful lives.

Research and development costs

Research costs are expensed as incurred. Costs incurred on development activities, which involve the application of research findings to a plan or design for the production of new or substantially improved products and processes, are capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as an expense as incurred. When the asset is available for use, the capitalised development costs would be transferred to other classes of intangible assets and subject to amortisation and impairment review on the same basis as intangible assets acquired separately.

Build-operate-transfer ("BOT") operating rights

The Group participates in public infrastructure construction business in the BOT form, where the project company does not provide actual construction services by itself. The construction costs such as construction fees paid are recognised as intangible assets, and amortised from the same month.

The useful life of BOT operating rights is determined by its type and physical characteristics, with reference to the depreciation rate of similar assets of the Group. The amortisation period is determined as the shorter of the useful life and the term of concession rights to amortise its costs on the straight-line basis or the units-of-output method respectively.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brand, is recognised in profit or loss as an expense as incurred.

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis, except for financial assets measured at amortised cost which are accounted for on the settlement date basis.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Recognition and derecognition *(Continued)*

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income ("Mandatory FVOCI"); (iii) equity investment measured at fair value through other comprehensive income ("Designated FVOCI"); or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

1) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include cash and cash equivalents, trade receivables, bills receivables, contract assets, loans receivables, deposits and other receivables, and other non-current assets.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Recognition and derecognition *(Continued)*

2) Designated FVOCI

Upon initial recognition, the Group may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies in other comprehensive income. The classification is determined on an instrument-by-instrument basis.

These equity investments are subsequently measured at fair value and are not subject to impairment. Dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other gains or losses are recognised in other comprehensive income and shall not be subsequently reclassified to profit or loss.

The Group's financial assets at Designated FVOCI include equity investment measured at FVOCI.

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade payables, bills payables, other payables, contract liabilities, bond payables, amounts due to controlling shareholder, interest-bearing borrowings and lease liabilities. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets and other items

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost to which the impairment requirements apply in accordance with IFRS 9. At each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets and other items (Continued)

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive. For a lease receivable, the cash flows used for determining the ECL should be consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

(i) past due information

(ii) nature of instrument

(iii) nature of collateral

(iv) industry of debtors

(v) geographical location of debtors

(vi) external credit risk ratings

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets and other items (Continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria.

(a) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or

(b) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;

- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);

- an actual or expected significant deterioration in the operating results of the debtor; and

- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets and other items (Continued)

Low credit risk

A financial instrument is determined to have low credit risk if:

(a) it has a low risk of default;

(b) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(c) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

As detailed in Note 43(b) to the consolidated financial statements, the following financial instruments are determined to have low credit risk:

- Cash and time deposits at banks and other financial institutions;
- Trade receivables and contract assets with government and fellow subsidiaries;
- Bills receivables; and
- Deposits and other receivables with government and fellow subsidiaries.

Simplified approach of ECL

For trade receivables and contract assets without significant financing components or otherwise for which the Group applies the practical expedient not to account for the significant financing components, and operating lease receivables, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets and other items (Continued)

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower.

(b) a breach of contract, such as a default or past due event.

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Rental income under operating leases is recognised when the assets are let out and on the straight-line basis over the lease term. Variable lease payments that depend on an index or a rate are initially measured using the index or rate at the commencement date and subsequently adjusted when such index or rate changes. Such payments are recognised as income on the straight-line basis over the lease term. Other variable lease payments are recognised as income in the period in which the event or condition that triggers those payments occurs.

Dividend income from financial assets is recognised when the Group's rights to receive dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Revenue from contracts with customers within IFRS 15

Nature of goods or services

The nature of the goods or services provided by the Group is as follows:

Business A: Production and delivery of recycled industrial waste goods and recycled rare and precious metals

Business B: Provision of industrial and municipal waste treatment and disposal services

Business C: Provision of services on environmental engineering projects

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

(a) a good or service (or a bundle of goods or services) that is distinct; or

(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

(a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and

(b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers within IFRS 15 (Continued)

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Sales of goods comprising industrial waste recycling, renewable energy utilisation, trading and others and dismantled resource recycling rare and precious metals recycling, is recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed.

Service income of waste treatment and disposal services is recognised over time when services are rendered.

Service income from environmental engineering projects, including product design, procurement, construction and commissioning of industrial waste and municipal public work facilities, is recognised over time based on the stage of completion.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers within IFRS 15 (Continued)

Timing of revenue recognition *(Continued)*

For revenue recognised over time under IFRS 15, provided the outcome of the performance obligation can be reasonably measured, the Group applies the output method (i.e. based on the direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract) to measure the progress towards complete satisfaction of the performance obligation because the method provides a faithful depiction of the Group's performance and reliable information is available to the Group to apply the method. Revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

The output method is applied to environmental engineering project services based on surveys of performance completed to date.

Transaction price: significant financing components

When the contract contains a significant financing component (i.e. the customer or the Group is provided with a significant benefit of financing the transfer of goods or services to the customer), in determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money. The effect of the significant financing component is recognised as an interest income or interest expense separately from revenue from contracts with customers in profit or loss.

The Group determines the interest rate that is commensurate with the rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception by reference to, where appropriate, the interest rate implicit in the contract (i.e. the interest rate that discounts the cash selling price of the goods or services to the amount paid in advance or arrears), the prevailing market interest rates, the Group's borrowing rates and other relevant creditworthiness information of the customer of the Group.

The Group has applied the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for the effect of the significant financing component if the period of financing is one year or less.

Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Contract assets and contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

For government construction and waste treatment projects, it is common for the Group to receive from the customer some of the contractual payments before the services are completed or when the goods are delivered (i.e. the timing of revenue recognition for such transactions). The Group recognises a contract liability until it is recognised as revenue. During that year, any significant financing components, if applicable, will be included in the contract liability and will be expensed as accrued unless the interest expense is eligible for capitalisation.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Since the Group's main operation is carried out in the PRC, the amounts shown in the consolidated financial statements are presented in Renminbi ("RMB").

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses resulting from the retranslation of non-monetary items carried at fair value are recognised in profit or loss except for those arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the gains or losses are also recognised directly in equity.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Foreign currency translation *(Continued)*

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented and fair value adjustments on the carrying amounts of assets and liabilities arising on an acquisition of a foreign operation which are to be treated as assets and liabilities of that foreign operation, are translated at the closing rate at the end of the reporting period.
- Income and expenses for each statement of comprehensive income are translated at average exchange rate.
- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Impairment of non-financial assets, other than goodwill

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment, intangible assets, right-of-use assets, interests in associates and joint ventures and interests in subsidiaries may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets, other than goodwill *(Continued)*

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as an income in profit or loss immediately.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as and included in finance costs in profit or loss in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset or the expected construction period of the relevant asset by equal annual instalments.

Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

As lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset as follows:

Buildings	3 – 20 years
Land use rights	Over the remaining leasing terms
Transportation equipment	5 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

As lessee (Continued)

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payments that depend on an index or a rate;

(c) amounts expected to be payable under residual value guarantees;

(d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

As lessee (Continued)

A lease modification is accounted for as a separate lease if

(a) the modification increase the scope of the lease by adding the right to use one or more underlying assets; and

(b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

(a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above.

(b) the Group determines the lease term of the modified contract.

(c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term.

(d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss.

(e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

As lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and sublease as two separate contracts. The sublease is classified as an operating lease if the head lease is a short-term lease to which the Group has applied the recognition exemption. Otherwise, the sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

The Group accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

As lessor – operating lease

The Group applies the derecognition and impairment requirements in IFRS 9 to the operating lease receivables.

A modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Defined contribution plans

The obligations for contributions to a defined contribution retirement scheme are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Pursuant to the relevant PRC laws and regulations, each of the PRC subsidiaries of the Group is required to participate in a retirement benefit scheme organised by the local municipal government whereby the Group is required to contribute a certain percentage of the salaries of its employees to the retirement benefit scheme. The only obligation of the Group with respect to the retirement benefit scheme is to pay the ongoing required contributions. Contributions made to the defined contribution retirement benefit scheme are charged to profit or loss as incurred.

Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

Taxation

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax assets or liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on the tax rates and the tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

For deferred tax assets or liabilities on investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale.

Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person’s family is related to the Group if that person:

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

  (i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).

  (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

  (iii) both entities are joint ventures of the same third party.

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

(b) An entity is related to the Group if any of the following conditions applies: *(Continued)*

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Company's executive directors, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the chief operating decision-makers that make strategic decisions.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Critical accounting estimates and judgements *(Continued)*

(i) Key sources of estimation uncertainty

Loss allowance for ECL

The Group's management estimates the loss allowance for contract assets and financial assets at amortised cost including trade receivables, bills receivables, loans receivables, deposits and other receivables, and other non-current assets by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of contract assets and financial assets at amortised cost. Details of the key assumption and inputs used in estimating ECL are set out in Note 43(b) to the consolidated financial statements.

Useful lives and impairment of property, plant and equipment, right-of-use assets and intangible assets

The directors review the residual value, useful lives and depreciation/amortisation method of property, plant and equipment, right-of-use assets and intangible assets at the end of each reporting period, through careful consideration with regards to expected usage, wear-and-tear and potential technical obsolescence to usage of the assets.

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the directors have to assess whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence. If any such indication exists, the recoverable amounts of the asset would be determined by reference to value in use and fair value less costs of disposal. Value in use is determined using the discounted cash flow method. Owing to inherent risk associated with estimations in the timing and magnitude of the future cash flows and fair value less costs of disposal, the estimated recoverable amount of the asset may be different from its actual recoverable amount and profit or loss could be affected by accuracy of the estimations.

Allowance for inventories

The Group's management reviews the condition of inventories, as stated in Note 22 to the consolidated financial statements, at the end of each reporting period, and makes allowance for inventories that are identified as obsolete, slow-moving or no longer recoverable. The Group carries out the inventory review on a product-by-product basis and makes allowances by reference to the latest market prices and current market conditions.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Critical accounting estimates and judgements *(Continued)*

(i) Key sources of estimation uncertainty (Continued)

Deferred tax assets

As at the end of the reporting period, a deferred tax asset in relation to unused tax losses has been recognised in the consolidated statement of financial position. The recognition of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss in the period in which such a reversal takes place.

Impairment of investments in subsidiaries, associates and joint ventures

The Group assesses annually if investment in subsidiaries, associates and joint ventures has suffered any impairment in accordance with IAS 36 and follows the guidance of IFRS 9 in determining whether amounts due from these entities are impaired. Details of the approach are stated in the respective accounting policies. The assessment requires an estimation of future cash flows, including expected dividends, from the assets and the selection of appropriate discount rates. Future changes in financial performance and position of these entities would affect the estimation of impairment loss and cause the adjustments of their carrying amounts.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Details of the estimates used to calculate the recoverable amount are given in Note 17 to the consolidated financial statements.

Fair value estimation

The investment properties of the Group are measured at fair value, which were valued based on the appraised market value by an independent professional valuer. The fair value of investment properties was arrived at by considering the capitalised income to be derived from the existing tenancies and the reversionary potential of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in the surrounding areas. The determination of the fair value for investment properties requires the Group to estimate reversionary potential of the properties.

Discount rates for calculating lease liabilities as lessee

The Group uses the lessee's incremental borrowing rates to discount future lease payments since interest rates implicit in the leases are not readily determinable. In determining the discount rates for its leases, the Group refers to a rate that is readily observable as the starting point and then applies judgement and adjusts such observable rate to determine the incremental borrowing rate.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Critical accounting estimates and judgements *(Continued)*

(i) Key sources of estimation uncertainty (Continued)

Progress rate of construction in progress

Construction in progress is transferred to the fixed assets at an estimated amount based on the project budget, construction cost or actual cost of construction on the date when it is ready for its intended use and depreciated from the next month onwards. Upon the completion of final account audit of the completed project, the original estimated value will be adjusted accordingly, but no retrospective adjustment is required to the depreciation or amortisation amounts previously made.

(ii) Critical judgements made in applying accounting policies

Revenue from contracts with customers within IFRS 15 – environmental engineering projects

Environmental engineering projects services revenue is recognised by using the output method which based on the progress of the project. The progress is measured using quality surveyor reports (an output method). The estimated total completion proportion is agreed among the Group, the constructors and the customers. Significant assumptions are required in estimating the completion proportion which affects the contract revenue recognised to date based on the output method.

Future changes in IFRSs

At the date of authorisation of these consolidated financial statements, the IASB has issued the following new/revised IFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to IAS 16	*Proceeds before Intended Use*[1]
Amendments to IAS 37	*Cost of Fulfilling a Contract*[1]
Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Annual Improvements to IFRSs	*2018–2020 Cycle*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
	Disclosure of Accounting Policies[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
IFRS 17	*Insurance Contracts*[2]
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 The effective date to be determined

The directors are in the process of assessing the possible impact on the future adoption of the new/revised IFRSs, but are not yet in a position to reasonably estimate their impact on the Company's consolidated financial statements.

3. SEGMENT INFORMATION

The reportable segments are determined based on the internal organisation structure, management requirements and reporting system. The executive directors of the Company, who are the chief operating decision makers, review the operating results of these reportable segments regularly to decide on resources allocation and evaluate their performance. Major products and services provided by each reportable segment of the Group includes industrial waste recycling, industrial waste treatment and disposal, rare and precious metals recycling, municipal waste treatment and disposal, renewable energy utilisation, environmental engineering and services, trading and others as well as household appliances dismantling.

For the purposes of assessing the performance of operating segments and allocating resources between segments, the executive directors assess the performance of reportable segments based on profit before taxation, share of results of associates and joint ventures.

Segment assets include all assets except for interests in associates and joint ventures. Segment liabilities include all liabilities.

Inter-segment sales are priced at cost plus profit margin. The accounting policies of the reporting segments are the same as the Group's accounting policies as described in Note 2 to the consolidated financial statements.

Analysis of the Group's segmental information by business and geographical segments during the year is set out below.

2021 Reporting Segments

	Industrial waste recycling RMB'000	Industrial waste treatment and disposal RMB'000	Rare and Precious Metals recycling RMB'000	Municipal waste treatment and disposal RMB'000	Renewable energy utilisation RMB'000	Environmental engineering and services RMB'000	Trading and others RMB'000	Household appliance dismantling RMB'000	Unallocated amounts RMB'000	Elimination RMB'000	Total RMB'000
Segment revenue	1,565,155	1,785,807	198,628	170,512	51,115	145,499	71,116	158,142	80,738	(211,482)	4,015,230
Inter-segment revenue	–	(73,643)	–	–	–	(36,626)	(20,475)	–	(80,738)	211,482	–
Revenue from external customers	1,565,155	1,712,164	198,628	170,512	51,115	108,873	50,641	158,142	–	––	4,015,230
Cost of sales	(1,246,900)	(1,021,304)	(190,696)	(167,159)	(44,817)	(90,189)	(19,804)	(130,784)	–	–	(2,911,653)
	318,255	690,860	7,932	3,353	6,298	18,684	30,837	27,358	–	–	1,103,577
Segment operating cost, net	(163,522)	(560,883)	(6,807)	(9,197)	(8,601)	(6,190)	(14,419)	(26,447)	(129,591)	–	(925,657)
Segment profit (loss) before tax	154,733	129,977	1,125	(5,844)	(2,303)	12,494	16,418	911	(129,591)	–	177,920
Share of results of associates											(2,166)
Share of results of joint ventures											15,753
Income tax expense											(35,665)
Profit for the year											155,842
Segment assets											
Segment assets	2,616,321	4,392,333	770,381	510,790	235,857	534,103	896,434	636,806	4,929,603	(4,007,639)	11,514,989
Interest in associates	–	–	–	–	–	–	–	–	194,812	–	194,812
Interest in joint ventures	–	–	–	–	–	–	–	–	103,409	–	103,409
Total assets											11,813,210
Segment liabilities	344,623	2,782,200	270,217	186,937	14,564	245,756	97,862	340,222	2,297,543	(214,509)	6,365,415

3. SEGMENT INFORMATION *(Continued)*

2021 Reporting Segments *(Continued)*

Other segment information

	Industrial waste recycling RMB'000	Industrial waste treatment and disposal RMB'000	Rare and Precious Metals recycling RMB'000	Municipal waste treatment and disposal RMB'000	Renewable energy utilisation RMB'000	Environmental engineering and services RMB'000	Trading and others RMB'000	Household appliance dismantling RMB'000	Unallocated amounts RMB'000	Elimination RMB'000	Total RMB'000
Depreciation and amortisation	**(50,455)**	**(349,830)**	**(49,895)**	**(24,138)**	**(5,803)**	**(8,683)**	**(8,193)**	**(23,055)**	**(28,608)**	**–**	**(548,660)**
Share of result of associates	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,166)**	**–**	**(2,166)**
Share of result of joint ventures	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**15,753**	**–**	**15,753**
Impairment loss on goodwill	**–**	**(49,124)**	**–**	**–**	**(6,134)**	**–**	**(449)**	**–**	**–**	**–**	**(55,707)**
Impairment loss on trade, loans and other receivables	**(192)**	**(5,323)**	**(302)**	**(61)**	**(3)**	**(953)**	**(803)**	**9**	**(8,648)**	**(92)**	**(16,368)**
Impairment loss on property, plant and equipment	**(360)**	**(481)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(841)**
Impairment loss on construction in progress	**–**	**(41,015)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(41,015)**
Interest expense	**(6,120)**	**(91,161)**	**(1,610)**	**(1,867)**	**–**	**(75)**	**(14,162)**	**(10,957)**	**(37,326)**	**–**	**(163,278)**
Interest income	**1,974**	**3,412**	**157**	**4,554**	**174**	**260**	**684**	**143**	**4,553**	**–**	**15,911**

2020 Reporting Segments

	Industrial waste recycling RMB'000	Industrial waste treatment and disposal RMB'000	Rare and Precious Metals recycling RMB'000	Municipal waste treatment and disposal RMB'000	Renewable energy utilisation RMB'000	Environmental engineering and services RMB'000	Trading and others RMB'000	Household appliance dismantling RMB'000	Unallocated amounts RMB'000	Elimination RMB'000	Total RMB'000
Segment revenue (restated)	1,054,328	1,635,345	–	174,044	92,752	208,563	40,840	161,859	67,768	(127,204)	3,308,295
Inter-segment revenue	–	(35,836)	–	–	–	(23,600)	–	–	(67,768)	127,204	–
Revenue from external customers (restated)	1,054,328	1,599,509	–	174,044	92,752	184,963	40,840	161,859	–	–	3,308,295
Cost of sales (restated)	(843,407)	(814,550)	–	(186,779)	(66,179)	(143,105)	(11,995)	(113,621)	–	–	(2,179,636)
	210,921	784,959	–	(12,735)	26,573	41,858	28,845	48,238	–	–	1,128,659
Segment operating (cost) income, net (restated)	(65,520)	(480,155)	–	(3,067)	(538)	(5,227)	(15,263)	(18,857)	(162,429)	–	(744,922)
Segment profit (loss) before tax (restated)	145,401	304,804	–	(9,668)	26,035	36,631	13,582	29,381	(162,429)	–	383,737
Share of results of associates											547
Share of results of joint ventures											19,287
Income tax expense											(68,225)
Profit for the year (restated)											335,346
Segment assets											
Segment assets (restated)	2,709,835	3,486,426	–	555,153	262,489	578,396	881,130	592,906	4,940,836	(3,851,808)	10,155,363
Interest in associates	–	–	–	–	–	–	–	–	196,978	–	196,978
Interest in joint ventures	–	–	–	–	–	–	–	–	95,156	–	95,156
Total assets (restated)											10,447,497
Segment liabilities (restated)	306,991	2,091,752	–	165,527	35,446	297,453	82,190	297,184	2,330,018	(550,795)	5,055,766

3. SEGMENT INFORMATION *(Continued)*

2020 Reporting Segments *(Continued)*

Other segment information

	Industrial waste recycling RMB'000	Industrial waste treatment and disposal RMB'000	Rare and Precious Metals recycling RMB'000	Municipal waste treatment and disposal RMB'000	Renewable energy utilisation RMB'000	Environmental engineering and services RMB'000	Trading and others RMB'000	Household appliance dismantling RMB'000	Unallocated amounts RMB'000	Elimination RMB'000	Total RMB'000
Depreciation and amortisation (restated)	(69,582)	(320,792)	–	(15,384)	(8,713)	(10,925)	(4,279)	(25,516)	(26,534)	–	(481,725)
Share of result of associates	–	–	–	–	–	–	–	–	547	–	547
Share of result of joint ventures	–	–	–	–	–	–	–	–	19,287	–	19,287
Impairment loss on goodwill	–	(34,535)	–	–	–	–	–	–	–	–	(34,535)
Impairment loss on trade, loans and other receivables	(1,191)	(40,965)	–	136	–	(327)	(3,419)	(10)	681	–	(45,095)
Interest expense	(15,288)	(84,059)	–	(2,105)	–	(686)	(5,757)	(10,491)	(48,395)	–	(166,781)
Interest income (restated)	2,468	3,226	–	4,557	267	295	1,153	225	3,469	–	15,660

(a) By geographical information

(i) Revenue from external customers based on location of customers

	2021 RMB'000	2020 RMB'000 (Restated)
The PRC	**4,008,941**	3,299,595
Hong Kong	**6,289**	8,700
	4,015,230	3,308,295

(ii) Non-current assets (excluding deferred tax assets and financial assets) based on location of assets

	2021 RMB'000	2020 RMB'000 (Restated)
The PRC	**8,463,259**	7,476,589
Hong Kong	**171,717**	186,371
	8,634,976	7,662,960

(b) Information about major customers

No revenue from a single external customer amounted to 10% or more of the Group's revenue for the year ended 31 December 2021 (2020: RMB Nil).

