Datang Environment Industry Group Co., Ltd.*
大 唐 環 境 產 業 集 團 股 份 有 限 公 司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1272)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL AND OPERATION HIGHLIGHTS

- For the year ended 31 December 2021, the revenue of the Group amounted to RMB5,288.4 million, representing a decrease of 22.5% as compared with last year.

- For the year ended 31 December 2021, the gross profit of the Group amounted to RMB341.4 million, representing a decrease of 70.8% as compared with last year; the gross profit margin of the Group was 6.5%, representing a decrease of 10.67 percentage point as compared with last year.

- For the year ended 31 December 2021, the total comprehensive income attributable to owners of the parent amounted to RMB-209.9 million, representing a decrease of 169.2% as compared with last year.

- For the year ended 31 December 2021, the Group continued to be the largest desulfurization and denitrification concession operator and the largest manufacturer of denitrification catalysts in the PRC.

- The Board proposed to distribute the final dividend of RMB0.0298 per share (before tax) for the year ended 31 December 2021.

The board (the "**Board**") of directors (the "**Directors**") of Datang Environment Industry Group Co., Ltd. (the "**Company**") hereby announces the financial results of the Company and its subsidiaries (the "**Group**" or "**we**" or "**us**") for the year ended 31 December 2021, together with the comparable figures of 2020. The financial data of the Group for the year ended 31 December 2021 set out by the Company in this results announcement is based on the consolidated financial statements prepared in accordance with the International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements under the Hong Kong Companies Ordinance.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2021

	Notes	**2021** *RMB'000*	2020 *RMB'000*
Revenue	*4*	**5,288,416**	6,821,071
Cost of sales		**(4,946,985)**	(5,652,769)
Gross profit		**341,431**	1,168,302
Selling and distribution expenses		**(18,151)**	(23,041)
Administrative expenses		**(478,694)**	(483,796)
Other income and losses	*4*	**80,436**	82,240
Other expenses, net	*5*	**(42,145)**	(106,603)
Finance costs	*6*	**(221,959)**	(270,291)
Impairment losses on financial and contract assets, net		**(39,130)**	(44,153)
(Loss)/Profit before tax		**(378,212)**	322,658
Income tax expense	*7*	**(65,058)**	(111,298)
(LOSS)/PROFIT FOR THE YEAR		**(443,270)**	211,360
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**1,066**	(1,107)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**1,066**	(1,107)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		**(2,525)**	1,256
Income tax effect		**379**	(189)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		**(2,146)**	1,067

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

Year ended 31 December 2021

	Notes	**2021** *RMB'000*	2020 *RMB'000*
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(1,080)**	(40)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(444,350)**	211,320
(Loss)/Profit attributable to:			
Owners of the parent		**(208,332)**	302,872
Non-controlling interests		**(234,938)**	(91,512)
		(443,270)	211,360
Total comprehensive income attributable to:			
Owners of the parent		**(209,881)**	303,319
Non-controlling interests		**(234,469)**	(91,999)
		(444,350)	211,320
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*9*	**(0.07)**	0.10

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	Notes	**2021** *RMB'000*	2020 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**6,828,008**	7,294,595
Intangible assets		**252,900**	273,478
Right-of-use assets		**312,776**	329,146
Equity investments designated at fair value through other comprehensive income		**26,389**	28,914
Deferred tax assets		**51,840**	46,191
Other non-current assets		**385,752**	429,632
Total non-current assets		**7,857,665**	8,401,956
CURRENT ASSETS			
Inventories		**204,931**	190,609
Contract assets		**263,765**	735,407
Trade and bills receivables	*10*	**8,169,933**	8,628,443
Prepayments, other receivables and other assets		**565,606**	624,977
Restricted cash		**121,604**	67,727
Cash and cash equivalents		**1,244,882**	1,531,739
Total current assets		**10,570,721**	11,778,902
CURRENT LIABILITIES			
Trade and bills payables	*11*	**4,579,064**	4,904,475
Other payables and accruals		**982,683**	1,789,559
Provisions		**123,931**	6,320
Interest-bearing bank borrowings and other loans	*12*	**3,789,805**	3,192,305
Income tax payable		**2,716**	34,945
Total current liabilities		**9,478,199**	9,927,604
NET CURRENT ASSETS		**1,092,522**	1,851,298
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,950,187**	10,253,254