4. REVENUE

Revenue represents the consideration expected to be received in respect of the transfer of goods and services in accordance with IFRS 15, rental income from leasing services and interest income from loans receivables on money lending business. The amount of each significant category of revenue recognised during the year is as follows:

	2021 **RMB'000**	2020 RMB'000 (Restated)
Revenue from contracts with customers within IFRS 15		
Recognised at a point in time		
Industrial waste recycling	**1,565,155**	1,054,328
Renewable energy utilisation	**51,115**	92,752
Household appliance dismantling	**158,142**	161,859
Rare and Precious Metals recycling	**198,628**	–
Others	**36,838**	19,948
Recognised over time		
Industrial waste treatment and disposal	**1,712,164**	1,599,509
Municipal waste treatment and disposal	**170,512**	174,044
Environmental engineering and services	**108,873**	184,963
	4,001,427	3,287,403
Revenue from other sources		
Rental income	**9,785**	12,279
Interest income from loans receivables	**4,018**	8,613
	13,803	20,892
	4,015,230	3,308,295

5. OTHER INCOME

	2021 RMB'000	2020 RMB'000 (Restated)
Interest revenue calculated using the effective interest method from banks and other financial institutions	**11,765**	11,394
Interest income from contract assets	**4,146**	4,266
Gain on change in fair value of investment properties	**6,922**	13,547
Gain on disposal of property, plant and equipment	**3,907**	19,338
Amortisation of deferred government grants *(Note)*	**11,646**	15,009
Government subsidies	**28,971**	35,702
Value-added tax refunds	**17,996**	52,256
Sundry income	**3,771**	6,193
	89,124	157,705

Note: The amount mainly represents the amortisation of government grants received from the environmental protection projects fund, energy saving emission reduction subsidies and resources recycling subsidies etc. The government grants are recognised as deferred income and credited to profit or loss in the period over the expected useful life of the relevant assets or the expected construction period of the relevant assets (Note 34).

6. FINANCE COSTS

	2021 RMB'000	2020 RMB'000
Interest on bank and other loans	**136,378**	147,386
Interest on bond payables	**26,352**	18,489
Interest on lease liabilities	**548**	906
Total borrowing costs	**163,278**	166,781
Less: Interest capitalised into construction in progress	**(28,268)**	(39,715)
	135,010	127,066

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 1.90% to 5.40% per annum (2020: 3.00% to 5.88% per annum).

7. PROFIT BEFORE TAXATION

This is stated after charging (crediting):

	2021 RMB'000	2020 RMB'000
Staff costs (including directors' emoluments)		
Salaries, bonus and other emoluments	**577,839**	547,226
Contribution to defined contribution retirement schemes***	**104,394**	47,372
Total staff costs	**682,233**	594,598

7. PROFIT BEFORE TAXATION *(Continued)*

	Note	2021 RMB'000	2020 RMB'000 (Restated)
Other items			
Auditor's remuneration			
– Audit services		**2,080**	2,080
– Other services		**400**	400
Cost of sales		**1,633,000**	1,035,202
Cost of services		**1,278,653**	1,144,434
Depreciation and amortisation			
– Property, plant and equipment *	13	**469,300**	402,713
– Intangible assets *	16	**55,780**	52,625
– Right-of-use assets *	15	**23,580**	26,387
Exchange loss, net		**395**	1,884
Research and development expenses		**163,283**	126,314
Provision for (Reversal of) loss allowance on	43(b)		
– Trade receivables and contact assets		**13,254**	5,705
– Other receivables		**3,566**	39,084
– Loans receivables		**(452)**	306
Impairment loss on goodwill	17	**55,707**	34,535
Write down of inventories, net		**441**	121
Provision for (Reversal of) impairment loss on property, plant and equipment	13	**841**	(54)
Reversal of impairment loss on intangible assets		**–**	(22)
Impairment loss on construction in progress	14	**41,015**	–
Gain on disposal of property, plant and equipment		**(3,907)**	(19,338)
Gain on change in fair value of investment properties	12	**(6,922)**	(13,547)
Loss on disposal of a subsidiary	40	**323**	–
Gain on deregistration of subsidiaries		**(148)**	(3)
Written off of other non-current assets		**–**	24,500
Direct operating expenses arising from investment properties that generated rental income		**2,315**	1,709
Increase in provisions**	33	**50,190**	27,734

* These items are included in cost of sales, cost of services and administrative expenses in the consolidated statement of comprehensive income.

** This item is included in both cost of services and other operating expenses in the consolidated statement of comprehensive income.

*** During the year ended 31 December 2020, the Group received the PRC government subsidy related to COVID-19 pandemic in the form of reduction in social securities contribution, which was recognised as a reduction to the related expenses when it was granted. No forfeited contributions were available as at 31 December 2021 and 2020 to reduce future contributions.

8. TAXATION

The income tax provision in respect of operations in the PRC is calculated at statutory rate of 25% of the estimated assessable profits of the PRC subsidiaries of the Group as determined in accordance with existing legislation, interpretations and practices of the PRC, except for the preferential income tax rate specifically mentioned below.

Name of companies	*Note*	**Applicable income tax rate**	
		2021	2020
Dongjiang Environmental Company Limited ("The Company")	8(a)	**15%**	15%
Shenzhen Huabao Technology Ltd. ("Huabao Technology")	8(a)	**15%**	15%
Jiangxi Huabao Technology Ltd. ("Jiangxi Huabao")	8(b)	**20%**	20%
Shenzhen Huateng Environmental Technology Co., Ltd ("Huateng Environmental")	8(a), 8(b)	**15%**	20%
Shenzhen Huiyuan Micro Finance Company Limited ("Huiyan Micro Finance")		**25%**	25%
Shenzhen Baoan Dongjiang Environmental Technology Co., Ltd ("Baoan Dongjiang")	8(a)	**15%**	15%
Shenzhen Dongjiang Feeds Additives Co., Ltd. ("Dongjiang Feeds")	8(b)	**20%**	25%
Shenzhen Dongjiang Kaida Transport Co., Ltd. ("Dongjiang Kaida")	8(b)	**20%**	20%
Shenzhen Baoan Dongjiang Environmental Renewable Energy Ltd. ("Baoan Energy")	8(b)	**20%**	20%
Shenzhen Qianhai Dongjiang Environment Technology Service Co., Ltd. ("Qianhai Dongjiang")		**25%**	25%
Shenzhen Qianhai Dongjiang Environment Technology Service Co., Ltd. Jieyang Branch	8(c)	**0%**	25%
Shenzhen Longgang Dongjiang Industrial Waste Treatment Co., Ltd. ("Longgang Dongjiang")	8(a)	**15%**	15%
Shenzhen Dongjiang Renewable Energy Ltd. ("Renewable Energy")		**25%**	25%
Nanchang Xinguan Energy Development Co., Ltd. ("Nanchang Xinguan")		**25%**	25%
Hefei Xinguan Energy Development Co., Ltd. ("Hefei Xinguan")		**25%**	25%
Huizhou Dongjiang Environment Technology Co., Ltd. ("Huizhou Dongjiang")	8(a)	**15%**	15%
Huizhou Dongjiang Logistic Ltd. ("Dongjiang Transport")	8(b)	**20%**	20%
Huizhou Dongtou Environmental Protection Co., Ltd ("Huizhou Dongtou")	8(b)	**20%**	20%

8. TAXATION *(Continued)*

The income tax provision in respect of operations in the PRC is calculated at statutory rate of 25% of the estimated assessable profits of the PRC subsidiaries of the Group as determined in accordance with existing legislation, interpretations and practices of the PRC, except for the preferential income tax rate specifically mentioned below. *(Continued)*

Name of companies	*Note*	Applicable income tax rate	
		2021	2020
Foshan Fulong Environmental Protection Co., Ltd ("Foshan Fulong")	8(d)	**12.5%**	12.5%
Shaoguan Dongjiang Environmental Protection Technogoly Co., Ltd ("Shaoguan Dongjiang")	8(b)	**20%**	20%
Shaoguan Dongjiang Enviornmental Sustainable Resources Development Co., Ltd ("Shaoguan Sustainable Resources")	8(a)	**15%**	15%
Zhuhai Yongxingsheng Environmental Industrial Waste Recycling and Integrated Treatment Co., Ltd. ("Zhuhai Yongxingsheng")	8(d), 8(a)	**12.5%**	15%
Zhuhai Dongjiang Environment Technology Co., Ltd. ("Zhuhai Dongjiang")		**25%**	25%
Zhuhai Qingxin Industrial Environmental Technology Ltd. ("Zhuhai Qingxin")	8(b)	**20%**	20%
Qingyuan Xinlv Environmental Technology Co., Ltd. ("Qingyuan Xinlv")		**25%**	25%
Jiangmen Dongjiang Environmental Technology Ltd. ("Jiangmen Dongjiang")	8(a), 8(d)	**15%**	12.5%
Jieyang Dongjiang Guoye Environmental Protection Technology Co., Ltd. ("Jieyang Dongjiang")		**25%**	25%
Shenzhen Hengjian Tongda Investment Management Co., Ltd. ("Hengjian Tongda")		**25%**	25%
Dongguan Humen Water Co., Ltd. ("Humen Green")	8(e)	**15%**	15%
Dongguan Hengjian Environment Technology Co., Ltd ("Dongguan Hengjian")	8(d), 8(c)	**12.5%**	0%
Xiamen Oasis Environmental Industrial Co., Ltd. ("Xiamen Oasis")		**25%**	25%
Xiamen Dongjiang Environmental Technology Co., Ltd ("Xiamen Dongjiang")	8(a)	**25%**	15%
Fujian Oasis Solid Waste Treatment Co., Ltd ("Fujian Oasis Solid Waste")	8(a)	**15%**	15%
Longyan Oasis Environmental Technology Co., Ltd ("Longyan Oasis Environmental")	8(b)	**20%**	20%
Nanping Oasis Environmental Technology Co., Ltd ("Nanping Oasis Environmental")	8(b)	**20%**	20%

8. TAXATION *(Continued)*

The income tax provision in respect of operations in the PRC is calculated at statutory rate of 25% of the estimated assessable profits of the PRC subsidiaries of the Group as determined in accordance with existing legislation, interpretations and practices of the PRC, except for the preferential income tax rate specifically mentioned below. *(Continued)*

Name of companies	*Note*	Applicable income tax rate	
		2021	2020
Sanming Oasis Environmental Technology Co., Ltd ("Sanming Oasis Environmental")	8(b)	**20%**	20%
Jiangxi Dongjiang Environmental Technology Co., Ltd. ("Jiangxi Dongjiang")	8(d)	**12.5%**	12.5%
Hubei Tianyin Circulation Economic Development Co., Ltd. ("Hubei Tianyin")		**25%**	25%
Hubei Tianyin Hazardous Waste Centralized Disposal Co., Ltd ("Tianyin Hazardous Waste")	8(d)	**12.5%**	12.5%
Hubei Tianyin Waste Vehicle Recycling and Dismantling Co., Ltd. ("Tianyin Vehicle Dismantling")		**25%**	25%
Jingzhou Dongjiang Environmental Technology Co., Ltd. ("Jingzhou Dongjiang")	8(c), 8(d)	**0%**	12.5%
Xintao Luyi Environmental Technology Co., Ltd. ("Green Environmental")		**25%**	25%
Xiantao Dongjiang Environmental Technology Co., Ltd. ("Xiantao Dongjiang")	8(d), 8(c)	**12.5%**	0%
Huangshi Dongjiang Environmental Technology Co., Ltd. ("Huangshi Dongjiang")	8(b), 8(c)	**20%**	0%
Dongjiang Environmental (HK) Co., Limited ("Dongjiang HK")		**16.5%**	16.5%
Lik Shun Services Limited ("Lik Shun Services")		**16.5%**	16.5%
Nantong Dongjiang Environmental Technology Co., Ltd. ("Nantong Dongjiang")	8(c)	**0%**	0%
Jiangsu Dongjiang Environmental Services Co., Ltd ("Jiangsu Dongjiang")	8(d)	**12.5%**	12.5%
Jiangsu Dongheng Environmental Holdings Co., Ltd. ("Dongheng Environmental")		**25%**	25%
Kunshan Qiandeng Three Wastes Treatment Co., Ltd ("Qiandeng Wastes Treatment")	8(a)	**15%**	15%
Jiaxing Deda Resource Recycling Ltd. ("Jiaxing Deda")	8(a)	**15%**	15%
Zhejiang Jianglian Environmental Investment Co., Ltd. ("Zhejiang Jianglian")		**25%**	25%
Shaoxing Huaxin Environmental Technology Co., Ltd ("Huaxin Environmental")	8(d)	**12.5%**	12.5%

8. TAXATION *(Continued)*

The income tax provision in respect of operations in the PRC is calculated at statutory rate of 25% of the estimated assessable profits of the PRC subsidiaries of the Group as determined in accordance with existing legislation, interpretations and practices of the PRC, except for the preferential income tax rate specifically mentioned below. *(Continued)*

Name of companies	*Note*	Applicable income tax rate	
		2021	2020
Zhenjiang Dongjiang Environmental Technology Development Co., Ltd. ("Zhenjiang Dongjiang")		**25%**	25%
Yancheng Coastal Solid Waste Disposal Co., Ltd. ("Coastal Solid Waste")	8(a)	**15%**	15%
Hengshui Ruitao Environmental Technology Co., Ltd. ("Hengshui Ruitao")		**25%**	25%
Weifang Dongjiang Environmental Blue Sea Environmental Protection Co., Ltd. ("Weifang Blue Sea")	8(d), 8(c)	**12.5%**	0%
Qingdao Dongjiang Environmental Recycled Power Ltd. ("Qingdao Dongjiang")	8(b)	**20%**	20%
Wandesi (Tangshan Caofeidian) Environmental Technology Co., Ltd. ("Tangshan Wandesi")	8(c)	**0%**	0%
Karamay Wosen Environmental Technology Co., Ltd. ("Wosen Environmental")	8(a), 8(c)	**15%**	12.5%
Hunan Dongjiang Environmental Protection Investment Development Ltd. ("Hunan Dongjiang")		**25%**	25%
Chengdu Hazardous Waste Treatment Centre Co., Ltd. ("Chengdu Treatment Centre")		**25%**	25%
Mianyang Dongjiang Environmental Technology Co., Ltd. ("Mianyang Dongjiang")		**25%**	25%
Yunnan Dongjiang Environmental Technologies Co., Ltd. ("Yunnan Dongjiang")		**25%**	25%
Chenzhou Xiongfeng Environment Technology Company Limited ("Xiongfeng Environment")	8(a)	**15%**	N/A

8. TAXATION *(Continued)*

(a) According to the Enterprise Income Tax Law of the PRC No. 28, those companies engaged in the high technology development industry enjoy an enterprise income tax ("EIT") tax rate of 15% on the assessable profits.

(b) According to the Notice on the Implementation of Preferential Income Tax Policies for the Micro-enterprise and Individual Industrial and Commercial Households in accordance with the Regulations of Ministry of Finance and the State Administration of Taxation (Caishui [2021] No. 12) (《關於實施小微企業和個體工商戶所得稅優惠政策的公告》) and the Notice on the Implementation of the Micro-enterprise Universal Tax Relief in accordance with the Regulations of Ministry of Finance and the State Administration of Taxation (Caishui [2019] No. 13) (《關於實施小微企業普惠性稅收減免政策的通知》), those companies met the definition of the small-scale enterprise enjoy an EIT tax rate of 20% on the assessable profits below RMB1,000,000 after reduction of 87.5% of the assessable profits and an EIT tax rate of 20% on the assessable profits between RMB1,000,000 to RMB3,000,000 after reduction of 50% of the assessable profits.

(c) According to the Enterprise Income Tax Law of the PRC No. 27, those companies engaged in the environmental protection and energy and water saving projects that meet certain requirements can enjoy full EIT exemption during the year.

(d) According to the Enterprise Income Tax Law of the PRC No. 27, those companies engaged in the environmental protection and energy and water saving projects that meet certain requirements can enjoy an EIT tax rate reduction of 50% during the year.

(e) According to the Announcement on Issues Concerning Enterprise Income Tax Policies for Third-Party Enterprises Engaged in Pollution Prevention and Control (Caishui [2019] No. 60) (《關於從事污染防治的第三方企業所得稅政策問題的公告》), those companies engaged in pollution prevention enjoy an EIT tax rate of 15% on the assessable profits.

8. TAXATION *(Continued)*

	Note	2021 RMB'000	2020 RMB'000
Current tax			
Enterprise Income Tax of the PRC			
Current year		**43,712**	79,057
Overprovision in prior year		**(8,883)**	(658)
		34,829	78,399
Deferred tax charge (credit)	35	**836**	(10,174)
Total tax expenses for the year		**35,665**	68,225

Reconciliation of income tax expenses

	2021 RMB'000	2020 RMB'000 (Restated)
Profit before taxation	**191,507**	403,571
Tax calculated at the rates applicable to profits in the tax jurisdictions concerned	**28,726**	60,536
Non-deductible expenses	**14,377**	2,296
Non-taxable income	**(21,167)**	(13,959)
Unrecognised tax losses	**50,923**	44,739
Unrecognised temporary differences	**8,600**	575
Utilisation of tax losses previously not recognised	**(3,983)**	(5,552)
Effect of different tax rates applicable to subsidiaries	**12,070**	10,223
Effect of change in tax rates	**(191)**	(185)
Overprovision in prior year	**(8,883)**	(658)
Tax concession	**(44,807)**	(29,790)
Income tax expenses for the year	**35,665**	68,225

The applicable tax rate of 15% is the weighted average of rates prevailing in the territories in which the group entities operate with reference to the Company's applicable tax rate.

9. INFORMATION ABOUT THE BENEFITS OF DIRECTORS AND SENIOR EXECUTIVES

(a) Directors' remunerations

Details of directors' remunerations for the year, disclosed pursuant to the Listing Rules and the disclosure requirements of Companies Ordinance, are as follows:

	2021			
	Directors' fees RMB'000	Salaries and other emoluments RMB'000	Contributions to defined contribution retirement schemes RMB'000	Total RMB'000
Executive directors				
Tan Kan	–	1,089	108	1,197
Lin Peifeng[(a)]	–	874	103	977
Non-executive directors				
Tang Yi[(b)]	–	–	–	–
Shan Xiaomin[(b)]	–	–	–	–
Jin Yongfu	–	–	–	–
Independent non-executive directors				
Li Jinhui[(b)]	138	–	–	138
Siu Chi Hung[(b)]	138	–	–	138
Guo Suyi[(b)]	138	–	–	138
Supervisors				
Huang Hai Ping[(c)]	–	792	84	876
Zhang Hao	–	198	45	243
Jiang Ping[(b)]	–	–	–	–
	414	2,953	340	3,707

9. INFORMATION ABOUT THE BENEFITS OF DIRECTORS AND SENIOR EXECUTIVES *(Continued)*

(a) Directors' remunerations *(Continued)*

	2020			
	Directors' fees RMB'000	Salaries and other emoluments RMB'000	Contributions to defined contribution retirement schemes RMB'000	Total RMB'000
Executive directors				
Tan Kan	–	1,702	44	1,746
Yao Shu[d]	–	1,272	26	1,298
Lin Peifeng[a]	–	788	30	818
Non-executive directors				
Tang Yi[b]	–	–	–	–
Shan Xiaomin[b]	–	–	–	–
Jin Yongfu	–	–	–	–
Liu Bo Ren[e]	–	–	–	–
Huang Yiming[f]	–	–	–	–
Lu Bei[f]	–	–	–	–
Independent non-executive directors				
Wong Hin Wing[f]	150	–	–	150
Qu Jiu Hui[f]	150	–	–	150
Zhu Zheng Fu[f]	150	–	–	150
Li Jinhui[b]	–	–	–	–
Siu Chi Hung[b]	–	–	–	–
Guo Suyi[b]	–	–	–	–
Supervisors				
Huang Hai Ping[c]	–	788	30	818
Zhang Hao	–	219	15	234
Huang Wei Ming[f]	–	686	44	730
Jiang Ping[b]	–	–	–	–
	450	5,455	189	6,094

Note:

(a) Appointed on 29 June 2020

(b) Appointed on 22 December 2020

(c) Resigned on 6 January 2022

(d) Resigned on 12 August 2020

(e) Resigned on 3 April 2020

(f) Resigned on 22 December 2020

9. INFORMATION ABOUT THE BENEFITS OF DIRECTORS AND SENIOR EXECUTIVES *(Continued)*

(a) Directors' remunerations *(Continued)*

There were no arrangements under which a director waived or agreed to waive any emoluments for the year ended 31 December 2021 (2020: RMB Nil). In addition, no emoluments were paid by the Group to any of the directors as an inducement to join, or upon joining the Group or as a compensation for loss of office for the year (2020: RMB Nil).

(i) Loans, quasi-loans and other dealings in favour of directors

There are no loans, quasi-loans or other dealings in favour of the directors of the Company, or bodies corporate controlled by such directors, or entities connected with such directors that were entered into or subsisted during the years ended 31 December 2021 and 2020.

(ii) Directors' material interests in transactions, arrangements or contracts

After consideration, the directors are of the opinion that no transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company, or entities connected with the directors had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 December 2021 and 2020.

(b) Individuals with highest emoluments

Of the five individuals with the highest emoluments, one (2020: one) director's emoluments are disclosed above. The aggregate of the emoluments in respect of the remaining four (2020: four) highest paid individuals, who are not directors, are as follows:

	2021 **RMB'000**	2020 RMB'000
Salaries and other emoluments	**4,031**	6,195
Contributions to defined retirement scheme	**409**	184
	4,440	6,379

9. INFORMATION ABOUT THE BENEFITS OF DIRECTORS AND SENIOR EXECUTIVES *(Continued)*

(b) Individuals with highest emoluments *(Continued)*

The emoluments of the four (2020: four) non-director individuals with the highest emoluments are within the following bands:

	2021 Number of individuals	2020 Number of individuals
Nil to HK$1,000,000 (equivalent to Nil to RMB817,600 (2020: Nil to RMB837,800))	**–**	–
HK$1,000,001 to HK$1,500,000 (equivalent to RMB817,601 to RMB1,226,400 (2020: RMB837,801 to RMB1,256,700))	**3**	–
HK$1,500,001 to HK$2,000,000 (equivalent to RMB1,226,401 to RMB1,635,200 (2020: RMB1,256,701 to RMB1,675,600))	**1**	4

There were no arrangements under which any of the four (2020: four) highest paid non-director individuals waived or agreed to waive any remuneration during the year ended 31 December 2021 (2020: RMB Nil). In addition, no remuneration was paid by the Group to any of the four (2020: four) highest paid non-director individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2020: RMB Nil).

(c) Senior managements' remunerations

Other than the emoluments of directors and five highest paid individuals disclosed in Note 9(a) and Note 9(b), the emoluments of the senior management of the Group for the year are as follows:

	2021 RMB'000	2020 RMB'000
Salaries and allowances	**610**	540
Contributions to defined contribution plan	**101**	42
	711	582

The number of the senior management whose emoluments fell within the following bands is as follows:

	2021	2020
Nil to HK$1,000,000 (equivalent to Nil to RMB817,600 (2020: Nil to RMB837,800))	**3**	1

10. DIVIDEND

	Note	**2021 RMB'000**	2020 RMB'000
Dividend approved and paid during the year			
Final dividend in respect of 2020 of RMB0.11 (2019: RMB0.15) per ordinary share		**96,719**	131,890
Dividend proposed after the reporting period			
Final dividend in respect of 2021 of RMB0.055 (2020: RMB0.11) per ordinary share	10(a)	**48,360**	96,719

(a) The final dividend in respect of 2021 of RMB0.055 per ordinary share amounting to RMB48,360,000 is proposed by the board of directors after the reporting period. The proposed dividend will be accounted for as an appropriation of accumulated profits in the year ending 31 December 2022 if it is approved at the forthcoming annual general meeting.

11. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year is based on the profit attributable to the ordinary equity holders of the Company of approximately RMB160,745,000 (2020 (Restated): RMB304,920,000) and the weighted average number of 879,267,102 shares (2020: 879,267,102 shares) in issue during the year.

The Group has no dilutive potential ordinary shares in issue during the current and prior years and, therefore, the diluted earnings per share is the same as basic earnings per share for the years presented.

12. INVESTMENT PROPERTIES

	Building and constructions RMB'000	**Land use rights** RMB'000	**Total** RMB'000
At fair value			
Year ended 31 December 2020			
At beginning of the year	383,765	49,780	433,545
Transfer from property, plant and equipment	2,125	–	2,125
Revaluation on transfer from property, plant and equipment	524	–	524
Changes in fair value	11,591	1,956	13,547
At the end of the reporting period	398,005	51,736	449,741
At fair value			
Year ended 31 December 2021			
At beginning of the year	**398,005**	**51,736**	**449,741**
Changes in fair value	**6,123**	**799**	**6,922**
At the end of the reporting period	**404,128**	**52,535**	**456,663**

12. INVESTMENT PROPERTIES *(Continued)*

At the end of the reporting period, the investment properties were revalued by Shenzhen Sinoappraisal Asset & Real Estate Valuation Co., Ltd. (2020: Beijing Yachao Asset Appraisal Co., Ltd) which are independent professional qualified valuers, on the market value basis using income capitalisation approach.

Leasing arrangement – as lessee

At the end of the reporting period, the investment properties of RMB52,535,000 (2020: RMB51,736,000) are held under long term leases with the remaining lease term of 30 ~ 44 years (2020: 31 ~ 45 years). The lease contracts do not impose any covenants on the Group. The interests in land use rights in the PRC are held by the Group, with proper legal property right certificates, which were acquired from the previous registered owners by making lump sum payments at the upfront.

Leasing arrangement – as lessor

The investment properties are leased to tenants for a term of three years (2020: two years) in average, the leases do not contain any notice period and renewal option. Monthly rental charges consist of fixed payments. The tenants also bear the management fees and amounts charged by the government such as the rates levied on the Group.

The details of the lease income from operating leases are set out in Note 4 to the consolidated financial statements.

Below is a maturity analysis of undiscounted lease payments to be received from the leasing of investment properties.

	2021 **RMB'000**	2020 RMB'000
Year 1	**9,631**	6,465
Year 2	**8,015**	4,202
Year 3	**6,731**	4,288
Year 4	**4,358**	3,610
Year 5	**2,135**	1,895
Over 5 years	**–**	403
Undiscounted lease payments to be received	**30,870**	20,863

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000 *(Note a)*	Leasehold improvement RMB'000	Machinery and other equipment RMB'000	Office equipment RMB'000	Transportation equipment RMB'000	Other equipment RMB'000	Total RMB'000
Reconciliation of carrying amount							
– year ended 31 December 2020							
At beginning of the year							
As previously reported	1,350,639	39,936	1,005,076	49,880	34,344	373,406	2,853,281
Prior year adjustments *(Note 47)*	–	46,339	(13,953)	(196)	(503)	(844)	30,843
As restated	1,350,639	86,275	991,123	49,684	33,841	372,562	2,884,124
Additions (restated)	8,135	44,937	47,781	10,817	11,307	21,594	144,571
Transfer from construction in progress (restated)	350,796	–	273,467	5,047	1,874	59,854	691,038
Transfer to investment properties	(2,125)	–	–	–	–	–	(2,125)
Transfer to intangible assets	(19,432)	–	(664)	(130)	(6)	(421)	(20,653)
Reclassification	(19,229)	(7,334)	25,862	(1,265)	–	1,966	–
Depreciation (restated)	(82,582)	(33,497)	(184,063)	(14,873)	(11,444)	(76,254)	(402,713)
Disposal (restated)	(5,863)	(3,966)	(6,802)	(771)	(894)	(627)	(18,923)
Reversal of impairment loss	–	–	54	–	–	–	54
Others	(48)	–	(139)	–	135	4	(48)
At the end of the reporting period (restated)	1,580,291	86,415	1,146,619	48,509	34,813	378,678	3,275,325
Reconciliation of carrying amount							
– year ended 31 December 2021							
At beginning of the year							
As previously reported	**1,580,453**	**32,173**	**1,155,291**	**48,684**	**35,287**	**379,819**	**3,231,707**
Prior year adjustments *(Note 47)*	**(162)**	**54,242**	**(8,672)**	**(175)**	**(474)**	**(1,141)**	**43,618**
As restated	**1,580,291**	**86,415**	**1,146,619**	**48,509**	**34,813**	**378,678**	**3,275,325**
Additions	**9,813**	**48,966**	**39,193**	**4,660**	**16,351**	**27,169**	**146,152**
Additions from business combination *(Note 39)*	**426,423**	**–**	**158,980**	**1,134**	**5,446**	**88**	**592,071**
Transfer from construction in progress	**505,694**	**–**	**145,244**	**2,025**	**1,689**	**195,862**	**850,514**
Depreciation	**(116,461)**	**(34,460)**	**(206,734)**	**(15,251)**	**(10,304)**	**(86,090)**	**(469,300)**
Disposal	**(6,443)**	**–**	**(3,986)**	**(72)**	**(3,249)**	**(12,552)**	**(26,302)**
Impairment loss	**–**	**–**	**(841)**	**–**	**–**	**–**	**(841)**
At the end of the reporting period	**2,399,317**	**100,921**	**1,278,475**	**41,005**	**44,746**	**503,155**	**4,367,619**
At 31 December 2020							
Cost (restated)	1,966,539	193,217	1,922,555	115,249	121,198	641,223	4,959,981
Accumulated depreciation (restated)	(376,835)	(106,802)	(774,357)	(66,740)	(86,112)	(262,506)	(1,673,352)
Accumulated impairment loss	(9,413)	–	(1,579)	–	(273)	(39)	(11,304)
Net carrying amount (restated)	1,580,291	86,415	1,146,619	48,509	34,813	378,678	3,275,325
At 31 December 2021							
Cost	**2,898,736**	**242,183**	**2,235,764**	**118,832**	**121,767**	**831,545**	**6,448,827**
Accumulated depreciation	**(490,006)**	**(141,262)**	**(955,303)**	**(77,827)**	**(76,748)**	**(328,351)**	**(2,069,497)**
Accumulated impairment loss	**(9,413)**	**–**	**(1,986)**	**–**	**(273)**	**(39)**	**(11,711)**
Net carrying amount	**2,399,317**	**100,921**	**1,278,475**	**41,005**	**44,746**	**503,155**	**4,367,619**

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(a) At the end of the reporting period, the application for property right certificates of certain of the Group's buildings with aggregate net carrying amount of RMB600,116,000 (2020: RMB380,326,000) has not been processed or was in process. In light of the properties are constructed on the land use rights used according to related legal agreements, the directors believe that the transfer of property rights would not result in substantive legal obstacles or affect the Group's normal operation to those buildings, significant implications to the Group's business activities, impairment of the related properties, or significant additional costs.

14. CONSTRUCTION IN PROGRESS

	RMB'000
Reconciliation of carrying amount – year ended 31 December 2020	
At beginning of the year	1,242,122
Additions (restated)	537,130
Transfer to property, plant and equipment (restated)	(691,038)
At the end of the reporting period	1,088,214
Reconciliation of carrying amount – year ended 31 December 2021	
At beginning of the year	**1,088,214**
Additions	**819,725**
Transfer to property, plant and equipment	**(850,514)**
Disposals	**(1,197)**
Impairment loss	**(41,015)**
At the end of the reporting period	**1,015,213**
At 31 December 2020	
Cost	1,088,214
Accumulated impairment loss	–
Net carrying amount	1,088,214
At 31 December 2021	
Cost	**1,056,228**
Accumulated impairment loss	**(41,015)**
Net carrying amount	**1,015,213**

The directors have reviewed the progress of a construction project of Longgang Dongjiang related to plasma hazardous waste treatment which has not been approved by the government for commencement of construction for a prolonged period of time. During the year, the Group was aware that such project will not be included in relevant solid waste pollution prevention and treatment plan of the government. The directors determined the possibility of approval from the government is remote and the recoverable amount of these assets is insignificant due to prolonged suspension of project. Accordingly, the carrying value of these assets has been reduced by RMB29,867,000 (2020: RMB Nil) to nil to reflect this impairment loss. The remaining impairment loss of RMB11,148,000 (2020: RMB Nil) was provided for the incineration construction projects of Coastal Solid Waste and Xiamen Dongjiang due to demolishment of part of the constructions during the year.

15. LEASES

Right-of-use assets

	Buildings RMB'000	Land use rights RMB'000	Transportation equipment RMB'000	Total RMB'000
Reconciliation of carrying amount – year ended 31 December 2020				
At beginning of the year	14,377	597,865	708	612,950
Additions	7,774	171,859	–	179,633
Disposal	(2,000)	–	(131)	(2,131)
Depreciation	(9,491)	(16,558)	(338)	(26,387)
At the end of the reporting period	10,660	753,166	239	764,065
Reconciliation of carrying amount – year ended 31 December 2021				
At beginning of the year	**10,660**	**753,166**	**239**	**764,065**
Additions	**6,025**	**517**	**–**	**6,542**
Additions from business combination *(Note 39)*	**–**	**31,131**	**–**	**31,131**
Disposal	**–**	**(3,118)**	**(75)**	**(3,193)**
Depreciation	**(8,105)**	**(15,311)**	**(164)**	**(23,580)**
At the end of the reporting period	**8,580**	**766,385**	**–**	**774,965**
At 31 December 2020				
Cost	22,673	829,206	1,252	853,131
Accumulated depreciation	(12,013)	(76,040)	(1,013)	(89,066)
Net carrying amount	10,660	753,166	239	764,065
At 31 December 2021				
Cost	**20,923**	**856,700**	**–**	**877,623**
Accumulated depreciation	**(12,343)**	**(90,315)**	**–**	**(102,658)**
Net carrying amount	**8,580**	**766,385**	**–**	**774,965**

The Group leases the premises and transportation equipment mainly for its daily operations. Lease terms range from 1 to 9 years (2020: 1 to 10 years), with an option either to renew the lease when all terms are renegotiated or to terminate the leases with 1 to 2 months' notice (2020: 1 to 3 months' notice). Lease payments for some leases were increased annually to reflect current market rentals with rates stated in the lease agreement ranging from 4% to 5% (2020: 5%).

15. LEASES *(Continued)*

Right-of-use assets *(Continued)*

Land use rights represent the prepaid lease payments of land located in the PRC. The land use rights have a finite useful life and are depreciated on a straight-line basis of 20 to 52 years (2020: 18 to 50 years). The remaining useful life were ranged from 7 to 49 years as at 31 December 2021 (2020: 8 to 50 years). As at 31 December 2021, the application of the land use rights with book value of RMB2,309,000 (2020: RMB2,370,000) was in process. In light of the land use rights are used according to related legal agreements, the directors believe that there is no substantive legal obstacle in the transfer of land use rights or impact on the normal use of the land use rights by the Group, no significant impact on the Group's business activities, no impairment of the right-of-use assets, nor significant additional costs.

Restrictions or covenants

Most of the leases impose a restriction that, unless the approval is obtained from the lessor, the right-of-use asset can only be used by the Group and the Group is prohibited from selling or pledging the underlying assets.

For leases of properties, the Group is required to keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

Extension and termination options

Some of the lease contracts of buildings contain an extension and termination option, respectively. These options aim to provide flexibility to the Group in managing the leased assets. The extension option of the leases of office premises is normally exercised because there are significant leasehold improvements while the termination option in the leases of vehicles is normally exercised because the Group could replace the assets without significant cost or business disruption. The Group seldom exercises options that were not included in the lease liabilities.

15. LEASES *(Continued)*

Right-of-use assets *(Continued)*

Extension and termination options (Continued)

The Group has recognised the following amounts for the year:

	2021 RMB'000	2020 RMB'000
Lease payments:		
Short-term leases	**17,938**	18,742
Low-value assets	**209**	232
Expenses recognised in profit or loss	**18,147**	18,974
Lease liabilities payments:		
Interest on lease liabilities	**548**	906
Repayment of lease liabilities	**9,383**	9,623
	9,931	10,529
Total cash outflow for leases	**26,253**	29,503

Lease liabilities

	2021 RMB'000	2020 RMB'000
Current portion	**5,011**	8,461
Non-current portion	**3,525**	3,571
	8,536	12,032

16. INTANGIBLE ASSETS

	Patents RMB'000	Non-patent technologies RMB'000	BOT operating rights RMB'000	Development costs RMB'000	Emission rights RMB'000	Total RMB'000
Reconciliation of carrying amount – year ended 31 December 2020						
At beginning of the year						
As previously reported	581	22,016	484,574	17,825	–	524,996
Prior year adjustments *(Note 47)*	–	–	(102,818)	–	–	(102,818)
As restated	581	22,016	381,756	17,825	–	422,178
Additions from acquisition (restated)	–	125	165,037	–	–	165,162
Additions from internal development	–	–	–	8,131	–	8,131
Reclassification	–	16,341	–	(16,341)	–	–
Transfer from property, plant and equipment	–	–	20,653	–	–	20,653
Amortisation (restated)	(102)	(7,386)	(45,137)	–	–	(52,625)
Reversal of impairment loss	–	–	22	–	–	22
Others	–	–	522	–	–	522
At the end of the reporting period (restated)	479	31,096	522,853	9,615	–	564,043
Reconciliation of carrying amount – year ended 31 December 2021						
At beginning of the year						
As previously reported	**479**	**31,096**	**634,133**	**9,615**	**–**	**675,323**
Prior year adjustments *(Note 47)*	**–**	**–**	**(111,280)**	**–**	**–**	**(111,280)**
As restated	**479**	**31,096**	**522,853**	**9,615**	**–**	**564,043**
Additions from acquisition	**–**	**3,887**	**11,330**	**–**	**–**	**15,217**
Additions from internal development	**–**	**–**	**–**	**6,097**	**–**	**6,097**
Additions from business combination *(Note 39)*	**–**	**–**	**–**	**–**	**10,850**	**10,850**
Disposals	**–**	**–**	**(534)**	**–**	**–**	**(534)**
Amortisation	**(100)**	**(8,515)**	**(47,003)**	**–**	**(162)**	**(55,780)**
At the end of the reporting period	**379**	**26,468**	**486,646**	**15,712**	**10,688**	**539,893**
At 31 December 2020						
Cost (restated)	2,012	49,621	962,528	9,615	–	1,023,776
Accumulated amortization (restated)	(1,533)	(18,525)	(419,279)	–	–	(439,337)
Accumulated impairment loss (restated)	–	–	(20,396)	–	–	(20,396)
Net carrying amount (restated)	479	31,096	522,853	9,615	–	564,043
At 31 December 2021						
Cost	**2,012**	**53,508**	**966,189**	**15,712**	**10,850**	**1,048,271**
Accumulated amortisation	**(1,633)**	**(27,040)**	**(459,147)**	**–**	**(162)**	**(487,982)**
Accumulated impairment loss	**–**	**–**	**(20,396)**	**–**	**–**	**(20,396)**
Net carrying amount	**379**	**26,468**	**486,646**	**15,712**	**10,688**	**539,893**

16. INTANGIBLE ASSETS *(Continued)*

Patents represent the licenses on hazardous waste treatment acquired on or before the year of 2016, which have a finite useful life and are amortised on a straight-line basis between 5 to 20 years.