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2021

	Notes	**2021**	2020
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Provisions		**480**	1,000
Interest-bearing bank borrowings and other loans	*12*	**2,162,981**	2,878,584
Other non-current liabilities		**31,150**	34,392
Total non-current liabilities		**2,194,611**	2,913,976
Net assets		**6,755,576**	7,339,278
EQUITY			
Equity attributable to owners of the parent			
Share capital	*13*	**2,967,542**	2,967,542
Reserves		**3,907,884**	4,250,117
		6,875,426	7,217,659
Non-controlling interests		**(119,850)**	121,619
Total equity		**6,755,576**	7,339,278

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

	Attributable to owners of the parent								
	Share capital *RMB'000*	Capital reserve* *RMB'000*	Statutory surplus reserve* *RMB'000*	Fair value reserve of financial assets at fair value through other comprehensive income* *RMB'000*	Exchange fluctuation reserve* *RMB'000*	Retained profits* *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2021	**2,967,542**	**1,315,483**	**406,481**	**3,327**	**(627)**	**2,525,453**	**7,217,659**	**121,619**	**7,339,278**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**(208,332)**	**(208,332)**	**(234,938)**	**(443,270)**
Other comprehensive income for the year:									
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	**–**	**–**	**–**	**(2,146)**	**–**	**–**	**(2,146)**	**–**	**(2,146)**
Exchange difference on translation of foreign operations	**–**	**–**	**–**	**–**	**597**	**–**	**597**	**469**	**1,066**
Total comprehensive income for the year	**–**	**–**	**–**	**(2,146)**	**597**	**(208,332)**	**(209,881)**	**(234,469)**	**(444,350)**
Appropriation to statutory surplus reserve	**–**	**–**	**10,915**	**–**	**–**	**(10,915)**	**–**	**–**	**–**
Final 2020 dividend declared *(Note 8)*	**–**	**–**	**–**	**–**	**–**	**(132,352)**	**(132,352)**	**–**	**(132,352)**
Dividends declared by a subsidiary to its non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(7,000)**	**(7,000)**
At 31 December 2021	**2,967,542**	**1,315,483**	**417,396**	**1,181**	**(30)**	**2,173,854**	**6,875,426**	**(119,850)**	**6,755,576**
At 1 January 2020	2,967,542	1,315,483	368,312	2,260	(7)	2,361,053	7,014,643	219,238	7,233,881
Profit for the year	–	–	–	–	–	302,872	302,872	(91,512)	211,360
Other comprehensive income for the year:									
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	1,067	–	–	1,067	–	1,067
Exchange difference on translation of foreign operation	–	–	–	–	(620)	–	(620)	(487)	(1,107)
Total comprehensive income for the year	–	–	–	1,067	(620)	302,872	303,319	(91,999)	211,320
Appropriation to statutory surplus reserve	–	–	38,169	–	–	(38,169)	–	–	–
Final 2019 dividend declared *(Note 8)*	–	–	–	–	–	(100,303)	(100,303)	–	(100,303)
Dividends declared by a subsidiary to its non-controlling shareholders	–	–	–	–	–	–	–	(5,620)	(5,620)
At 31 December 2020	2,967,542	1,315,483	406,481	3,327	(627)	2,525,453	7,217,659	121,619	7,339,278

* These reserves accounts comprise the consolidated reserves of RMB3,907,884,000 (31 December 2020: RMB4,250,117,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	Notes	**2021**	2020
		RMB'000	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before tax		**(378,212)**	322,658
Adjustments for:			
Finance costs		**221,959**	270,291
Interest income		**(6,978)**	(11,965)
Depreciation of property, plant and equipment		**509,722**	527,638
Amortisation of intangible assets		**26,465**	17,048
Depreciation of right-of-use assets		**25,070**	24,460
Amortisation of other non-current assets		**123,596**	217,775
Loss on disposal of items of property, plant and equipment	*4*	**21,904**	145
Loss on disposal of items of intangible assets	*4*	**2,533**	–
Gains on disposal of items of right-of-use assets	*4*	**(75)**	–
Amortisation of government grants		**(1,872)**	(1,872)
Impairment loss on trade receivables, net	*10*	**22,924**	43,781
Impairment loss/(reversal of impairment) on other receivables, net		**18,717**	(120)
Impairment loss on property, plant and equipment		**45,638**	40,861
(Reversal of impairment)/impairment loss on contract assets, net		**(2,511)**	492
Increase in inventories		**(14,322)**	(20,689)
Decrease in contract assets		**474,153**	147,940
Decrease/(Increase) in trade and bills receivables		**432,942**	(140,197)
Decrease in prepayments, other receivables and other assets		**48,053**	624,734
Increase in restricted cash		**(53,877)**	(25,548)
Decrease in trade and bills payables		**(325,411)**	(84,800)
Decrease in other payables and accruals		**(200,925)**	(53,573)
Increase in provisions		**117,091**	2,741
Cash generated from operations		**1,106,584**	1,901,800
Income tax paid		**(119,549)**	(63,001)
Net cash flows generated from operating activities		**987,035**	1,838,799

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Year ended 31 December 2021

	Notes	**2021**	2020
		RMB'000	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**6,978**	11,965
Purchase of items of property, plant and equipment, intangible assets and other non-current assets		**(403,566)**	(602,205)
Capital contribution in equity investments designated at fair value through other comprehensive income		**–**	(20,000)
Proceeds from disposal of items of property, plant and equipment		**–**	24
Receipt of government grants for property, plant and equipment		**–**	1,311
Net cash flows used in investing activities		**(396,588)**	(608,905)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank borrowings and other loans		**7,668,037**	5,391,506
Repayments of bank borrowings and other loans		**(7,775,155)**	(6,349,798)
Principal portion of lease payments		**(20,208)**	(20,882)
Dividends paid to shareholders		**(511,726)**	(20,627)
Dividends paid to non-controlling interests		**(14,080)**	(9,580)
Interest paid		**(223,596)**	(267,269)
Net cash flows used in financing activities		**(876,728)**	(1,276,650)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(286,281)**	(46,756)
Cash and cash equivalents at beginning of year		**1,531,739**	1,580,367
Effect of foreign exchange rate changes, net		**(576)**	(1,872)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,244,882**	1,531,739

NOTES TO FINANCIAL STATEMENTS

31 December 2021

1. CORPORATE AND GROUP INFORMATION

Datang Environment Industry Group Co., Ltd. (大唐環境產業集團股份有限公司) (the "**Company**") was established on 25 July 2011 in the People's Republic of China (the "**PRC**") with limited liability. On 26 June 2015, the Company was converted into a joint stock company with limited liability from a limited liability company. The shares of the Company have been listed on the Main board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") since 15 November 2016. The address of its registered office is No.120 Zizhuyuan Road, Haidian District, Beijing, the PRC.

The Company and its subsidiaries (together the "**Group**") are involved in the following principal activities: environmental protection facility concession operation, the manufacture and sale of denitrification catalysts, environmental protection facility engineering, water treatment business, energy conservation business and renewable energy engineering business.

In the opinion of the directors of the Company ("**Directors**"), the immediate holding company and ultimate holding company of the Company is China Datang Corporation Ltd. ("**China Datang**"), a company established and domiciled in the PRC and wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Company name #	Place of incorporation/ registration	Issued and fully paid-up capital/ registered capital	Percentage of equity attributable to the Company (%) Direct	Indirect	Principal activities
China Datang Technologies & Engineering Co., Ltd. (中國大唐集團科技工程有限公司) ("**Technologies & Engineering Company**")	Beijing, the PRC	RMB180,000,000	56.00	–	Development of environmental protection technology and provision of engineering services in the PRC
Datang Nanjing Environmental Protection Technology Co., Ltd. (大唐南京環保科技有限責任公司)	Nanjing, the PRC	RMB124,630,000	92.11	–	Development and sale of catalysts; and provision of testing services in the PRC
Datang Technologies & Engineering India Private Limited (大唐科技工程印度有限公司) ("**Technologies & Engineering India**")	Mumbai, India	Indian rupees 1,000,000	–	100.00	Provision of engineering services in India
Datang Beijing Energy Saving & Technology Co., Ltd. (大唐(北京)節能技術有限公司)	Beijing, the PRC	RMB10,000,000	65.00	–	Provision of project management, engineering and technology services in the PRC
Datang Beijing Water Engineering & Technology Co., Ltd. (大唐(北京)水務工程技術有限公司) ("**Water Engineering & Technology**")	Beijing, the PRC	RMB337,976,000	100.00	–	Provision of technology services, energy saving technology promotion services and water engineering services in the PRC