Non-patent technologies mainly represent waste treatment technologies and safety control technologies for the renewable energy utilization services, which have a finite useful life and are amortised on a straight-line basis on an average of 5 years.

BOT operating rights represent the fair value of operating rights acquired for the wastes treatment and disposal. The rights are deemed to be definite life intangible assets as the operation periods of the related BOT arrangements vary from 2 to 28 years (2020: 3 to 24 years). They are expected to generate long-term net cash inflow to the Group.

Development costs represent costs incurred at the development phase of internal projects on hazardous waste treatment and resource utilisation technologies, which are capitalised and, if available for use, amortised under the straight-line method with an average of 5 years. This asset is tested for impairment where an indicator of impairment appears and, if not yet available for use, tested annually.

Emission rights represent the licenses for a right to emit pollutants up to a certain cap, which have a finite useful life and are amortized on a straight-line basis of 10 years.

17. GOODWILL

	Note	**2021 RMB'000**	2020 RMB'000
Reconciliation of carrying amount			
At beginning of the year		**1,229,438**	1,287,973
Addition from business combination	39	**8,671**	–
Written off	17(a)	**–**	(24,000)
Impairment loss		**(55,707)**	(34,535)
At the end of the reporting period		**1,182,402**	1,229,438
Cost		**1,382,493**	1,373,822
Accumulated impairment loss		**(200,091)**	(144,384)
		1,182,402	1,229,438

17(a) There was a contingent consideration payable for the acquisition of the subsidiary, Foshan Fulong, of RMB25,500,000 and the corresponding goodwill of RMB24,000,000 recognised at the initial recognition in previous years. However, the criteria for the contingent consideration failed due to the expiry of time limit for environmental assessment specified in the agreement. In 2020, the Company renegotiated and agreed with the counterparty for a full and final settlement of the contingent consideration payable of RMB1,500,000. Goodwill of RMB24,000,000 was written off during the year ended 31 December 2020 accordingly.

17. GOODWILL *(Continued)*

The carrying amount of goodwill was allocated to the Group's CGU identified according to the asset groups or assets portfolio, which represented by individual subsidiary, as follows for impairment test:

Name of companies	**2021** **RMB'000**	2020 RMB'000
Zhuhai Qingxin	**–**	449
Qingyuan Xinlv	**17,539**	17,539
Jiaxing Deda	**9,098**	9,098
Dongguan Hengjian	**59,797**	59,797
Coastal Solid Waste	**17,319**	25,663
Nanchang Xinguan	**20,271**	20,271
Hefei Xinguan	**739**	6,873
Xiamen Oasis	**173,560**	173,560
Wosen Environmental	**14,370**	14,370
Hengjian Tongda	**136,774**	136,774
Zhuhai Yongxingsheng	**141,617**	141,617
Green Environmental	**3,103**	3,103
Weifang Blue Sea	**–**	40,780
Hengshui Ruitao	**33,403**	33,403
Zhejiang Jianglian	**108,953**	108,953
Jiangsu Dongjiang	**223,359**	223,359
Dongguan Hengjian	**6,864**	6,864
Huateng Environmental	**16,678**	16,678
Tangshan Wandesi	**100,456**	100,456
Foshan Fulong	**89,831**	89,831
Xiongfeng Environment	**7,212**	–
Kunshan Port and Shipping Logistics Co., Ltd. ("Kunshan Logistics")	**1,459**	–
	1,182,402	1,229,438

At 31 December 2021, the Group assessed the recoverable amount of the asset groups by estimation of higher of the value in use and fair value less costs of disposal, with reference to the cash flow projections for the next 5 years (the "budget period") prepared according to the most recent financial budget assumptions, assuming that the cash flow for the period of the next 10 years after the budget period grows steadily. The calculation used cash flow projection based on future cash flow forecast of each of the respective asset groups according to the operating conditions, operation plan, macroeconomic environment, industrial conditions, and market prospects which covered a 5-year period. Cash flows beyond the 5-year period have been extrapolated using a 0% (2020: 0%) sustainable growth rate selected due to the project capacity growth capacity.

The Company engaged Beijing Yachao Asset Appraisal Co., Ltd. to evaluate the recoverable amount of the asset groups or assets portfolio which contained carrying amount of goodwill at the end of the reporting period.

17. GOODWILL *(Continued)*

Key assumptions and inputs used for the value-in-use calculation for the principal/significant goodwill are as follows:

Name of companies (CGU)	Net profit margin (%)		Average Growth rate (%)		Discount rate (%)	
	2021	2020	**2021**	2020	**2021**	2020
Qingyuan Xinlv	**4.43**	6.90	**2.06**	1.59	**12.86**	13.44
Jiaxing Deda	**7.77**	7.93	**1.28**	2.06	**12.85**	13.44
Dongguan Hengjian	**3.23**	9.34	**0.51**	2.23	**12.67**	14.54
Coastal Solid Waste	**3.78**	9.16	**7.43**	4.38	**12.85**	12.54
Nanchang Xinguan	**27.34**	30.95	**0.00**	2.06	**8.01**	8.54
Hefei Xinguan	**12.78**	26.88	**0.00**	0.00	**8.80**	9.04
Xiamen Oasis	**23.22**	20.42	**5.18**	8.59	**12.11**	12.96
Wosen Environmental	**17.64**	26.83	**0.82**	1.53	**12.66**	13.14
Hengjian Tongda	**41.32**	45.46	**2.06**	2.06	**8.76**	8.84
Zhuhai Yongxingsheng	**22.46**	27.04	**0.12**	0.00	**12.89**	13.01
Hengshui Ruitao	**4.74**	6.84	**16.08**	9.02	**12.86**	12.94
Zhejiang Jianglian	**24.76**	31.77	**2.06**	2.06	**12.58**	13.44
Jiangsu Dongjiang	**33.43**	39.71	**2.06**	0.78	**12.66**	13.12
Huateng Environmental	**10.14**	20.46	**2.06**	0.00	**12.29**	13.21
Tangshan Wandesi	**25.59**	29.45	**14.10**	11.66	**12.46**	13.08
Foshan Fulong	**21.94**	21.33	**13.27**	24.20	**12.52**	12.91
Xiongfeng Environment	**4.77**	N/A	**2.06**	N/A	**13.16**	N/A

Management determined the budgeted net profit margin based on past performance and its expectation of market development. The discount rate used is pre-tax and reflects specific risks relating to the CGU.

Apart from the considerations described above in determining the recoverable amounts of the CGUs, the Company's management is not aware of any other probable changes that would necessitate changes in the key assumptions.

In accordance with the cash flow projections, impairment loss for Zhuhai Qingxin, Coastal Solid Waste, Hefei Xinguan and Weifang Blue Sea of RMB449,000, RMB8,344,000, RMB6,134,000 and RMB40,780,000 respectively is recognised during the year as the Directors considered that the business of those CGUs was underperformed and hence their budgeted profit declined accordingly. Except for those, no further events and circumstances that led to the recognition or reversal of the impairment loss.

Sensitivity of key assumptions

The management identified that average growth rate is the key assumption in the assessment of the recoverable amounts of the CGUs and considered that a reasonably possible change in the key assumption on an individual CGU basis would not cause significant additional impairment loss.

18. INTERESTS IN SUBSIDIARIES

Details of the subsidiaries as at 31 December 2021 are shown in Note 49 to the consolidated financial statements.

Financial information of subsidiaries with individually material NCI

The following table shows the information relating to each of the non-wholly owned subsidiaries that has material non-controlling interests ("NCI"). The summarised financial information represents amounts before inter-company eliminations.

At 31 December 2021

	Zhuhai Yongxingsheng RMB'000	Qiandeng Wastes Treatment and Kunshan Logistics RMB'000
Gross amount		
Current assets	135,314	114,762
Non-current assets	176,390	30,835
Current liabilities	(45,760)	(24,686)
Non-current liabilities	(3,457)	(3)
Equity	262,487	120,908
NCI within sub-group	–	(2,671)
Equity attributable to owners	262,487	118,237
Reconciliation		
Gross amount of equity	262,487	118,237
NCI's ownership interests	20.00%	49.00%
NCI's share of equity	52,497	57,936

18. INTERESTS IN SUBSIDIARIES *(Continued)*

Financial information of subsidiaries with individually material NCI *(Continued)*

For the year ended 31 December 2021

	Zhuhai Yongxingsheng RMB'000	Qiandeng Wastes Treatment and Kunshan Logistics RMB'000
Revenue	**211,818**	**281,115**
Expenses	**(151,488)**	**(231,431)**
Profit for the year and total comprehensive income	**60,330**	**49,684**
Profit and total comprehensive income attributable to NCI	**12,066**	**24,345**
Dividends paid to NCI	**14,000**	**19,600**
Net cash flows from:		
Operating activities	**71,485**	**39,169**
Investing activities	**(2,103)**	**(4,731)**
Financing activities	**(70,000)**	**(40,000)**

At 31 December 2020

	Zhuhai Yongxingsheng RMB'000	Qiandeng Wastes Treatment RMB'000
Gross amount		
Current assets	144,514	97,347
Non-current assets	191,126	31,750
Current liabilities	(59,472)	(20,544)
Non-current liabilities	(4,011)	–
Equity	272,157	108,553
Reconciliation		
Gross amount of equity	272,157	108,553
NCI's ownership interests	20.00%	49.00%
NCI's share of equity	54,431	53,191

18. INTERESTS IN SUBSIDIARIES *(Continued)*

Financial information of subsidiaries with individually material NCI *(Continued)*

For the year ended 31 December 2020

	Zhuhai Yongxingsheng RMB'000	Qiandeng Wastes Treatment RMB'000
Revenue	217,793	222,508
Expenses	(134,454)	(175,127)
Profit for the year and total comprehensive income	83,339	47,381
Profit and total comprehensive income attributable to NCI	16,668	23,216
Dividends paid to NCI	8,000	23,520
Net cash flows from:		
Operating activities	44,291	50,213
Investing activities	(6,361)	(7,444)
Financing activities	(38,370)	(48,000)

19. INTERESTS IN ASSOCIATES

	2021 RMB'000	2020 RMB'000
Share of net assets	**170,012**	172,178
Goodwill	**24,800**	24,800
	194,812	196,978

19. INTERESTS IN ASSOCIATES *(Continued)*

Details of the material associates at the end of the reporting period are as follows:

Name of associates	Principal place of business and place of incorporation	Registered capital	Proportion of value of issued/ registered capital held by the Company Directly	Indirectly	Principal activities
Shenzhen Resource Environmental Technology Company Limited ("Shenzhen Resource") # (深圳市萊索思環境技術有限公司)	Shenzhen, PRC	RMB35 million	49.00%	–	Environmental protection
ALBA Rising Green Fuel (Jieyang) Ltd. ("Jieyang ALBA") # (歐晟綠色燃料 (揭陽)有限公司)	Jieyang, PRC	RMB218 million	37.10%	–	Waste disposal treatment
Fujian Xingye Dongjiang Environmental Technology Co., Ltd. ("Xingye Dongjiang") # (福建興業東江環保科技有限公司)	Fujian, PRC	RMB100 million	42.50%	–	Waste disposal treatment
Jiangsu Suquan Solid Waste Disposal Co., Ltd. ("Jiangsu Suquan") # (江蘇蘇全固體廢物處置有限公司)	Jiangsu, PRC	RMB50 million	–	31.00%	Waste disposal treatment
Dongguan Fengye Solid Waste Treatment Co., Ltd. ("Dongguan Fenye") # (東莞市豐業固體廢物處理有限公司)	Dongguan, PRC	RMB125 million	20.00%	–	Waste disposal treatment

\# English translation for identification purposes only.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

Relationship with associates

All of the above associates operate in environmental protection and industrial waste disposal business which is the same industry of the Group in order to enlarge the Group's market share in the industry.

Fair value of investments

All of the above associates are private companies and there is no quoted market price available for the investments.

Financial information of individually material associates

Summarised financial information of each of the material associates of the Group is set out below, which represents amounts shown in the associates' financial statements prepared in accordance with IFRSs and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments.

19. INTERESTS IN ASSOCIATES *(Continued)*

Financial information of individually material associates *(Continued)*

At 31 December 2021

	Jieyang ALBA RMB'000	Xingye Dongjiang RMB'000
Gross amount		
Current assets	67,057	78,220
Non-current assets	624,530	282,777
Current liabilities	(104,903)	(11,185)
Non-current liabilities	(413,211)	(184,580)
Equity	173,473	165,232
Reconciliation		
Gross amount of equity	173,473	165,232
Group's ownership interests	37.10%	42.50%
Group's share of equity	64,358	70,224

For the year ended 31 December 2021

	Jieyang ALBA RMB'000	Xingye Dongjiang RMB'000
Gross amount		
Revenue	63,678	80,397
Reconciliation		
(Loss) Profit for the year and total comprehensive (loss) income	(23,482)	12,705
Group's ownership interests	37.10%	42.50%
Share of results	(8,712)	5,400

19. INTERESTS IN ASSOCIATES *(Continued)*

Financial information of individually material associates *(Continued)*

At 31 December 2020

	Jieyang ALBA RMB'000	Xingye Dongjiang RMB'000
Gross amount		
Current assets	113,191	55,556
Non-current assets	618,075	301,337
Current liabilities	(122,119)	(15,433)
Non-current liabilities	(412,192)	(188,933)
Equity	196,955	152,527
Reconciliation		
Gross amount of equity	196,955	152,527
Group's ownership interests	37.10%	42.50%
Group's share of equity	73,070	64,824

For the year ended 31 December 2020

	Jieyang ALBA RMB'000	Xingye Dongjiang RMB'000
Gross amount		
Revenue	78,135	87,464
Reconciliation		
(Loss) Profit for the year and total comprehensive (loss) income	(1,613)	20,666
Group's ownership interests	37.10%	42.50%
Share of results	(598)	8,783

19. INTERESTS IN ASSOCIATES *(Continued)*

Financial information of individually immaterial associates

The table below shows, in aggregate, the carrying amount and the Group's share of results of associates that are not individually material and accounted for using the equity method.

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Carrying amount of interests	**35,430**	34,284

	Year ended 31 December 2021 RMB'000	Year ended 31 December 2020 RMB'000
Group's share of:		
Profit (Loss) for the year and total comprehensive income (loss) for the year	**1,146**	(7,638)

Unrecognised share of losses of associates

As at 31 December 2021, there was no unrecognised share of losses of associates (2020: Nil).

Contingent liabilities of associates

As at 31 December 2021, there were no contingent liabilities incurred by the Group in relation to its interests in associates (2020: Nil).

20. INTERESTS IN JOINT VENTURES

	2021 RMB'000	2020 RMB'000
Share of net assets	**103,409**	95,156

Details of the joint ventures at the end of the reporting period are as follows:

Name of joint ventures	Principal place of business and place of incorporation	Registered capital	Proportion of value of issued/registered capital held by the Company		Principal activities
			Directly	Indirectly	
Huizhou Dongjiang Veolia Environmental Services Limited ("Dongjiang Veolia") # (惠州東江威立雅環境服務有限公司)	Huizhou, PRC	RMB60 million	50.00%	–	Waste disposal treatment
Guangdong ANJIATAI Environmental Protection Science and Technology Co., Ltd ("Guangdong ANJIATAI") # (廣東安佳泰環保科技有限公司)	Huizhou, PRC	RMB175 million	–	50.00%	Waste disposal treatment

English translation for identification purposes only.

The above joint ventures are accounted for using the equity method in the consolidated financial statements.

Relationship with joint ventures

Dongjiang Veolia and its subsidiary, Guangdong ANJIATAI, were established for participating in the waste disposal treatment industry. These have been strategic moves to close proximity of the enhancement on the industry of hazardous waste treatment. The relevant equity transfer and procedures of change in industrial and commercial registration were completed in July 2015. At the end of the reporting period, the Company holds 50% equity interests and 50% voting rights in Dongjiang Veolia.

Fair value of investments

The above joint ventures are private companies and there is no quoted market price available for the investments.

20. INTERESTS IN JOINT VENTURES *(Continued)*

Financial information of individually material joint ventures

Summarised financial information of the above joint ventures of the Group is set out below, which represents amounts shown in the joint ventures' financial statements prepared in accordance with IFRSs and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments.

At 31 December 2021

	Dongjiang Veolia and its subsidiary RMB'000
Gross amount	
Current assets	72,427
Non-current assets	387,627
Current liabilities	(138,738)
Non-current liabilities	(58,571)
Non-controlling interests	(55,927)
Equity attributable to the shareholder of Dongjiang Veolia	206,818
Included in the above	
Cash and cash equivalents	25,724
Current financial liabilities*	25,000
Non-current financial liabilities	34,949
* Exclude trade and other payables and provisions.	
Reconciliation	
Gross amount of equity	206,818
Group's ownership interests	50%
Group's share of equity	103,409

20. INTERESTS IN JOINT VENTURES *(Continued)*

Financial information of individually material joint ventures *(Continued)*

For the year ended 31 December 2021

	Dongjiang Veolia and its subsidiary RMB'000
Gross amount	
Revenue	**280,588**
Dividends received from joint ventures	**7,500**
Reconciliation	
Profit for the year and total comprehensive income	**31,506**
Group's ownership interests	**50%**
Share of result	**15,753**
Included in above	
Depreciation and amortisation	**17,874**
Interest income	**70**
Interest expense	**1,131**
Income tax expense	**5,791**

20. INTERESTS IN JOINT VENTURES *(Continued)*

Financial information of individually material joint ventures *(Continued)*

At 31 December 2020

	Dongjiang Veolia and its subsidiary RMB'000
Gross amount	
Current assets	90,007
Non-current assets	332,588
Current liabilities	(149,153)
Non-current liabilities	(27,361)
Non-controlling interests	(55,769)
Equity attributable to the shareholder of Dongjiang Veolia	190,312
Included in the above	
Cash and cash equivalents	36,932
Current financial liabilities*	25,000
Non-current financial liabilities	27,361

* Exclude trade and other payables and provisions.

Reconciliation	
Gross amount of equity	190,312
Group's ownership interests	50%
Group's share of equity	95,156

20. INTERESTS IN JOINT VENTURES *(Continued)*

Financial information of individually material joint ventures *(Continued)*

For the year ended 31 December 2020

	Dongjiang Veolia and its subsidiary RMB'000
Gross amount	
Revenue	292,831
Dividends received from joint ventures	10,000
Reconciliation	
Profit for the year and total comprehensive income	38,574
Group's ownership interests	50%
Share of result	19,287
Included in above	
Depreciation and amortisation	15,342
Interest income	188
Interest expense	1,041
Income tax expense	7,712

Unrecognised share of losses of joint ventures

As at 31 December 2021, there was no unrecognised share of losses of joint ventures (2020: Nil).

Contingent liabilities of joint ventures

As at 31 December 2021, there were no contingent liabilities incurred by the Group in relation to its interests in joint ventures (2020: Nil).

21. OTHER NON-CURRENT ASSETS

	2021 RMB'000	2020 RMB'000
Prepayments for construction of equipment	**49,341**	76,786

22. INVENTORIES

	Note	2021 RMB'000	2020 RMB'000
Goods in transit		**16,428**	3,754
Raw materials		**314,892**	197,785
Work-in-progress		**80,620**	–
Finished goods		**110,796**	50,644
Low-valued consumables		**11,383**	12,409
Engineering construction materials		**19,592**	4,881
		553,711	269,473
Written down to net realisable value, net	22(a)	**(2,809)**	(2,368)
		550,902	267,105

22(a) Movement of written down of inventories to net realisable value

Inventories are stated at the lower of cost and net realisable value.