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Particulars of the Company's subsidiaries are as follows: (Continued)

Company name #	Place of incorporation/ registration	Issued and fully paid-up capital/ registered capital	Percentage of equity attributable to the Company (%) Direct	Indirect	Principal activities
Zhejiang Datang Tiandi Environmental Technology Co., Ltd. (浙江大唐天地環保科技有限公司)	Ningbo, the PRC	RMB60,000,000	65.00	–	Development of pollution improvement environmental protection technology and provision of technology services in the PRC

\# The names of these companies referred to in this report represent management's best effort at translating the Chinese names of the companies, as no English names have been registered. The above companies are all limited companies.

Note 1: On 28 July 2021, the Company approved the liquidation of Jiangsu Nanjing Thermal Electricity Engineering Design Institute Co., Ltd. (江蘇南京熱電工程設計院有限責任公司), a subsidiary of the Company. The liquidation has been completed as at 29 October 2021.

Note 2: On 28 July 2021, the Company approved the liquidation of Beijing Datang Hengtong Science & Technology Co., Ltd. (北京大唐恒通科技有限公司), a subsidiary of the Company. The liquidation has been completed as at 31 December 2021.

Note 3: On 23 June 2021, the Company approved the application for Water Engineering & Technology to absorb Datang (Beijing) Energy Management Co., Ltd. (大唐(北京)能源管理有限公司), a subsidiary of the Company. The liquidation has been completed as at 23 August 2021 which is the combination date, and Water Engineering & Technology undertook its assets and liabilities as at the combination date.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board (the "**IASB**"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared on a historical cost basis, except for certain trade and bills receivables and equity investments which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (together the "**Group**") for the year ended 31 December 2021. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. 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.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary; (ii) the carrying amount of any non-controlling interests; and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received; (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

The nature and the impact of the revised IFRSs are described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. These amendments had no material impact on the consolidated financial statements of the Group.

(b) Amendment to IFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

    The amendment did not have any impact on the financial position and performance of the Group as there were no lease payments reduced or waived by the lessors as a result of the covid-19 pandemic during the year.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1 and IFRS Practice Statement 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 SingleTransaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Annual Improvements to IFRSs 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[1]

[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] No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below:

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The mandatory effective date for this amendment is not yet determined but early adoption is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to IAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have a material impact on the Group.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Annual Improvements to IFRSs 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 *Financial Instruments:* clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating businesses are structured and managed separately according to their nature. Each of the Group's operating segments represents a strategic business unit that provides services which are subject to risks and returns that are different from those of the other operating segments. Summary details of the operating segments are as follows:

(a) Environmental protection and energy conservation solutions

The environmental protection and energy conservation solutions business mainly includes flue gas desulfurisation and denitrification facility concession operation for coal-fired power plants; the manufacture and sale of denitrification catalysts; engineering for coal-fired power plants, including the engineering of denitrification, desulfurisation, dust removal, ash and slag handling and other environmental protection facilities and industrial site dust management related engineering; water treatment; and energy conservation including energy conservation facility engineering and energy management contracting ("**EMC**").

(b) Renewable energy engineering

The renewable energy engineering business mainly includes the engineering general contracting for newly-built wind power plants, biomass power plants and photovoltaic power plants.

3. OPERATING SEGMENT INFORMATION (CONTINUED)

(c) Thermal power engineering

The thermal power engineering business mainly includes the engineering procurement construction ("**EPC**") services for thermal power plants.

(d) Other businesses

Other businesses currently mainly include various businesses such as fiberglass chimney anti-corrosion and air cooling system engineering general contracting.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that other income and losses, other expenses, non-lease-related finance costs as well as corporate and other unallocated expenses are excluded from such measurement.