The cost of inventories recognised as an expense during the year was RMB2,287,947,000 (2020: RMB1,312,844,000), in respect of which RMB441,000 (2020: RMB121,000) represents write down of inventories to net realisable value.

23. LOANS RECEIVABLES

	Note	2021 RMB'000	2020 RMB'000
Loans receivables from money lending business	23(a)	**105,690**	128,290
Less: Loss allowance	23(b)	**(2,114)**	(2,566)
		103,576	125,724

23(a) Nature of loans receivables

Loans receivables at the end of the reporting period represent the outstanding loan balances of various types of small-scale credit loans granted by Huiyuan Micro Finance, a subsidiary of the Company.

The carrying amounts are determined using effective interest rates ranging from 15% to 22% (2020: 15% to 22%) per annum and are repayable with fixed terms ranging from 12 to 36 months (2020: 12 to 36 months). At the end of the reporting period, loans receivables with gross carrying amount of approximately RMB105,690,000 (2020: RMB122,000,000) were secured by good quality collaterals which are the borrowers' real estate properties and equity investments of the Company's non wholly-owned subsidiaries. The loans receivables are expected to be settled by the borrowers within 1 year.

The ageing analysis of loans receivables, net of loss allowance, by start date of loan period is summarised as follows:

	2021 RMB'000	2020 RMB'000
Within 1 year	**–**	–
1 to 2 years	**–**	2,600
2 to 3 years	**2,600**	72,200
Over 3 years	**103,090**	53,490
	105,690	128,290

In respect of the loans receivables with gross carrying amount of approximately RMB84,390,000 (2020: RMB128,290,000), the fair values of the collaterals of such loans receivables can be objectively ascertained to cover the outstanding amount of the loan balances. At the end of the reporting period, loss allowance of RMB1,688,000 (2020: RMB2,566,000) was recognised on these loans receivables.

23(b) Loss allowance of loans receivables

The Group classifies its loans receivables under categories of normal, concerned, secondary, suspicious and loss based on the credit risk characteristics, with reference to the Guidelines on Risk-Based Loan Classification of the China Banking and Insurance Regulatory Commission, and calculates the expected credit losses according to the expected credit loss rates over the next 12 months or throughout the lifetime based on the realisation of collaterals and the default risk exposure.

Information about the Group's exposure to credit risks and loss allowance for loans receivables is included in Note 43(b) to the consolidated financial statements.

24. TRADE RECEIVABLES AND CONTRACT ASSETS

	Note	**31 December 2021 RMB'000**	31 December 2020 RMB'000 (Restated)	1 January 2020 RMB'000 (Restated)
Trade receivables				
From third parties		**487,255**	423,513	319,846
From the government		**558,644**	486,203	535,474
From joint ventures	24(b)	**43,325**	43,294	28,911
From associates	24(b)	**8,983**	6,929	27,701
From fellow subsidiaries	24(b)	**1,237**	4,134	940
	24(a)	**1,099,444**	964,073	912,872
Less: Loss allowance	43(b)	**(36,568)**	(25,250)	(18,936)
		1,062,876	938,823	893,936
Less: Non-current portion of trade receivables		**–**	(9,058)	(8,962)
		1,062,876	929,765	884,974
Bills receivables	24(c)	**87,830**	117,691	82,321
Contract assets				
Government construction projects		**88,998**	97,753	99,246
Municipal waste treatment projects		**90,030**	92,765	95,373
Water treatment projects		**–**	–	19,346
Subsidised power generation projects		**35,283**	–	–
Other construction and waste treatment projects		**9,769**	–	–
	24(d)	**224,080**	190,518	213,965
Less: Loss allowance	43(b)	**–**	–	(676)
		224,080	190,518	213,289
Less: Non-current portion of contract assets		**(96,931)**	(90,030)	(92,765)
		127,149	100,488	120,524
		1,277,855	1,147,944	1,087,819

Information about the Group's exposure to credit risks and loss allowance for trade receivables and contract assets is included in Note 43 (b) to the consolidated financial statements.

At 31 December 2021, the trade receivables and contract assets that are expected to be recovered after more than 12 months are RMB Nil (2020 (Restated): RMB9,058,000) and RMB96,931,000 (2020 (Restated): RMB90,030,000) respectively.

24. TRADE RECEIVABLES AND CONTRACT ASSETS *(Continued)*

24(a) Trade receivables

The credit periods granted to third parties ranged generally from 30 to 90 days. The credit periods granted to the government depends on the terms on the signed agreement.

The ageing analysis of trade receivables by invoice date is summarised as follows:

	2021 **RMB'000**	2020 RMB'000
Within 90 days	**496,931**	337,524
91 to 180 days	**104,103**	111,416
181 to 365 days	**75,589**	119,591
1 to 2 years	**141,705**	183,069
2 to 3 years	**98,761**	106,875
Over 3 years	**182,355**	105,598
	1,099,444	964,073

The balances are trade receivables from contracts with customers within IFRS 15. As at 31 December 2021, an impairment loss of RMB36,568,000 (2020: RMB25,250,000) is recognised for trade receivables from contracts with customers within IFRS 15.

24(b) Trade receivables from joint ventures/associates/fellow subsidiaries

The trade receivables from joint ventures and associates are unsecured, interest-free and have no fixed repayment term. At the end of the reporting period, no allowance was made for non-repayment of the amounts.

24(c) Bills receivables

The bills receivables mainly represent bank acceptance notes with remaining term within 180 days at the end of the reporting period.

24(d) Contract assets

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract assets from contracts with customers within IFRS 15 during the year are as follows:

	2021 **RMB'000**	2020 RMB'000 (Restated)
At the beginning of the year	**190,518**	213,289
Recognition of revenue	**45,052**	29,983
Catch-up adjustment	**(8,755)**	–
Transferred to trade receivables	**(2,735)**	(53,430)
Reversal of loss allowance	**–**	676
At the end of the reporting period	**224,080**	190,518

25. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

	Note	2021 RMB'000	2020 RMB'000
Considerations receivables	25(a)	**138,468**	138,468
Prepayments			
From third parties		**107,599**	33,947
From fellow subsidiaries		**5,709**	–
Deposits and other receivables			
From third parties	25(b)	**167,128**	154,676
From the government	25(c)	**62,279**	58,858
From an associate	25(d)	**226**	–
From fellow subsidiaries	25(d)	**–**	780
Other taxes receivables		**209,751**	160,331
		691,160	547,060
Less: Loss allowance	43(b)	**(199,393)**	(195,884)
		491,767	351,176

25(a) Considerations receivables

The balances represent the considerations arising from the disposal of Qingyuan Dongjiang Environmental Technologies Company Limited ("Qingyuan Dongjiang") and Qidi Sustainable Resources Technology Development Co., Ltd. ("Qidi Company") of RMB37,990,000 and the transfer of current accounts with former subsidiaries of RMB100,478,000. Such receivables were aged over 3 years and full provision was made under the loss allowance at the end of the reporting period.

25(b) Deposits and other receivables from third parties

The amounts mainly represent statutory deposits paid to constructors for construction projects which would be refundable upon completion of the projects. Information about the Group's exposure to credit risks and loss allowance for deposits and other receivables from third parties is included in Note 43(b) to the consolidated financial statements.

25(c) Deposits and other receivables from the government

The amounts mainly represent statutory deposits paid to local government authorities which would be refundable upon completion of the projects.

25(d) Due from an associate/fellow subsidiaries

The amounts due are unsecured, interest-free and have no fixed repayment term. At the end of the reporting period, no allowance was made for non-repayment of the amounts.

26. CASH AND CASH EQUIVALENTS

	Note	2021 RMB'000	2020 RMB'000
Cash and time deposits at banks		**164,905**	403,355
Cash at other financial institutions	42(iv)	**356,520**	250,224
Cash and time deposits at banks and other financial institutions		**521,425**	653,579
Restricted fund		**1,097**	–
Pledged deposits	26(a)	**27,899**	8,078
		550,421	661,657

Cash at banks and other financial institutions earns interest at floating rates based on daily deposit rates.

26(a) Pledged deposits

The Group has pledged deposits as securities to secure for the Group's bank loan (Note 32) and the letters of guarantee granted by banks.

27. TRADE PAYABLES

	Note	2021 RMB'000	2020 RMB'000
Trade payables			
To third parties	27(b)	**819,963**	715,651
To an associate	27(c)	**9,007**	10,948
To joint ventures	27(c)	**2,695**	2,696
To fellow subsidiaries	27(c)	**8,178**	672
	27(a)	**839,843**	729,967
Bills payables		**133**	–
		839,976	729,967

27. TRADE PAYABLES *(Continued)*

27(a) Trade payables

The ageing analysis of trade payables by invoice date is summarised as follows:

	2021 RMB'000	2020 RMB'000
Within 90 days	**540,743**	542,471
91 to 180 days	**24,674**	17,763
181 to 365 days	**177,300**	79,637
1 to 2 years	**51,120**	58,979
2 to 3 years	**17,768**	11,884
Over 3 years	**28,238**	19,233
	839,843	729,967

27(b) Trade payables to third parties

The Group is given a credit period within 30 to 90 days from its general trade creditors. For construction projects, the credit period given to the Group is mutually agreed in individual construction agreement.

27(c) Trade payables to an associate/joint ventures/fellow subsidiaries

The amounts due are unsecured, interest-free and have no fixed repayment term.

28. CONTRACT LIABILITIES

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within IFRS 15 during the year are as follows:

	2021 RMB'000	2020 RMB'000
At the beginning of the year	**131,915**	169,267
Receipt of advances	**135,614**	121,740
Recognised as revenue	**(129,272)**	(159,092)
At the end of the reporting period	**138,257**	131,915

28. CONTRACT LIABILITIES *(Continued)*

Unsatisfied or partially unsatisfied performance obligations

Some of the performance obligations that are unsatisfied (or partially unsatisfied) at 31 December 2021 (2020: some) are part of contracts that have an original expected duration of one year or less. Given that the Group applies the practical expedient in paragraph 121(a) of IFRS 15, the transaction price allocated to these performance obligations is not disclosed.

The amount of transaction price allocated to the remaining performance obligations that are unsatisfied (or partially unsatisfied) at 31 December 2021 is as follows:

	2021 **RMB'000**	2020 RMB'000
Expected timing of revenue recognition		
Within 1 year	**138,257**	71,883

29. OTHER PAYABLES

	Note	**31 December 2021** **RMB'000**	31 December 2020 RMB'000 (Restated)	1 January 2020 RMB'000 (Restated)
Deposits received		**27,261**	27,122	28,133
Consideration payables for acquisition of subsidiaries	29(a)	**56,383**	6,266	47,696
Accrued charges and other payables	29(b)	**99,552**	136,985	98,606
Employee benefits payables		**55,140**	59,769	80,092
Value-added tax payables		**25,793**	24,423	23,467
Other taxes payables		**8,986**	9,004	8,958
		273,115	263,569	286,952
Less: Non-current portion		**(5,086)**	(5,433)	(8,208)
		268,029	258,136	278,744

29(a) Consideration payables for acquisition of subsidiaries

Consideration payables of RMB14,314,000 were subsequently settled in January 2022. The remaining balances are payable within one year upon satisfaction of terms stated in the agreements.

29(b) Accrued charges and other payables

The amount mainly represents accruals and other payables for construction costs, legal and professional fees, and transportation costs.

30. INTEREST-BEARING BORROWINGS

	2021 RMB'000	2020 RMB'000
Bank loans:		
Secured	**1,145,920**	808,558
Unsecured	**1,929,643**	1,607,910
	3,075,563	2,416,468
Other loans:		
Secured	**84,230**	16,430
Unsecured	**200,000**	200,000
	284,230	216,430
	3,359,793	2,632,898

The maturity of the interest-bearing borrowings and analysis of the amount due based on scheduled payment dates set out in the loan agreements (ignoring the effect of any repayment on demand clause) are as follows:

	2021 RMB'000	2020 RMB'000
Current portion	**1,950,149**	1,971,310
Non-current portion	**1,409,644**	661,588
	3,359,793	2,632,898

Interest-bearing borrowings of RMB236,226,000 (2020: RMB161,468,000), with a clause in their terms that gives the lender an overriding right to demand repayment without notice or with notice period of less than 12 months at its sole discretion, are classified as current liabilities even though the directors do not expect that the lenders would exercise their rights to demand repayment.

30. INTEREST-BEARING BORROWINGS *(Continued)*

The Group's secured bank loans are pledged by following assets:

	2021 RMB'000	2020 RMB'000
Investment properties	**83,001**	–
Property, plant and equipment	**246,517**	415,073
Land use rights	**299,873**	185,502
Intangible assets	**7,676**	–
Construction in progress	**188,217**	94,353
Trade receivables	**11,374**	690
Cash and cash equivalents	**26,000**	–

Certain unsecured bank loans are covered by corporate guarantee arrangements amongst the Group's entities.

The secured other loans are pledged by property, plant and equipment with an carrying amount of RMB126,994,000 (2020: RMB149,253,000).

The unsecured other loan is covered by corporate guarantee arrangement amongst the Group's entities.

Some banking facilities are subject to the fulfillment of covenants relating to certain financial ratios as are commonly found in lending arrangements with financial institutions. If the Group breached the covenants, the drawn down facilities would become repayable on demand.

The Group regularly monitors its compliance with these covenants and the scheduled repayments of the term loans and does not consider it probable that the relevant banks will exercise its discretion to demand for repayment so long as the Group continues to meet these requirements. Further details of the Group's financial management of liquidity risk are set out in Note 43(c) to the consolidated financial statements. Throughout the reporting period, none of the covenants relating to drawn down facilities had been breached (2020: Nil).

The weighted average effective interest rate on the interest-bearing borrowings is 3.99% (2020: 4.50%) per annum.

30. INTEREST-BEARING BORROWINGS *(Continued)*

An analysis of the carrying amounts of the Group's total borrowings by type is as follows:

	2021 **RMB'000**	2020 RMB'000
At fixed rates	**2,227,670**	2,025,185
At floating rates	**1,132,123**	607,713
	3,359,793	2,632,898

Secured bank loans bear interest at a fixed rate of 3.00% to 4.75% (2020: 3.00% to 4.75%) and interest at a floating rate of loan prime rate increase/decrease by 0.10% to 0.60% (2020: loan prime rate increase/decrease by 0.10% to 0.37%). The maturity periods of the secured bank loans fell within the range of 1 to 9 years (2020: 1 to 10 years).

Unsecured bank loans bear interest at a fixed rate of 2.90% to 4.35% (2020: 2.05% to 4.35%) and interest at a floating rate of loan prime rate decrease by 0.05% (2020: loan prime rate increase/decrease by 0.04% to 0.25%). The maturity periods of the unsecured bank loans fell within the range of 1 to 3 years (2020: 1 to 13 years).

Secured other loans bear interest at a floating rate by loan prime rate decrease by 0.30% (2020: loan prime rate decrease by 0.30%). The maturity periods of the secured other loans fell within the range of 3 to 4 years (2020: 5 years). Unsecured other loan bears interest at a fixed rate of 3.00% (2020: 3.30% to 4.13%) and repayable on 24 March 2022 (2020: 21 February 2021 and 20 July 2021).

The interest-bearing borrowings are denominated in the following currencies:

	2021 **RMB'000**	2020 RMB'000
RMB	**3,359,793**	2,632,526
HKD	**–**	372
	3,359,793	2,632,898

Details of the Group's foreign currency risk and interest rate risk discussion are set out in Note 43 to the consolidated financial statements.

31. BOND PAYABLES

	2021 RMB'000	2020 RMB'000
Medium Notes	**1,118,809**	612,238

The carrying value of bonds are repayable as follows:

	2021 RMB'000	2020 RMB'000
Within 1 year	**19,422**	12,800
Over 1 year	**1,099,387**	599,438
	1,118,809	612,238

The Company completed the issuance of the first and second phases of medium-term notes ("Medium Notes") on 11 May 2020 and 25 August 2021 respectively.

The breakdown of the Medium Notes is as follows:

- the issuing size of Medium Notes 2020 was RMB600,000,000 with an annual interest rate of 3.2% and maturity on 12 May 2023, subjected to payment of interest on an annual basis; and

- the issuing size of Medium Notes 2021 was RMB500,000,000 with an annual interest rate of 3.79% and maturity on 26 August 2024, subjected to payment of interest on an annual basis.

Further details of the issuance of Medium Notes are set out in the Company's announcements dated 13 May 2020 and 26 August 2021 respectively.

31. BOND PAYABLES *(Continued)*

Movement of bond payables is as follows:

As at 31 December 2021

Name of bond	Issue date	Term of bond	Amount issued RMB'000	Balance at the beginning of year RMB'000	Interest provision based on carrying amount RMB'000	Premium/ discounts amortisation RMB'000	Addition (Repayment) during the year RMB'000	Balance at the end of year RMB'000
Medium Notes 2020	2020-05-12	3 years	600,000	612,238	19,200	429	(19,200)	612,667
Medium Notes 2021	2021-08-26	3 years	500,000	–	6,622	(480)	500,000	506,142
Total			1,100,000	612,238	25,822	(51)	480,800	1,118,809

As at 31 December 2020

Name of bond	Issue date	Term of bond	Amount issued RMB'000	Balance at the beginning of year RMB'000	Interest provision based on carrying amount RMB'000	Premium/discounts amortisation RMB'000	Addition (Repayment) during the year RMB'000	Balance at the end of year RMB'000
Medium Notes	2020-05-12	3 years	600,000	–	12,800	(562)	600,000	612,238
Green Bond	2017-03-10	3 years	600,000	595,002	5,689	837	(601,528)	–
Humen Green 01	2017-03-15	3 years	41,000	6,862	–	–	(6,862)	–
Humen Green 02	2017-03-15	6 years	49,000	49,489	–	–	(49,489)	–
Humen Green 03	2017-03-15	9 years	58,000	58,585	–	–	(58,585)	–
Humen Green 04	2017-03-15	12 years	69,000	69,736	–	–	(69,736)	–
Humen Green 05	2017-03-15	15 years	83,000	83,910	–	–	(83,910)	–
Total			1,500,000	863,584	18,489	275	(270,110)	612,238

32. DUE TO CONTROLLING SHAREHOLDER

The amounts due to controlling shareholder of RMB332,742,000 (2020: RMB320,637,000) are unsecured, bear the loan prime interest rate by reference of People's Bank of China decrease by 10% (2020: loan prime interest rate by reference of People's Bank of China) and repayable on 20 June 2022 (2020: 20 June 2021). The balance of RMB110,000,000 as at 31 December 2020, which was unsecured with fixed interest at 3.3% per annum, was fully settled on 18 February 2021.

33. PROVISIONS

	Provisions for potential loss on disputes RMB'000 (Note 33(a))	Provisions for reinstatement costs RMB'000	Total RMB'000
For the year ended 31 December 2020			
At the beginning of the year	–	–	–
Additions	27,734	–	27,734
At the end of the reporting period	27,734	–	27,734
For the year ended 31 December 2021			
At the beginning of the year	**27,734**	**–**	**27,734**
Additions	**30,988**	**19,202**	**50,190**
At the end of the reporting period	**58,722**	**19,202**	**77,924**

33(a) Provisions for potential loss on disputes

At the end of the reporting period, the amounts represent provisions for potential loss in respect of the legal cases of which the Group was the defendant.

	Note	**2021 RMB'000**	2020 RMB'000
Legal dispute of the Company	(i)	**54,074**	27,734
Legal dispute of Dongheng Environmental	(ii)	**915**	–
Legal dispute of Zhuhai Qingxin	(iii)	**3,733**	–
		58,722	27,734

(i) The Group entered into an equity transfer agreement with Qidi Company ("Equity Transfer Agreement") for the disposal of a subsidiary, Qingyuan Dongjiang, in April 2016. Given that the technical review of Qingyuan Dongjiang's abandoned electrical appliances in 2015 ("Dissembling Vetting") were still subject to the approval, Qingyuan Dongjiang had obtained vetting opinions with the relevant supervising authorities to initiate a self-investigation for the quantities and types of the Dissembling Vetting in October 2019. The Group and Qidi Company entered into a conclusion on 22 January 2020, including facilitating the progress of the Dissembling Vetting and reassessment on the potential loss.