Segment assets and liabilities mainly comprise operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment assets exclude unallocated intangible assets, unallocated deferred tax assets, unallocated prepayments, other receivables and other assets, restricted cash, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated interest-bearing bank borrowings and other loans (other than lease liabilities) for daily operation purposes and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2021	Environmental protection and energy conservation solutions *RMB'000*	Renewable energy engineering *RMB'000*	Thermal power engineering *RMB'000*	Other businesses *RMB'000*	Total *RMB'000*
Segment revenue *(note 4)*					
Sales to external customers	**4,913,028**	**307,767**	**927**	**66,694**	**5,288,416**
Intersegment sales	**–**	**–**	**–**	**7,295**	**7,295**
	4,913,028	**307,767**	**927**	**73,989**	**5,295,711**
Reconciliation:					
Elimination of intersegment sales					**(7,295)**
Revenue					**5,288,416**
Segment results	**37,670**	**22,550**	**(35)**	**(17,884)**	**42,301**
Reconciliation:					
Other income and losses					**80,436**
Other expenses, net					**(42,145)**
Finance costs (other than interest on lease liabilities)					**(208,776)**
Corporate and other unallocated expenses					**(250,028)**
Loss before tax					**(378,212)**

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2021	Environmental protection and energy conservation solutions *RMB'000*	Renewable energy engineering *RMB'000*	Thermal power engineering *RMB'000*	Other businesses *RMB'000*	Total *RMB'000*
Segment assets	15,940,093	1,488,684	36,432	90,167	17,555,376
Reconciliation:					
Elimination of intersegment receivables					(1,974,394)
					15,580,982
Unallocated intangible assets					21,794
Unallocated deferred tax assets					19,905
Unallocated prepayments, other receivables and other assets					232,839
Restricted cash, cash and cash equivalents					1,366,486
Other unallocated head office and corporate assets					1,206,380
Total assets					18,428,386
Segment liabilities	9,662,489	1,338,619	59,941	138,630	11,199,679
Reconciliation:					
Elimination of intersegment payables					(1,974,394)
					9,225,285
Unallocated interest-bearing bank borrowings and other loans (other than lease liabilities)					2,141,859
Other unallocated head office and corporate liabilities					305,666
Total liabilities					11,672,810

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2021	**Environmental protection and energy conservation solutions** *RMB'000*	**Renewable energy engineering** *RMB'000*	**Thermal power engineering** *RMB'000*	**Other businesses** *RMB'000*	**Total** *RMB'000*
Other segment information					
Impairment of property, plant and equipment	**45,638**	**–**	**–**	**–**	**45,638**
Impairment of trade receivables	**11,295**	**11,629**	**–**	**–**	**22,924**
Reversal of impairment on contract assets	**(2,511)**	**–**	**–**	**–**	**(2,511)**
Impairment of financial assets included in in prepayments, other receivables and other assets	**–**	**18,717**	**–**	**–**	**18,717**
Impairment losses recognised in profit or loss, net	**54,422**	**30,346**	**–**	**–**	**84,768**
Depreciation and amortisation	**663,600**	**62**	**51**	**21,140**	**684,853**
Capital expenditure*	**123,944**	**–**	**–**	**5,060**	**129,004**

* Capital expenditure consists of additions to property, plant and equipment, and intangible assets.

Year ended 31 December 2020	Environmental protection and energy conservation solutions *RMB'000*	Renewable energy engineering *RMB'000*	Thermal power engineering *RMB'000*	Other businesses *RMB'000*	Total *RMB'000*
Segment revenue *(note 4)*					
Sales to external customers	4,878,775	1,851,317	1,135	89,844	6,821,071
Intersegment sales	–	–	–	27,426	27,426
	4,878,775	1,851,317	1,135	117,270	6,848,497
Reconciliation:					
Elimination of intersegment sales					(27,426)
Revenue					6,821,071
Segment results	817,672	(67,592)	(546)	6,864	756,398
Reconciliation:					
Other income and losses					82,240
Other expenses, net					(106,603)
Finance costs (other than interest on lease liabilities)					(256,624)
Corporate and other unallocated expenses					(152,753)
Profit before tax					322,658

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2020	Environmental protection and energy conservation solutions *RMB'000*	Renewable energy engineering *RMB'000*	Thermal power engineering *RMB'000*	Other businesses *RMB'000*	Total *RMB'000*
Segment assets	16,869,285	1,880,096	34,307	243,953	19,027,641
Reconciliation:					
Elimination of intersegment receivables					(1,655,898)
					17,371,743
Unallocated intangible assets					26,494
Unallocated deferred tax assets					26,532
Unallocated prepayments, other receivables and other assets					599,243
Restricted cash, cash and cash equivalents					1,599,466
Other unallocated head office and corporate assets					557,380
Total assets					20,180,858
Segment liabilities	9,964,595	1,790,837	82,234	148,481	11,986,147
Reconciliation:					
Elimination of intersegment payables					(1,655,898)
					10,330,249
Unallocated interest-bearing bank borrowings and other loans (other than lease liabilities)					2,006,186
Other unallocated head office and corporate liabilities					505,145
Total liabilities					12,841,580

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2020	Environmental protection and energy conservation solutions *RMB'000*	Renewable energy engineering *RMB'000*	Thermal power engineering *RMB'000*	Other businesses *RMB'000*	Total *RMB'000*
Other segment information					
Impairment of property, plant and equipment	40,861	–	–	–	40,861
Impairment of trade receivables	26,311	18,090	–	(620)	43,781
Impairment of contract assets	(155)	635	–	12	492
Reversal of impairment on financial assets included in in prepayments, other receivables and other assets	–	–	–	(120)	(120)
Impairment losses recognised in profit or loss, net	67,017	18,725	–	(728)	85,014
Depreciation and amortisation	770,669	63	56	16,133	786,921
Capital expenditure*	437,493	–	–	2,265	439,758

* Capital expenditure consists of additions to property, plant and equipment and intangible assets.

Geographical information

The majority of the non-current assets are located in Mainland China, and the majority of revenue is generated from Mainland China. Therefore, no further geographical information is presented.

Information about major customers

Revenue of approximately RMB4,478 million (2020: RMB6,160 million) was derived from the sale of goods and the rendering of services to China Datang and its subsidiaries (excluding the Group) ("**China Datang Group**").

4. REVENUE, OTHER INCOME AND LOSSES

An analysis of revenue is as follows:

	2021 *RMB'000*	2020 *RMB'000*
Revenue from contracts with customers	**5,288,215**	6,820,488
Revenue from other sources		
Gross rental income from operating leases		
Other lease payments, including fixed payments	**201**	583
	5,288,416	6,821,071

Revenue from contracts with customers

(i) ***Disaggregated revenue information***

For the year ended 31 December 2021

Segments	**Environmental protection and energy conservation solutions** *RMB'000*	**Renewable energy engineering** *RMB'000*	**Thermal power engineering** *RMB'000*	**Other businesses** *RMB'000*	**Total** *RMB'000*
Types of goods or services					
Sale of industrial products	**317,464**	**–**	**–**	**55,534**	**372,998**
Construction services	**580,471**	**307,767**	**927**	**10,959**	**900,124**
Desulfurisation and denitrification services	**4,015,093**	**–**	**–**	**–**	**4,015,093**
Total revenue from contracts with customers	**4,913,028**	**307,767**	**927**	**66,493**	**5,288,215**
Timing of revenue recognition					
Goods transferred at a point in time	**317,464**	**–**	**–**	**55,534**	**372,998**
Services transferred over time	**4,595,564**	**307,767**	**927**	**10,959**	**4,915,217**
Total revenue from contracts with customers	**4,913,028**	**307,767**	**927**	**66,493**	**5,288,215**

4. REVENUE, OTHER INCOME AND LOSSES (CONTINUED)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

For the year ended 31 December 2020

Segments	Environmental protection and energy conservation solutions *RMB'000*	Renewable energy engineering *RMB'000*	Thermal power engineering *RMB'000*	Other businesses *RMB'000*	Total *RMB'000*
Types of goods or services					
Sale of industrial products	346,590	–	–	43,563	390,153
Construction services	970,637	1,851,317	1,135	45,698	2,868,787
Desulfurisation and denitrification services	3,561,548	–	–	–	3,561,548
Total revenue from contracts with customers	4,878,775	1,851,317	1,135	89,261	6,820,488
Timing of revenue recognition					
Goods transferred at a point in time	346,590	–	–	43,563	390,153
Services transferred over time	4,532,185	1,851,317	1,135	45,698	6,430,335
Total revenue from contracts with customers	4,878,775	1,851,317	1,135	89,261	6,820,488

Set out below is the reconciliation of the revenue from contracts to customers with the amounts disclosed in the segment information:

For the year ended 31 December 2021

Segments	**Environmental protection and energy conservation solutions** *RMB'000*	**Renewable energy engineering** *RMB'000*	**Thermal power engineering** *RMB'000*	**Other businesses** *RMB'000*	**Total** *RMB'000*
Revenue from contracts with customers					
External customers	**4,913,028**	**307,767**	**927**	**66,493**	**5,288,215**
Intersegment sales	**–**	**–**	**–**	**7,295**	**7,295**
	4,913,028	**307,767**	**927**	**73,788**	**5,295,510**
Intersegment adjustments and eliminations	**–**	**–**	**–**	**(7,295)**	**(7,295)**
Total revenue from contracts with customers	**4,913,028**	**307,767**	**927**	**66,493**	**5,288,215**

4. REVENUE, OTHER INCOME AND LOSSES (CONTINUED)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

For the year ended 31 December 2020

Segments	Environmental protection and energy conservation solutions *RMB'000*	Renewable energy engineering *RMB'000*	Thermal power engineering *RMB'000*	Other businesses *RMB'000*	Total *RMB'000*
Revenue from contracts with customers					
External customers	4,878,775	1,851,317	1,135	89,261	6,820,488
Intersegment sales	–	–	–	27,426	27,426
	4,878,775	1,851,317	1,135	116,687	6,847,914
Intersegment adjustments and eliminations	–	–	–	(27,426)	(27,426)
Total revenue from contracts with customers	4,878,775	1,851,317	1,135	89,261	6,820,488

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2021 ***RMB'000***	2020 *RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of industrial products	**26,929**	14,639
Construction services	**252,187**	401,904
	279,116	416,543

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of industrial products

The performance obligation is satisfied upon delivery of the industrial products and payment is generally due within 30 to 90 days from delivery, where payment in advance is normally required.

4. REVENUE, OTHER INCOME AND LOSSES (CONTINUED)

Revenue from contracts with customers (Continued)

(ii) Performance obligations (Continued)

Construction services

The performance obligation is satisfied over time as services are rendered and payment is generally due within one year from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

Desulfurisation and denitrification services

Under the concession operation contracts, the Group is engaged in providing desulfurisation and denitrification services to power plants for a period of the life cycle of the power plants. The performance obligations are satisfied over time as customer simultaneously receives and consumes the benefits provided by the Group. The payment is generally due within 30 days from the date of billing.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2021 and 2020 are as follows:

	2021	2020
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue		
Within one year	**472,428**	683,350
After one year	**–**	–
	472,428	683,350

4. REVENUE, OTHER INCOME AND LOSSES (CONTINUED)

Revenue from contracts with customers (Continued)

(ii) Performance obligations (Continued)

The amounts of transactions prices allocated to the remaining performance obligations which are expected to be recognised after one year related to construction services, of which the performance obligations are to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year.

	2021	2020
	RMB'000	*RMB'000*
OTHER INCOME		
Interest income	**8,520**	16,860
Government grants *(Note)*	**100,564**	75,507
	109,084	92,367

Note: The amount mainly represents the income related to the VAT refunds received by the Group. As at 31 December 2021 and 2020, there were no unfulfilled conditions or other contingencies attaching to the government grants that had been recognised by the Group.

OTHER LOSSES, NET		
Loss on disposal of items of property, plant and equipment	**(21,904)**	(145)
Loss on disposal of items of intangible assets and right-of-use assets	**(2,458)**	–
Exchange losses	**(4,286)**	(9,982)
	(28,648)	(10,127)
	80,436	82,240

5. OTHER EXPENSES, NET

	2021	2020
	RMB'000	*RMB'000*
Compensation (gains)/losses *(Note a)*	**(52,671)**	102,103
Estimated Pending Litigation Losses *(Note b)*	**97,316**	–
Other (gains)/losses	**(2,500)**	4,500
	42,145	106,603

Note a: In November 2016, Technologies & Engineering Company, a subsidiary of the Company, and two other third parties have entered into an arrangement with Datang Hami 13th Division Clean Energy Development Co., Ltd. ("**Datang Xinjiang**") to construct a wind farm. As required by the arrangement, Technologies & Engineering Company purchased 33 wind turbines from Jiangsu Jiuding Tiandi Wind Power Co., Ltd. ("**Jiuding Tiandi Wind Power**"). In March 2017, Jiuding Tiandi Wind Power received a notice from Datang Xinjiang that the construction of the wind farm may be suspended. After a series of negotiation between the parties, Jiuding Tiandi Wind Power brought an arbitration proceeding against Technologies & Engineering Company in December 2018. In June 2020, the arbitration authority ruled that Technologies & Engineering Company shall compensate Jiuding Tiandi Wind Power for economic losses in an aggregate amount of RMB98,865,000 (the "**Ruling**").