In 2020, the Group received a notice of arbitration ((2020) Huzhonganzi No. 3835) issued by the Shanghai Arbitration Commission, under which Qidi Company had filed an application for arbitration with the Shanghai Arbitration Commission in relation to the disputes with the Group on the Equity Transfer Agreement, and the Shanghai Arbitration Commission accepted such application and the potential compensation payable to Qidi Company was RMB28,973,000 plus relevant interests.

33. PROVISIONS *(Continued)*

33(a) Provisions for potential loss on disputes *(Continued)*

(i) *(Continued)*

During 2021, the Group received another notice from the Shanghai Arbitration Commission, under which Qidi Company had submitted an application for change of arbitration request to the Shanghai Arbitration Commission. The revised arbitration request is as follows:

- The Company shall pay to Qidi Company damages after setting off debts of RMB27,733,000;
- The Company shall pay to Qidi Company damages on loss of fund subsidies of RMB40,807,000 up to the end of August 2016; and
- The Company shall pay the legal fees of RMB1,400,000 and costs of the Arbitration.

The first court hearing was held in November 2021 and the case is still under legal proceeding.

Further details of the above transactions are set out in the Group's announcements on 23 January 2020, 4 December 2020 and 14 October 2021 respectively.

In the view of the directors, the possible potential loss of the disputes in relation to the Equity Transfer Agreement would be the principal amount of the compensation for damages and part of the compensation for damages on loss of fund subsidies totaled RMB54,074,000 (2020: RMB27,734,000) and it is the best estimate of the provision recognised as at 31 December 2021.

(ii) On 25 March 2013, Jiangsu Guangxing Group Co., Ltd., ("Jiangsu Guangxing") and Dongheng Environmental, a subsidiary of the Company, entered into an agreement for the construction project of Jiangsu Dongheng High Technology Park. Such construction was completed in June 2015 and there was a dispute on the validity of the agreement, investment return and the project cost between Jiangsu Guangxing and Dongheng Environmental.

On 9 December 2019, Jiangsu Guangxing sued to the court on the ground that Dongheng Environmental failed to pay the project cost and investment return of RMB48,300,000 as stipulated in the agreement and made a legal claim to Dongheng Environmental for the project costs, investment return and relevant losses arising from the suspension and delay. Both parties disagreed on the above-mentioned claim amounts and they were engaged in a legal proceeding.

The court made judgement in November 2021 that Dongheng Environmental should compensate the project costs, investment return and relevant losses arising from the suspension and delay of RMB22,331,000, interest accrued to Jiangsu Guangxing, and bear the legal costs of RMB221,000. Trade payables of RMB22,676,000 were recorded by the Group as at 31 December 2021. The Group disagreed with the judgement and appealed to the court in December 2021. The case is still under legal proceeding.

In the view of the directors, the possible potential loss of the disputes in relation to the construction project would be the accrued interest on the outstanding trade payables of RMB915,000 (2020: RMB Nil) and it is the best estimate of the provision recognised as at 31 December 2021. Such matter was disclosed as contingent liabilities as at 31 December 2020.

(iii) In June 2019, there was a fire in the factory of Zhuhai Qingxin, causing damages of the properties of four third party companies and an individual. These parties claimed compensations for the damages caused by Zhuhai Qingxin. In 2021, the legal cases with three parties were finalised with court decisions made and the compensations were settled by the Group. For the legal cases with the remaining two companies, the court in the first instance was held on 30 June 2021. According to the court decisions, Zhuhai Qingxin is required to compensate the damages of RMB3,733,000, inclusive of legal costs, to the two parties. The case is still under appeal process.

In the view of the directors, the result of the court in the second instance is likely to be the same as that of the court in the first instance based on the experience of the other three finalised cases. The possible potential loss of the disputes in relation to the fire damages would be RMB3,733,000 (2020: RMB Nil) and it is the best estimate of the provision recognised as at 31 December 2021.

34. DEFERRED INCOME

The followings are the movements of deferred income during the year:

	2021 RMB'000	2020 RMB'000
At the beginning of the year	**161,769**	164,928
Additions	**22,829**	11,850
Additions from business combination *(Note 39)*	**3,000**	–
Refund to the government	**(13,178)**	–
Amount recognised as other income *(Note 5)*	**(11,646)**	(15,009)
At the end of the reporting period	**162,774**	161,769

The government grants mainly represent the amounts received from the local government to support the environmental protection projects and the funding on the land return. The grants are amortised to profit or loss when relevant assets are available-for-use or when constructions started depending on the nature of grants.

The grants are released to profit or loss over the expected useful life of the relevant assets or the expected construction period of the relevant assets by equal annual installment over the period from 4 to 50 years (2020: 6 months to 5 years).

35. DEFERRED TAXATION

The movements for the year in the Group's net deferred tax position are as follows:

	2021 RMB'000	2020 RMB'000 (Restated)
At the beginning of the year	**31,343**	21,300
Addition from business combination *(Note 39)*	**(17,898)**	–
Credit to profit or loss *(Note 8)*	**(836)**	10,174
Deferred tax on transfer from investment properties to property, plant and equipment through OCI	**–**	(131)
At the end of the reporting period	**12,609**	31,343

35. DEFERRED TAXATION *(Continued)*

Recognised deferred tax assets and liabilities at the end of the reporting period represent the following:

	2021		2020	
	Assets RMB'000	**Liabilities RMB'000**	Assets RMB'000 (Restated)	Liabilities RMB'000
Accelerated depreciation allowance	**–**	**(961)**	–	(961)
Decelerated depreciation allowance	**1,313**	**–**	1,193	–
Changes in fair value on Investment properties	**–**	**(19,276)**	–	(18,978)
Fair value adjustments on assets acquired from business combination	**–**	**(17,543)**	–	–
Impairment losses	**37,978**	**–**	37,311	–
Deferred income	**1,672**	**–**	1,753	–
Unrealised profit on intra-group sales	**379**	**–**	379	–
Tax losses	**1,754**	**–**	1,814	–
Others	**7,293**	**–**	8,832	–
Deferred tax assets (liabilities)	**50,389**	**(37,780)**	51,282	(19,939)

Unrecognised deferred tax assets arising from

	2021 RMB'000	2020 RMB'000
Temporary difference – Impairment losses	**281,651**	17,210
Tax losses	**805,754**	432,040
	1,087,405	449,250

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

At the end of the reporting period, the Group has the following unrecognised tax losses arising in the PRC that can be offset against future taxation profits of the respective subsidiaries for a maximum of 5 years from the year in which the tax loss was incurred:

	2021 RMB'000	2020 RMB'000
Year of expiry		
2021	**–**	32,034
2022	**15,286**	15,295
2023	**65,666**	83,162
2024	**80,055**	80,414
2025	**329,909**	221,135
2026	**314,838**	–
	805,754	432,040

36. SHARE CAPITAL

	2021 Number of shares	2021 RMB'000	2020 Number of shares	2020 RMB'000
Authorised:				
Ordinary shares of RMB1 each	**879,267,102**	**879,267**	879,267,102	879,267
Issued and fully paid:				
At beginning of the year and at the end of the reporting period	**879,267,102**	**879,267**	879,267,102	879,267

37. RESERVES

(a) Capital reserve

	Note	2021 RMB'000	2020 RMB'000
Share premium	(i)	**416,992**	416,992
Other capital reserve	(ii)	**34,174**	48,456
		451,166	465,448

(i) Share premium

The balance represents the premium on issue of shares net of issuing expenses. In accordance with legal process and is approved to reduction in assets by repurchase of the Company's shares, according to the share capital reduced by cancellation of face value of shares in total, the adjusting shareholders' equity by difference between the consideration paid by repurchase of shares (including transaction fees) and the face value of shares. The portion which exceeds the face value in total shall be credited to share premium whereas the portion which is lower than the face value in total shall be written off in the order of share premium, surplus reserve and undistributed profit.

(ii) Other capital reserve

The balance represents the amount arising as a result of the acquisition of non-controlling interests. Transactions with non-controlling interests are dealt with in accordance with the accounting policies adopted for the changes in the Group's ownership interest in a subsidiary which do not result in change in control as set out in Note 41 to the consolidated financial statements. During the year ended 31 December 2021, the non-controlling interests of a subsidiary of RMB240,000 was debited to the other capital as a result of deregistration of the subsidiary.

(b) Statutory reserve

	Note	2021 RMB'000	2020 RMB'000
Surplus reserve	(i)	**269,817**	236,849
General risk provision	(ii)	**5,611**	5,611
		275,428	242,460

37. RESERVES *(Continued)*

(b) Statutory reserve *(Continued)*

(i) Surplus reserves

In accordance with the relevant PRC regulations, certain PRC subsidiaries are required to appropriate to the surplus reserve an amount not less than 10% of the amount of profit after taxation (as reported in the respective statutory financial statements of the PRC subsidiaries prepared in accordance with the PRC accounting regulations). If the accumulated general reserve reaches 50% of the registered capital of the respective PRC subsidiaries, the subsidiary may not be required to make any further appropriation. The transfer to the surplus reserve must be made before distribution of dividends to shareholders. The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase registered capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

(ii) General risk provision

General risk provision represented the loan risk provision made by Huiyan Micro Finance, a subsidiary of the Company, in accordance with the requirements of "Regulations on Creation and Management of Provisions by Financial Institutions" ("Regulations"), the Group's general provision for risky loans is made based on 1.5% of outstanding balance as at the end of the period and is accounted for with reference to the requirements of the Regulations.

(c) Property revaluation reserve

The property revaluation reserve was set up to deal with the surplus or deficit arising from the revaluation at the date of transfer from property, plant and equipment to investment properties measured at fair value.

(d) Exchange reserve

Exchange reserve of the Group comprises all foreign exchange differences arising from the translation of the financial statements of operations outside the PRC. The reserve is dealt with in accordance with the accounting policies set out in Note 2 to the consolidated financial statements.

(e) Other reserve

According to the regulations of "Management Measures of Extraction and Usage of Enterprise Safety Production Costs" (Cai Qi [2012]16) issued by Ministry of Finance and State Administration of Work Safety, the safety production fees of Qingdeng Wastes Treatment, Longgang Dongjiang, Coastal Solid Waste and Wosen Environmental, subsidiaries of the Company, were extracted using excess regressive method every month.

(f) Distributable reserves

During the reporting period, the Company's reserves available for distribution as dividends, calculated in accordance with the relevant rules and regulations, amounted to approximately RMB1,584,757,000 (2020: RMB1,384,773,000). In addition, no amount in the Company's share premium account is available for distribution by way of capitalisation issues.

38. OTHER CASH FLOW INFORMATION

(a) Cash generated from operations

	2021 RMB'000	2020 RMB'000 (Restated)
Profit before taxation	**191,507**	403,571
Interest income	**(15,911)**	(15,660)
Interest expenses	**163,278**	166,781
Depreciation and amortisation	**548,660**	481,725
Amortisation of deferred government grants	**(11,646)**	(15,009)
Net provision for loss allowance on trade, loans and other receivables	**16,368**	45,095
Provision for impairment loss on goodwill	**55,707**	34,535
Write down of inventories	**441**	121
Provision for (Reversal of) impairment loss on property, plant and equipment	**841**	(54)
Reversal of impairment loss on intangible assets	**–**	(22)
Impairment loss on construction in progress	**41,015**	–
Gain on disposal of property, plant and equipment	**(3,907)**	(19,338)
Gain on change in fair value of investment properties	**(6,922)**	(13,547)
Written off of other non-current assets	**–**	24,500
Loss on disposal of a subsidiary	**323**	–
Gain on deregistration of subsidiaries	**(148)**	(3)
Share of results of associates	**2,166**	(547)
Share of results of joint ventures	**(15,753)**	(19,287)
Changes in working capital:		
Inventories	**(279,676)**	32,487
Loans receivables	**22,600**	34,200
Trade receivables and contract assets	**(138,177)**	(63,191)
Prepayment, deposits and other receivables	**(143,649)**	(17,337)
Other non-current assets	**27,445**	13,471
Trade payables	**81,376**	(56,284)
Contract liabilities	**1,020**	(37,352)
Deferred income	**16,289**	11,850
Pledged deposits	**(20,918)**	(61)
Provisions	**50,190**	27,734
Other payables	**84,433**	143,227
Cash generated from operations	**666,952**	1,161,605

38. OTHER CASH FLOW INFORMATION *(Continued)*

(b) Changes in liabilities arising from financing activities

Details of the changes in the Group's liabilities from financing activities are as follows:

	Interest-bearing borrowings RMB'000	Lease liabilities RMB'000	Bond payables RMB'000	Due to controlling shareholder RMB'000	Total RMB'000
Year ended 31 December 2021					
At beginning of the year	2,632,898	12,032	612,238	430,637	3,687,805
Interest expenses	124,273	548	26,352	12,105	163,278
Addition from business combination *(Note 39)*	20,000	–	–	–	20,000
Cash inflow (outflow) in financing activities:					
Proceeds from interest-bearing borrowings, bond payables and due to controlling shareholder	3,238,935	–	499,520	–	3,738,455
Repayment of Interest-bearing borrowings and due to controlling shareholder	(2,532,040)	–	–	(110,000)	(2,642,040)
Repayment of lease liabilities	–	(9,931)	–	–	(9,931)
Interest paid	(124,273)	–	(19,301)	–	(143,574)
Non-cash transactions:					
Reallocation from other payables	–	5,887	–	–	5,887
At the end of the reporting period	3,359,793	8,536	1,118,809	332,742	4,819,880

38. OTHER CASH FLOW INFORMATION *(Continued)*

(b) Changes in liabilities arising from financing activities *(Continued)*

	Interest-bearing borrowings RMB'000	Lease liabilities RMB'000	Bond payables RMB'000	Due to controlling shareholder RMB'000	Total RMB'000
Year ended 31 December 2020					
At beginning of the year	2,593,317	16,511	863,584	436,745	3,910,157
Interest expenses	144,274	906	18,489	3,112	166,781
Cash inflow (outflow) in financing activities:					
Proceeds from interest-bearing borrowings, bond payables and due to controlling shareholder	1,800,058	–	599,438	126,197	2,525,693
Repayment of Interest-bearing borrowings, bond payables and due to controlling shareholder	(1,753,312)	–	(851,414)	(70,178)	(2,674,904)
Repayment of lease liabilities	–	(10,529)	–	–	(10,529)
Interest paid	(151,439)	–	(17,859)	(3,112)	(172,410)
Non-cash transactions:					
Offsetting consideration on deemed disposal of a subsidiary *(Note 38(c))*	–	–	–	(62,127)	(62,127)
Reallocation from other payables	–	5,144	–	–	5,144
At the end of the reporting period	2,632,898	12,032	612,238	430,637	3,687,805

(c) Non-cash transactions

During the year ended 31 December 2020, the Group deemed disposed its interests in a subsidiary through offsetting the unsecured debt of RMB62,127,000.

39. BUSINESS COMBINATION

Acquisition during the year ended 31 December 2021

(a) Acquisition of Xiongfeng Environment

On 16 September 2021, the Company acquired 70% equity interest in Xiongfeng Environment at an aggregate cash consideration of RMB429,000,000, which specialises in rare and precious metals recycling activities. As a result of the business combination, the Group is expected to diversify its business opportunities. The Group has selected to measure the non-controlling interest at its proportionate interest in the value of the identifiable assets and liabilities of the acquiree.

The following summarises the consideration and the amounts of the assets acquired and liabilities assumed, as well as the amount of non-controlling interest recognised at the date of acquisition:

	RMB'000
Consideration:	
Cash paid	407,550
Cash payable	21,450
	429,000

	RMB'000
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Property, plant and equipment	590,247
Right-of-use assets	31,131
Intangible assets	10,850
Designated financial assets at FVOCI	4,243
Cash and cash equivalents	23,106
Inventories	4,562
Trade receivables	2,550
Prepayment	10,512
Trade payables	(28,427)
Contract liabilities	(5,322)
Interest-bearing borrowings	(20,000)
Deferred income	(3,000)
Deferred tax liabilities	(17,898)
Total identifiable net assets	602,554
Non-controlling interest	(180,766)
Goodwill arising on acquisition	7,212
	429,000

39. BUSINESS COMBINATION *(Continued)*

Acquisition during the year ended 31 December 2021 *(Continued)*

(a) Acquisition of Xiongfeng Environment (Continued)

	RMB'000
Net cash flow on acquisition of subsidiary:	
Net cash acquired from the subsidiary	**23,106**
Consideration paid	**(407,550)**
	(384,444)

In respect of the acquired subsidiary, the fair value of trade receivables acquired is RMB2,550,000. The total gross contractual amount of the trade receivables is RMB2,550,000 which is all expected to be collectible.

The goodwill arising from the acquisition is attributable to the synergies and economies of scale expected to arise from the business combinations. None of the goodwill recognised is expected to be deductible for income tax purposes.

Since acquisition, the acquired business has contributed RMB198,628,000 to the revenue of the Group, but incurred loss of RMB891,000 to the results of the Group.

(b) Acquisition of Kunshan Logistics

On 31 December 2021, Qiandeng Wastes Treatment acquired 60% equity interest in Kunshan Logistics at consideration of RMB5,465,000, which specialises in logistics activities. As a result of the business combination, the Group is expected to diversify its business opportunities. The Group has selected to measure the non-controlling interest at its proportionate interest in the fair value of the identifiable assets and liabilities of the acquiree.

The following summarises the consideration and the amounts of the assets acquired and liabilities assumed, as well as the amount of non-controlling interest recognised at the date of acquisition:

	RMB'000
Consideration:	
Cash paid	**807**
Fair value of transportation equipment transferred	**1,429**
Cash payable	**3,229**
	5,465

39. BUSINESS COMBINATION *(Continued)*

Acquisition during the year ended 31 December 2021 *(Continued)*

(b) Acquisition of Kunshan Logistics (Continued)

	RMB'000
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Property, plant and equipment	**1,824**
Cash and cash equivalents	**4,678**
Trade receivables	**281**
Other receivables	**158**
Trade payables	**(264)**
Total identifiable net assets	**6,677**
Non-controlling interest	**(2,671)**
Goodwill arising on acquisition	**1,459**
	5,465

	RMB'000
Net cash flow on acquisition of subsidiary:	
Net cash acquired from the subsidiary	**4,678**
Consideration paid	**(807)**
	3,871

In respect of the acquired subsidiary, the fair value of trade and other receivables acquired includes trade receivables with a fair value of RMB281,000. The total gross contractual amount of the trade receivables is RMB281,000 which is all expected to be collectible.

The goodwill arising from the acquisition is attributable to the synergies and economies of scale expected to arise from the business combinations. None of the goodwill recognised is expected to be deductible for income tax purposes.

Since acquisition, the acquired business made no significant contribution to revenue and results of the Group.

If the business combinations effected during the year had been taken place at the beginning of the year, the revenue and profit for the Group would have been RMB5,523,459,000 and RMB96,900,000 respectively.

40. DISPOSAL OF BUSINESSES

In February 2021, the Group disposed of its 60% equity interests in Handan Dongjiang Environmental Technology Co., Ltd. at a consideration of RMB2,501,000. The details are as follows:

	RMB'000
Net assets disposed of:	
Construction in progress	1,197
Cash and cash equivalents	44
Other receivables	3,524
Trade payables	(58)
	4,707
Consideration received – cash consideration	**2,501**

Analysis of net inflow (outflow) of cash and cash equivalents in respect of disposal of businesses:

	RMB'000
Cash consideration	**2,501**
Cash and cash equivalents disposed	**(44)**
Net inflow of cash and cash equivalents	**2,457**

	RMB'000
Loss on disposal of a subsidiary:	
Consideration received	**2,501**
Net assets disposed of	**(4,707)**
Non-controlling interests	**1,883**
	(323)

41. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES THAT DO NOT RESULT IN A LOSS OF CONTROL

	2021 **RMB'000**	2020 RMB'000
Net considerations (paid to) received from non-controlling interests	**(117,651)**	132,847
Considerations payable to non-controlling interests	**(30,676)**	–
Acquisition of additional interests in subsidiaries	**134,285**	–
Disposal of interests in a subsidiary without loss of control	**–**	(26,735)
Difference recognised in equity	**(14,042)**	106,112

Major changes in the Group's ownership interests in subsidiaries

For the year ended 31 December 2021

In May 2021, Xiamen Dongjiang, a subsidiary of the Company, acquired the remaining 10% of the issued shares of Sanming Oasis Environmental for a consideration of RMB400,000. The Group now holds 100% of the equity share capital of Sanming Oasis Environmental. The carrying amount of the non-controlling interests in Sanming Oasis Environmental on the date of acquisition was RMB512,000. The Group derecognised non-controlling interests of RMB512,000 and recognised directly in equity attributable to owners of the Company of RMB112,000 for the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration received.

In September 2021, the Company acquired 15% of the issued shares of Qingyuan Xinlv for a consideration of RMB16,200,000. The Group now holds 77.5% of the equity share capital of Qingyuan Xinlv. The carrying amount of the non-controlling interests in Qingyuan Xinlv on the date of acquisition was RMB15,675,000. The Group derecognised non-controlling interests of RMB15,675,000 and recognised directly in equity attributable to owners of the Company of RMB525,000 for the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration received.

In December 2021, the Company acquired the remaining 40% of the issued shares of Xiamen Oasis for an aggregate consideration of RMB131,727,000. The Group now holds 100% of the equity share capital of Xiamen Oasis. The carrying amount of the non-controlling interests in Xiamen Oasis on the date of acquisition was RMB118,098,000. The Group derecognised non-controlling interests of RMB118,098,000 and recognised directly in equity attributable to owners of the Company of RMB13,629,000 for the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration received.

41. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES THAT DO NOT RESULT IN A LOSS OF CONTROL *(Continued)*

Major changes in the Group's ownership interests in subsidiaries *(Continued)*

For the year ended 31 December 2020

In September 2020, Shaoguan Sustainable Resources, a subsidiary of the Company, entered into the Capitalisation of Debt Agreement with Guangdong Rising Holdings Group Co., Ltd. ("Guangdong Rising Group"), pursuant to which Guangdong Rising Group shall inject capital into Shaoguan Sustainable Resources at the price of RMB1.28/RMB1 registered capital (in aggregate of RMB62,127,000). Immediately following the Capitalisation of Debt, the shareholding percentage held by the Company in Shaoguan Sustainable Resources diluted from 100.00% to approximately 92.03%. There was no change of control on Shaoguan Sustainable Resources which remained as a subsidiary of the Group. The capital injection was settled by setting off the unsecured debt of RMB62,127,000 owed by Shaoguan Sustainable Resources to Guangdong Rising Group. Details of the transaction were set out in the Company's announcement dated 11 September 2020.

In December 2020, Guangdong Rising Group (also the substantial shareholder of the Company) had injected RMB70,200,000 to an existing subsidiary Zhuhai Dongjiang. Immediately following the capital injection by Guangdong Rising Group, the shareholding percentage held by the Company in Zhuhai Dongjiang diluted from 100.00% to approximately 74.31%. There was no change of control on Zhuhai Dongjiang which remained as a subsidiary of the Group.

42. RELATED PARTY TRANSACTIONS

The continuing connected transactions under the Listing Rules are set out in the Important Matters of this annual report.

(i) Other than disclosed elsewhere in the consolidated financial statements, the Group had the following related party transactions during the year.

Relationship	Nature of transactions	**2021 RMB'000**	2020 RMB'000
Companies controlled by the same controlling shareholder of the Company	Services income	**13,290**	95,713
	Sales of goods	**853**	2,607
	Service fee	**(12,026)**	(63,512)
	Purchases of goods	**(13,712)**	–
Joint ventures	Services income	**61,140**	–
	Royalty income	**15,635**	–
	Service fee	**(10,624)**	–
Associates	Services income	**3,340**	–
	Service fee	**(549)**	–

42. RELATED PARTY TRANSACTIONS *(Continued)*

(ii) Remuneration for key management personnel (including directors) of the Group:

	2021 RMB'000	2020 RMB'000
Salaries, allowances and other short-term benefits	**6,742**	8,294
Contributions to defined contribution plans	**751**	413
	7,493	8,707

(iii) On 15 October 2018, the Company entered into a corporate guarantee and financial assistance framework agreement with Dongguan Fenye, associate company of the Company, pursuant to which the Company shall provide corporate guarantee to the associate company with a total amount of not more than RMB44,000,000, which would be terminated at 15 October 2033.

On 30 March 2018 and 18 July 2018, the Company entered into a corporate guarantee and financial assistance framework agreement with Xingye Dongjiang, associate company of the Company, pursuant to which the Company shall provide corporate guarantee to the associate company with a total amount of not more than RMB150,000,000 and 50,000,000, which would be terminated at 29 March 2025 and 17 October 2024 respectively.

On 30 June 2021, the Company entered into a corporate guarantee and financial assistance framework agreement with Xingye Dongjiang, associate company of the Company, pursuant to which the Company shall provide corporate guarantee to the associate company with a total amount of not more than RMB57,375,000, which would be terminated at 15 September 2026.

Further details of the above transactions are set out in the Company's announcements dated 24 October 2018, 16 January 2018 and 29 March 2021 respectively.

(iv) On 23 January 2019, the Company entered into the Financial Services Agreement with Guangdong Rising Finance Co., Ltd. ("Rising Finance Company"), pursuant to which, Rising Finance Company will provide the Group (including its subsidiaries) with deposit services, settlement services and other financial services as permitted by the China Banking and Insurance Regulatory Commission. As at 31 December 2021, the Company had a deposit balance of RMB356,520,000 (2020: RMB250,224,000) (Note 26) with Rising Finance Company and a loan balance of RMB284,230,000 (2020: RMB216,430,000) from Rising Finance Company (Note 30) based on actual capital requirements. Deposits with Rising Finance Company constitute continuing connected transactions under Chapter 14A of the Listing Rules.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Categories of financial instruments

	2021 RMB'000	2020 RMB'000
Financial assets at amortised cost (net of allowance)		
Loans receivables	**103,576**	125,724
Trade and bills receivables	**1,150,706**	1,056,514
Deposit and other receivables (excluding other taxes receivables)	**168,708**	156,898
Cash and cash equivalents	**550,421**	661,657
	1,973,411	2,000,793
Financial assets at FVOCI		
Designated financial assets at FVOCI	**4,243**	–
Financial liabilities at amortised cost		
Trade and bills payables	**839,976**	729,967
Other payables (excluding VAT and other taxes payables)	**238,336**	230,142
Interest-bearing borrowings	**3,359,793**	2,632,898
Bond payables	**1,118,809**	612,238
Due to controlling shareholder	**332,742**	430,637
Lease liabilities	**8,536**	12,032
	5,898,192	4,647,914

The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has various other financial instruments such as other receivables and other payables which arise directly from its business activities.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk.

The directors of the Company generally adopt conservative strategies on its risk management and limit the Group's exposure to these risks to a minimum level. The directors of the Company review and agree policies for managing each risk as summarised below and they manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(a) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank balances and interest-bearing borrowings. Bank balances and interest-bearing borrowings with floating interest rates expose the Group to cash flow interest rate risk. For interest-bearing borrowings, the Group's policy is to manage its interest cost using a mix of fixed and floating rate debts, monitor closely its interest rate exposure and the level of fixed rate and floating rate borrowings in consideration of economic atmosphere and the strategies of the Group.

During the year, the Group has not entered into significant hedging activities to hedge against the exposure to cash flow and fair value interest rate risk. At the end of the reporting period, the interest rates of the Group's borrowings at fixed rate of interest were 3.0% – 4.8% (2020: 2.1% – 4.8%).

At the end of the reporting period, if interest rates of bank balances and interest-bearing borrowings denominated in Hong Kong Dollars ("HKD") and RMB had been 100 (2020: 100) basis point higher/lower respectively and all other variables were held constant, the Group's profit for the year and retained profits would decrease/increase by RMB15,730,000 (2020: decrease/increase by RMB6,086,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred throughout the year and had been applied to the exposure to interest rate risk for bank balances and interest-bearing borrowings in existence during the year. The 100 (2020: 100) basis point increase or decrease on the bank balances and interest-bearing borrowings dominated in HKD and RMB respectively represents management's assessment of a reasonably possible change in interest rates over the period until the next annual end of the reporting period. The analysis was performed on the same basis for 2020.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk

The carrying amount of financial assets and contract assets recognised on the consolidated statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

The Group reviews the recoverable amount of each individual financial assets and contract assets at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Trade receivables and contract assets

In order to mitigate credit risk, the Group established a committee to be responsible for determining credit limits, approving credit applications and carrying out other monitoring procedures to ensure necessary actions are taken to collect overdue debts. Besides, the Group reassesses the collectability of each amount receivable on an individual basis at each balance sheet date, in order to ensure sufficient bad debt provision is allocated for amounts that are not recoverable. As such, the management of the Company believes the credit risk assumed by the Group has been significantly reduced.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. Credit quality of a customer is assessed based on an extensive credit rating and individual credit limit assessment which is mainly based on the Group's own trading records.

As at the end of the reporting period, the Group had a concentration of credit risk as 21% (2020 (Restated): 23%) and 43% (2020 (Restated): 41%) of the total trade receivables and contract assets were made up by the Group's largest outstanding balance and the five largest outstanding balances respectively.

The Group's customer base consists of a wide range of clients and the trade receivables and contract assets are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and contract assets and recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience over the past two years and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables. There was no change in the estimation techniques or significant assumptions made during the year.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk *(Continued)*

Trade receivables and contract assets (Continued)

The information about the exposure to credit risk and ECL for trade receivables and contract assets using a provision matrix is summarised below.

As at 31 December 2021

Trade receivables

Ageing by due date	Expected loss rate %	Gross carrying amount RMB'000	Loss allowances RMB'000	Credit-impaired	Net carrying amount RMB'000
General customers					
Past due					
Within 1 year	0.9%	374,259	3,327	No	370,932
1 to 2 years	15.0%	39,771	5,958	No	33,813
2 to 3 years	43.3%	7,581	3,286	No	4,295
Over 3 years	100%	12,530	12,530	Yes	–
		434,141	25,101		409,040
Individual assessment					
Government	0.0%	558,644	–	No	558,644
Associates, joint ventures and fellow subsidiaries	0.0%	53,545	–	No	53,545
Construction projects	0.0%	40,111	–	No	40,111
Others	88.2%	13,003	11,467	Yes	1,536
		665,303	11,467		653,836
		1,099,444	36,568		1,062,876

Contract assets

	Expected loss rate %	Gross carrying amount RMB'000	Loss allowances RMB'000	Credit-impaired	Net carrying amount RMB'000
Individual assessment					
Government construction projects	0.0%	88,998	–	No	88,998
Municipal waste treatment projects	0.0%	90,030	–	No	90,030
Other construction and waste treatment projects	0.0%	9,769	–	No	9,769
Subsidised power generation projects	0.0%	35,283	–	No	35,283
		224,080	–		224,080

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk *(Continued)*

Trade receivables and contract assets (Continued)

As at 31 December 2020

Trade receivables

Ageing by due date	Expected loss rate %	Gross carrying amount RMB'000	Loss allowances RMB'000	Credit-impaired	Net carrying amount RMB'000
General customers					
Past due					
Within 1 year	0.8%	327,633	2,695	No	324,938
1 to 2 years	13.6%	18,562	2,517	No	16,045
2 to 3 years	42.6%	8,063	3,432	No	4,631
Over 3 years	100.0%	10,134	10,134	Yes	–
		364,392	18,778		345,614
Individual assessment					
Government	0.0%	486,203	–	No	486,203
Associates, joint ventures and fellow subsidiaries	0.0%	54,357	–	No	54,357
Construction projects	0.0%	50,020	–	No	50,020
Others	71.1%	9,101	6,472	Yes	2,629
		599,681	6,472		593,209
		964,073	25,250		938,823

Contract assets (Restated)

	Expected loss rate %	Gross carrying amount RMB'000	Loss allowances RMB'000	Credit-impaired	Net carrying amount RMB'000
Individual assessment					
Government construction projects	0.0%	97,753	–	No	97,753
Municipal waste treatment projects	0.0%	92,765	–	No	92,765
		190,518	–		190,518

The Group does not hold any collateral over trade receivables and contract assets as at 31 December 2021 (2020: Nil).

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk *(Continued)*

Trade receivables and contract assets (Continued)

The movement in the loss allowance for trade receivables and contract assets during the year is summarised below.

	Trade receivables		Contract assets	
	2021	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
At the beginning of the year	**25,250**	18,936	**–**	676
Provision (Reversal)	**13,254**	6,381	**–**	(676)
Written off	**(1,936)**	(65)	**–**	–
Exchange difference	**–**	(2)	**–**	–
At the end of the reporting period	**36,568**	25,250	**–**	–

Loans and other receivables

Management has credit risk policies in place for the amounts due from other debtors and the exposure to the credit risk is monitored on an ongoing basis. Also, the Group has other monitoring procedures to ensure that follow-up action is promptly taken to recover overdue debts.

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the financial asset is credit-impaired, the Group has taken into account the historical actual credit loss experience for the debtors and the financial position of the counterparties by reference to, among others, their management or audited accounts and available press information, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or significant assumptions made during the year.

The Group considers its deposits and other receivables with the government and fellow subsidiaries and other tax receivables are subject to low credit risk and the expected loss rates of these receivables are assessed to be insignificant taking into account their financial position and credit quality of the counterparties and therefore, no loss allowance is made for these receivables during the year.

The Group has established the loans and other receivables credit risk classification system and performs credit risk management based on other receivable classification in one of two categories of internal credit rating.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk *(Continued)*

Loans and other receivables (Continued)

The information about the ECL for the loans and other receivables as at 31 December 2021 is summarised below.

As at 31 December 2021

Loans receivables

Internal credit rating	Gross carrying amount RMB'000	ECL	Loss allowance RMB'000	Net carrying amount RMB'000
Concerned *(Note iii)*	105,690	Lifetime	2,114	103,576

Other receivables

Internal credit rating	Gross carrying Amount RMB'000	ECL	Loss allowance RMB'000	Net carrying amount RMB'000
Performing *(Note i)*	61,485	12-month	–	61,485
Underperforming *(Note ii)*	133,681	Lifetime	26,458	107,223
Not performing (credit-impaired)	172,935	Lifetime	172,935	–
	368,101		199,393	168,708

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk *(Continued)*

Loans and other receivables (Continued)

As at 31 December 2020

Loans receivables

Internal credit rating	Gross carrying amount RMB'000	ECL	Loss allowance RMB'000	Net carrying amount RMB'000
Concerned *(Note iii)*	128,290	Lifetime	2,566	125,724

Other receivables

Internal credit rating	Gross carrying Amount RMB'000	ECL	Loss allowance RMB'000	Net carrying amount RMB'000
Performing *(Note i)*	52,554	12-month	–	52,554
Underperforming *(Note ii)*	127,293	Lifetime	22,949	104,344
Not performing (credit-impaired)	172,935	Lifetime	172,935	–
	352,782		195,884	156,898

As at 31 December 2021, the maximum exposure of credit risk of loans receivables before collateral held was RMB103,576,000 (2020: RMB125,724,000).

Notes:

(i) Performing (Normal Credit Quality) refers to the loans and other receivables that have not had a significant increase in credit risk and ECL in the next 12 months will be recognised.

(ii) Underperforming (Significant Increase in Credit Risk) refers to the other receivables that have had a significant increase in credit risk and for which the lifetime ECL will be recognised.

(iii) Concerned refers to the loans receivables for which borrowers are still able to service the loans currently, although the repayment of loans might be adversely affected by some factors. The 12-month and lifetime ECLs are determined based on the factors which impact the recoveries made post default. These include collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk *(Continued)*

Loans and other receivables (Continued)

The movement in the loss allowance for loans and other receivables during the year is summarised below.

Loans receivables	**2021 RMB'000**	2020 RMB'000
At the beginning of the year	**2,566**	2,260
Provision during the year	**(452)**	306
At the end of the reporting period	**2,114**	2,566

Other receivables	**Consideration receivables RMB'000**	**Deposits and other receivables from third parties RMB'000**	**Total RMB'000**
For the year ended 31 December 2021			
At the beginning of the year	**138,468**	**57,416**	**195,884**
Provision during the year	**–**	**3,566**	**3,566**
Exchange difference	**–**	**(57)**	**(57)**
At the end of the reporting period	**138,468**	**60,925**	**199,393**
For the year ended 31 December 2020			
At the beginning of the year	138,468	18,458	156,926
Provision during the year	–	39,084	39,084
Exchange difference	–	(126)	(126)
At the end of the reporting period	138,468	57,416	195,884

Cash and time deposits at banks and other financial institutions and bills receivables

The credit risk on cash and time deposits at banks and bills receivables are limited because majority of the counterparties are financial institutions with high credit-ratings assigned by state-owned banks with good reputation. Besides, the credit risk of other financial institutions is assessed to be low given that such financial institution is required to comply with the regulations of the China Banking and Insurance Regulatory Commission. No loss allowance was recognised for both years.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. To minimise liquidity risks, management of the Group regularly reviews the current and expected liquidity requirements of operating units to ensure they maintain sufficient reserves of cash to meet operational needs so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet their liquidity requirements in the short and longer terms.

The maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted payments is summarised below.

	Within 1 year or on demand RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2021					
Trade payables	**839,976**	**–**	**–**	**–**	**839,976**
Other payables	**268,029**	**323**	**562**	**4,201**	**273,115**
Due to controlling shareholder	**338,413**	**–**	**–**	**–**	**338,413**
Lease liabilities	**5,011**	**1,697**	**2,110**	**–**	**8,818**
Interest-bearing borrowings	**2,221,051**	**217,801**	**789,242**	**284,073**	**3,512,167**
Bond payables	**19,422**	**625,350**	**512,328**	**–**	**1,157,100**
	3,691,902	**845,171**	**1,304,242**	**288,274**	**6,129,589**

	Within 1 year or on demand RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2020					
Trade payables	729,967	–	–	–	729,967
Other payables (Restated)	258,136	499	536	4,398	263,569
Due to controlling shareholder	438,230	–	–	–	438,230
Lease liabilities	8,461	3,665	–	–	12,126
Interest-bearing borrowings	2,063,840	299,515	174,677	217,166	2,755,198
Bond payables	12,800	19,200	605,838	–	637,838
	3,511,434	322,879	781,051	221,564	4,836,928

44. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard its ability to continue as a going concern and to provide returns for shareholders. The Group manages its capital structure to maintain a balance between liquidity, investment and borrowings, and makes adjustments, including payment of dividends to shareholders or issue of new shares in the light of changes in the economic environment. No changes were made in the Group's objectives, policies or processes in managing capital during the years ended 31 December 2021 and 2020.

The Group monitors its capital, which comprises all equity components, using a gearing ratio which is calculated on the basis of net debt (trade payables, other payables, interest-bearing borrowings, bond payables, due to controlling shareholder and lease liabilities, net of cash and cash equivalents) as a ratio of the equity attributable to equity holders of the Company. The debt-to-equity ratio at the end of the reporting period was as follows:

	2021 **RMB'000**	2020 RMB'000 (Restated)
Trade payables	**839,976**	729,967
Other payables (excluding VAT and other taxes payables)	**238,336**	230,142
Interest-bearing borrowings	**3,359,793**	2,632,898
Bond payables	**1,118,809**	612,238
Due to controlling shareholder	**332,742**	430,637
Lease liabilities	**8,536**	12,032
Less: Cash and cash equivalents	**(550,421)**	(661,657)
Net debt	**5,347,771**	3,986,257
Total equity attributable to equity holders of the Company	**4,604,919**	4,556,750
Gearing ratio	**116.13%**	87.48%

45. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in the consolidated financial statements on a recurring basis across the three levels of the fair value hierarchy defined in IFRS 13, Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

45. FAIR VALUE MEASUREMENTS *(Continued)*

(a) Assets measured at fair value

Assets measured at fair value	As at 31 December 2021 RMB'000	2020 RMB'000
Level 3		
Designated financial assets at FVOCI		
Unlisted equity investment		
– Banking industry	**4,243**	–
Investment properties	**456,663**	449,741

During the years ended 31 December 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Movements in Level 3 fair value measurements

	Designated financial assets at FVOCI 2021 RMB'000	2020 RMB'000
At the beginning of the year	**–**	–
Addition from business combination	**4,243**	–
At the end of the reporting period	**4,243**	–

	Investment properties 2021 RMB'000	2020 RMB'000
At the beginning of the year	**449,741**	433,545
Transfer from property, plant and equipment	**–**	2,125
Revaluation on transfer from property, plant and equipment	**–**	524
Change in fair value recognized in profit or loss	**6,922**	13,547
At the end of the reporting period	**456,663**	449,741

45. FAIR VALUE MEASUREMENTS *(Continued)*

(a) Assets measured at fair value *(Continued)*

Movements in Level 3 fair value measurements (Continued)

Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement

The quantitative information of the significant unobservable input and description of valuation techniques used in Level 3 fair value measurement, including the description of the sensitivity to changes in unobservable inputs for recurring Level 3 fair value measurements, are as follows:

Description	Fair value at 31 December		Valuation techniques		Unobservable input		Range (weighted average, if applicable)	
	2021 RMB'000	2020 RMB'000	2021	2020	2021	2020	2021	2020
Investment properties								
– Dongjiang Headquarters and commercial centers located in Shenzhen	83,214	81,231	Income capitalised approach	Income capitalised approach	Capitalisation rate	Discount rate	6.10%	6.00%
– Factory located in Xiamen	7,170	7,045	Income capitalised approach	Income capitalised approach	Capitalisation rate	Discount rate	6.00%	6.25%
– Industrial building located in Rudong County	161,799	160,431	Income capitalised approach	Income capitalised approach	Capitalisation rate	Capitalisation rate	6.00%	6.10%
– Industrial buildings located in Yanjiang Industrial Park Jingzhou	125,800	123,199	Income capitalised approach	Income capitalised approach	Capitalisation rate	Capitalisation rate	6.00%	6.00%
– Land located in Yanjiang Industrial Park Jingzhou	37,345	36,572	Income capitalised approach	Income capitalised approach	Capitalisation rate	Capitalisation rate	6.00%	6.00%
– Industrial building located in Yanjiang Industrial Park Jingzhou	26,145	26,099	Income capitalised approach	Income capitalised approach	Capitalisation rate	Capitalisation rate	6.00%	6.00%
– Land located in Yanjiang Industrial Park Jingzhou	15,190	15,164	Income capitalised approach	Income capitalised approach	Capitalisation rate	Capitalisation rate	6.00%	6.00%

Considered there is no significant change in the operating environment and operating conditions of the invested entity, the fair value of the unlisted equity investment is determined with reference to the investment cost and the operating results of the invested entity.

45. FAIR VALUE MEASUREMENTS *(Continued)*

(a) Assets measured at fair value *(Continued)*

Valuation processes of the Group

The fair values of assets and liabilities that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Other techniques, such as estimated discounted cash flows and net asset value, are used to determine fair value for other assets and liabilities.

The valuer did not adopt comparable market approach or cost approach as the investment properties were mainly used for generating rental income for a long term of period and the value of the surrounding market price could not reliably reflect the value of the Group's investment properties, including rare publicly listed comparable companies in the similar industry. The valuer adopted the income capitalised approach in the valuation of the investment properties located in the industrial area.

Lower capitalisation rate/discount rate would result in a higher fair value measurement. Reversionary yield is estimated by the valuer based on the risk profile of the properties being valued. The higher the reversionary yield, the lower is the fair value.

(b) Assets and liabilities with fair value disclosure, but not measured at fair value

The carrying amounts of financial assets and liabilities that are carried at amortised costs are not materially different from their fair values at 31 December 2021 and 2020.

46. COMMITMENTS

In addition to the commitments disclosed elsewhere in the consolidated financial statements, the Group has the commitments as follow:

Capital expenditure commitments

	2021 **RMB'000**	2020 RMB'000
Contracted but not provided for:		
Construction in progress	**304,782**	338,432
Purchase of property, plant and equipment	**119,436**	30,233
	424,218	368,665

47. PRIOR YEAR ADJUSTMENTS

The Group has applied, for the first time, the Interpretation No. 14 of the China Accounting Standards for Business Enterprises (企業會計準則解釋第14 號) ("Interpretation No. 14") issued by the Ministry of Finance of the PRC in the preparation of the consolidated financial statements for A shares for the year ended 31 December 2021, which applies to public-to-private service concession arrangements. In the preparation of these consolidated financial statements, the International Financial Reporting Interpretations Committee Interpretation 12 is applicable for such public-private service concession arrangement. Following the first adoption of Interpretation No. 14, the financial results and presentation of these consolidated financial statements are consistent with the consolidated financial statements prepared in accordance with the China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC. In preparing the consolidated financial statements of the Group for the year ended 31 December 2021, the accounting treatments in respect of a service concession contract of a municipal waste treatment project adopted by the Group in its previously issued consolidated financial statements were inconsistent with the requirements of the International Financial Reporting Interpretations Committee Interpretation 12. The amounts presented in the consolidated financial statements in respect of the year ended 31 December 2020 have been restated to adjust those matters identified. The effects of the restatements to the amounts presented in the consolidated statement of financial position and the consolidated statement of comprehensive income are summarised as below:

In prior financial years, in relation to a municipal waste treatment project of Hunan Dongjiang which consisted of construction and operating of a municipal waste treatment landfill, intangible assets were recognized for the construction costs and operating rights of the municipal waste treatment landfill. The intangible assets as of 1 January 2020 and 31 December 2020 were RMB102,818,000 and RMB111,280,000 respectively. The intangible assets were amortised over the operating period of the landfill and recognised as cost of services. Revenue was recognized based on the actual volume of municipal waste processed. Corresponding adjustments were made to revenue and cost of services.

Upon reassessment, the Company concluded that such arrangement should be accounted for using financial asset model by recognizing contract assets as Hunan Dongjiang has an unconditional contractual right to receive a specified amount of cash from the government in return for operating the landfill in accordance with the contract signed with the government. Contract assets should be recognised for the construction services and operating services. The contract assets as of 1 January 2020 and 31 December 2020 were RMB95,373,000 and RMB92,765,000 respectively. Revenue and costs for construction services should be recognised overtime by completion to date and have been fully recognised upon completion of construction of the landfill in 2011. Revenue for operating services and the interest income arising from the contract assets are recognised over the operating period of the landfill. Costs are recognised upon incurred.

The above prior year's matters, after taking into consideration the corresponding tax effect for the respective years, gave rise to an understatement of accumulated profits of the Group by RMB15,428,000 and RMB17,186,000 as of 1 January 2020 and 31 December 2020 respectively and an understatement of non-controlling interests by RMB812,000 and RMB905,000 as of 1 January 2020 and 31 December 2020 respectively. The prior year adjustments as at 1 January 2020 were related to the period from 1 January 2011 to 31 December 2019.

The following tables disclose the adjustments that have been made by the Group to the applicable line items in the consolidated statement of comprehensive income for the year ended 31 December 2020, and the consolidated statement of financial position as at 1 January 2020 and 31 December 2020.

47. PRIOR YEAR ADJUSTMENTS *(Continued)*

Consolidated statement of comprehensive income for the year ended 31 December 2020

	As previously reported RMB'000	Prior year adjustments RMB'000	As restated RMB'000
Revenue	3,315,021	(6,726)	3,308,295
Cost of sales and services	(2,183,947)	4,311	(2,179,636)
Other income	153,439	4,266	157,705
Profit before taxation	401,720	1,851	403,571
Profit for the year attributable to:			
Equity holders of the Company	303,162	1,758	304,920
Non-controlling interests	30,333	93	30,426
Profit for the year	333,495	1,851	335,346
Total comprehensive income for the year attributable to:			
Equity holders of the Company	303,791	1,758	305,549
Non-controlling interests	30,505	93	30,598
Total comprehensive income for the year	334,296	1,851	336,147

	As previously reported RMB cents	Prior year adjustments RMB cents	As restated RMB cents
Earnings per share			
Basic and diluted	34	1	35

47. PRIOR YEAR ADJUSTMENTS *(Continued)*

Consolidated statement of financial position as at 1 January 2020

	As previously reported RMB'000	Prior year adjustments RMB'000	As restated RMB'000
Non-current assets			
Property, plant and equipment	2,853,281	30,843	2,884,124
Intangible assets	524,996	(102,818)	422,178
Trade receivables and contract assets	8,962	92,765	101,727
Deferred tax assets	38,424	(1,760)	36,664
Current assets			
Trade receivables and contract assets	1,085,211	2,608	1,087,819
Current liabilities			
Other payables	278,596	148	278,744
Non-current liabilities			
Other payables	2,958	5,250	8,208
Capital and reserves			
Reserves	3,465,364	15,428	3,480,792
Non-controlling interests	690,212	812	691,024

Consolidated statement of financial position as at 31 December 2020

	As previously reported RMB'000	Prior year adjustments RMB'000	As restated RMB'000
Non-current assets			
Property, plant and equipment	3,231,707	43,618	3,275,325
Intangible assets	675,323	(111,280)	564,043
Trade receivables and contract assets	9,058	90,030	99,088
Deferred tax assets	53,042	(1,760)	51,282
Current assets			
Trade receivables and contract assets	1,145,209	2,735	1,147,944
Current liabilities			
Other payables	257,980	156	258,136
Non-current liabilities			
Other payables	337	5,096	5,433
Capital and reserves			
Reserves	3,660,297	17,186	3,677,483
Non-controlling interests	834,076	905	834,981

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Note	2021 RMB'000	2020 RMB'000
Non-current assets			
Investment properties		**83,214**	81,231
Property, plant and equipment		**78,326**	80,233
Construction in progress		**5,895**	10,225
Intangible assets		**97,803**	105,345
Interests in subsidiaries		**4,875,729**	4,301,402
Interests in associates		**157,983**	159,726
Interests in joint ventures		**103,409**	95,156
Other non-current assets		**1,370**	1,424
Deferred tax assets		**31,986**	31,986
		5,435,715	4,866,728
Current assets			
Inventories		**3,617**	7,257
Loans receivables		**78,288**	–
Trade receivables and contract assets		**370,190**	389,956
Prepayment, deposits and other receivables		**40,413**	32,187
Due from group companies		**2,288,976**	1,864,653
Cash and cash equivalents		**406,054**	522,519
		3,187,538	2,816,572
Current liabilities			
Trade payables		**142,864**	160,627
Bills payables		**300,133**	–
Contract liabilities		**2,769**	1,518
Current portion of interest-bearing borrowings		**1,396,156**	1,681,094
Bond payables		**19,422**	12,800
Due to a related company		**332,742**	430,641
Due to group companies		**1,628,523**	1,670,134
Income tax payable		**1,238**	3,723
Other payables		**70,948**	32,203
		3,894,795	3,992,740

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

	Note	**2021** **RMB'000**	2020 RMB'000
Net current liabilities		**(707,257)**	(1,176,168)
Total assets less current liabilities		**4,728,458**	3,690,560
Non-current liabilities			
Interest-bearing borrowings		**304,950**	25,400
Bond payables		**1,099,387**	599,438
Provisions		**54,074**	27,734
Deferred income		**9,701**	10,602
Deferred tax liabilities		**6,395**	6,395
Other payables		**9**	–
		1,474,516	669,569
NET ASSETS		**3,253,942**	3,020,991
Share capital		**879,267**	879,267
Reserves	48	**2,374,675**	2,141,724
TOTAL EQUITY		**3,253,942**	3,020,991

This statement of financial position was approved and authorised for issue by the Board of Directors on 25 March 2022 and signed on its behalf by:

Tan Kan	**Yu Zhongmin**
Executive Director	*Executive Director*

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Movements of the reserves

	Share capital RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Property revaluation reserve RMB'000	Accumulated profits RMB'000	Total RMB'000
As at 1 January 2020	887,100	533,103	202,844	3,510	1,359,221	2,977,945
Profit for the year	–	–	–	–	174,936	174,936
Transactions with owners						
Contributions and distributions:						
Transfer to statutory reserve	–	–	17,494	–	(17,494)	–
Dividend	–	–	–	–	(131,890)	(131,890)
As at 31 December 2020	879,267	533,103	220,338	3,510	1,384,773	3,020,991
As at 1 January 2021	**879,267**	**533,103**	**220,338**	**3,510**	**1,384,773**	**3,020,991**
Profit for the year	**–**	**–**	**–**	**–**	**329,670**	**329,670**
Transactions with owners						
Contributions and distributions:						
Transfer to statutory reserve	**–**	**–**	**32,967**	**–**	**(32,967)**	**–**
Dividend	**–**	**–**	**–**	**–**	**(96,719)**	**(96,719)**
As at 31 December 2021	**879,267**	**533,103**	**253,305**	**3,510**	**1,584,757**	**3,253,942**

49. SUBSIDIARIES

The below table lists the subsidiaries directly or indirectly held by the Company at the end of the reporting period.

Name	Place of incorporation/ operation and legal from if established in the PRC	Registered capital	Proportion of ownership interest		Principal activity
			Directly	Indirectly	
Huabao Technology	Shenzhen	RMB10 million	100%	–	Environmental engineering and services
Jiangxi Huabao	Yichun	RMB10 million	–	100%	Environmental engineering and services
Huateng Environment	Shenzhen	RMB20 million	100%	–	Software development
Huiyuan Micro Finance	Shenzhen	RMB300 million	100%	–	Micro financing
Baoan Dongjiang	Shenzhen	RMB60 million	100%	–	Hazardous waste treatment
Dongjiang Feed	Shenzhen	RMB25 million	100%	–	Hazardous waste treatment
Dongjiang Kaida	Shenzhen	RMB1 million	100%	–	Logistics
Baoan Energy	Shenzhen	RMB10 million	100%	–	Biogas power generation
Qianhai Dongjiang	Shenzhen	RMB51 million	100%	–	Municipal waste treatment and environmental engineering
Longgang Dongjiang	Shenzhen	RMB100 million	54%	–	Hazardous waste treatment
Renewable Energy	Shenzhen	RMB90.3 million	100%	–	Biogas power generation
Nanchang Xinguan	Nanchang	RMB10 million	–	100%	Biogas power generation
Hefei Xinguan	Hefei	RMB10 million	–	100%	Biogas power generation
Huizhou Dongjiang	Huizhou	RMB5 million	100%	–	Hazardous waste treatment
Dongjiang Transport	Huizhou	RMB34 million	100%	–	Logistics
Huizhou Dongtou	Huizhou	RMB100 million	60%	–	Hazardous waste treatment
Foshan Fulong	Foshan	RMB100 million	51%	–	Hazardous waste treatment
Shaoguan Dongjiang	Shaoguan	RMB5 million	100%	–	Biogas power generation
Shaoguan Sustainable Resources	Shaoguan	RMB607.1 million	92%	–	Biogas power generation
Zhuhai Yongxingsheng	Zhuhai	RMB45 million	80%	–	Hazardous waste treatment
Zhuhai Dongjiang	Zhuhai	RMB201.9 million	74%	–	Hazardous waste treatment
Zhuhai Qingxin	Zhuhai	RMB9 million	100%	–	Hazardous waste treatment
Qingyuan Xinlv	Qingyuan	RMB52.2 million	78%	–	Hazardous waste treatment
Jiangmen Dongjiang	Jiangmen	RMB50 million	100%	–	Hazardous waste treatment
Jieyang Dongjiang	Jieyang	RMB150 million	85%	–	Hazardous waste treatment
Hengjian Tongda	Shenzhen	RMB10 million	100%	–	Investment holding
Humen Green	Dongguan	RMB58 million	–	90%	Municipal waste treatment
Dongguan Hengjian	Dongguan	RMB39 million	100%	–	Hazardous waste treatment
Xiamen Oasis	Xiamen	RMB35 million	100%	–	Household appliance dismantling

49. SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ operation and legal from if established in the PRC	Registered capital	Proportion of ownership interest Directly	Indirectly	Principal activity
Xiamen Dongjiang	Xiamen	RMB10 million	60%	–	Hazardous waste treatment
Fujian Oasis Solid Waste	Nanping	RMB20 million	–	100%	Hazardous waste treatment
Longyan Oasis Environmental	Longyan	RMB3 million	–	100%	Hazardous waste treatment
Nanping Oasis Environmental	Nanping	RMB5 million	–	100%	Hazardous waste treatment
Sanming Oasis Environmental	Sanming	RMB4 million	–	100%	Hazardous waste treatment
Jiangxi Dongjiang	Fengcheng	RMB50 million	100%	–	Hazardous waste treatment
Hubei Tianyin	Jingzhou	RMB48.8 million	60%	–	Hazardous waste treatment
Tianyin Hazardous	Jingzhou	RMB20 million	–	100%	Hazardous waste treatment
Tianyin Vehicle Dismantle	Jingzhou	RMB10 million	–	100%	Hazardous waste treatment
Jingzhou Dongjiang	Jiangling County	RMB10 million	100%	–	Municipal waste treatment
Green Environmental	Xiantao	RMB34.4 million	55%	–	Hazardous waste treatment
Xiantao Dongjiang	Xiantao	RMB90 million	100%	–	Municipal waste treatment
Huangshi Dongjiang	Yangxin County	RMB10 million	70%	–	Municipal waste treatment
Dongjiang HK	Hong Kong	HKD24.7 million	100%	–	Investment holding
Lik Shun Services	Hong Kong	HKD10 million	–	100%	Municipal waste treatment
Nantong Dongjiang	Rudong County	USD20 million	–	100%	Hazardous waste treatment
Jiangsu Dongheng Environmental	Jurong County	RMB45.7 million	56%	–	Hazardous waste treatment
Jiangsu Dongjiang	Rudong County	RMB110 million	100%	–	Hazardous waste treatment
Qiandeng Wastes Treatment	Kunshan	RMB30 million	51%	–	Hazardous waste treatment
Kunshan Logistics	Kunshan	RMB5.9 million	–	60%	Logistics
Jiaxing Deda	Jiashan County	RMB42 million	51%	–	Hazardous waste treatment
Zhejiang Jianglian	Shaoxing	RMB75 million	60%	–	Investment holding
Huaxin Environmental	Shaoxing	RMB30 million	–	100%	Hazardous waste treatment
Shaoxing Dongjiang	Shaoxing	RMB2 million	52%	–	Hazardous waste treatment
Coastal Solid Waste	Yancheng	RMB8.7 million	75%	–	Hazardous waste treatment
Hengshui Ruitao	Hengshui	RMB40 million	85%	–	Hazardous waste treatment
Weifang Blue Sea	Changyi	RMB40 million	70%	–	Hazardous waste treatment
Qingdao Dongjiang	Qingdao	RMB15 million	100%	–	Biogas power generation
Tangshan Wandesi	Tangshan	RMB133 million	80%	–	Hazardous waste treatment
Wosen Environmental	Kelamayi	RMB50 million	83%	–	Hazardous waste treatment
Hunan Dongjiang	Shaoyang	RMB10 million	95%	–	Municipal waste treatment
Chengdu Treatment Centre	Chengdu	RMB100 million	100%	–	Hazardous waste treatment
Mianyang Dongjiang	Mianyang	RMB160 million	51%	–	Hazardous waste treatment
Yunnan Dongjiang	Kunming	RMB10 million	100%	–	Municipal waste treatment
Xiongfeng Environment	Chenzhou	RMB411.4 million	70%	–	Rare and precious metals recycling

The subsidiaries in the PRC are established and registered as wholly-domestically owned enterprises and limited liability companies.

DONGJIANG ENVIRONMENTAL COMPANY LIMITED*

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