On 21 June 2020, Technologies & Engineering Company submitted an application to the Fourth Intermediate People's Court of Beijing (the "**Court**") to overrule the Ruling. On 6 July 2020, the application has been duly accepted by the Court. On 3 September 2020, the Court issued a civil ruling, dismissing the application for revocation of the Ruling by Technologies & Engineering Company. Subsequent to the civil ruling, Technologies & Engineering Company and Jiuding Tiandi Wind Power reached an agreement regarding the above compensation amount.

During this year, the two parties signed a settlement agreement, and the penalty interest on Jiuding Tiandi Wind Power was exempted from payment. Therefore, Technologies & Engineering Company transferred the corresponding penalty interest of RMB3,239,000 to other income, and the remaining compensation was repaid as of 31 December 2021.

In addition, in August 2021, Datang Xinjiang signed a compensation agreement with Technologies & Engineering Company, which stipulated that Datang Xinjiang would pay a total of RMB49,432,000 in compensation to Technologies & Engineering Company for above matters and Technologies & Engineering Company recorded the compensation in other income accordingly.

5. OTHER EXPENSES, NET (CONTINUED)

Note b: On 16 March 2019, the subsidiaries of the Group Technologies & Engineering Company and Technologies & Engineering India signed construction contracts for desulfurisation and wet chimney with Gujarat State Electricity Corporation Limited (the "**GSECL**"). Due to the impact of COVID-19, the construction progress was delayed and GSECL issued a formal notice which stated that it might take measures such as terminating the contract, redeeming the performance guarantee letter, and entrusting the work to others to complete. The Group fully accrued provisions of RMB75,848,000 for the redemption of the performance guarantee letter, and also considers that the corresponding advance receipts of RMB25,835,000 will no longer be obligated to be returned after the redemption of the performance guarantee letter, and incurred other expenses of RMB50,013,000 accordingly.

On 6 March 2020, Technologies & Engineering Company signed a construction contract with NLC India Limited ("**NLC India**"). Due to the impact of COVID-19, the construction progress was delayed, and NLC India issued a formal notice to request to terminate the contract and redeem the performance guarantee letter amounting to RMB47,303,000. In addition, the claims brought by NLC India also include the costs incurred in re-tendering and the arbitration progress. The Group fully accrued a provision of RMB47,303,000 for the request of redeeming the performance guarantee letter, and incurred other expenses of RMB47,303,000 accordingly.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2021	2020
	RMB'000	*RMB'000*
Interest on lease liabilities	**13,183**	13,667
Interest expenses on bank borrowings and other loans	**208,776**	265,783
Less: interest capitalised	**–**	(9,159)
	221,959	270,291

There was no interest capitalisation incurred for the year ended 31 December 2021 (for the year ended 31 December 2020: the capitalisation rates were from 5.23% to 6.62%).

7. INCOME TAX EXPENSE

Pursuant to the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) and the PRC Enterprise Income Tax Law Implementation Regulations (中華人民共和國企業所得法實施條例), the Company and its certain subsidiaries have been recognised as high-technology enterprises and are subject to a preferential corporate income tax rate of 15%.

Under the above tax law and regulations, except for preferential treatments available to certain branches and subsidiaries of the Company as mentioned above, subsidiaries within the Group are subject to corporate income tax at the statutory rate of 25%.

The subsidiary of the Company in India was subject to corporate income tax at a rate of 29.12% during the period from 1 January 2021 to 31 December 2021 (26% during the period from 1 January 2020 to 31 December 2020).

The components of income tax expense for the year are as follows:

	2021	2020
	RMB'000	*RMB'000*
Current tax		
Provision for the year	**64,795**	84,366
Underprovision in respect of prior years	**5,533**	3,226
Deferred tax	**(5,270)**	23,706
	65,058	111,298

7. INCOME TAX EXPENSE (CONTINUED)

A reconciliation of the income tax expense applicable to (loss)/profit before tax using the statutory income tax rate applicable in the PRC to the income tax expense at the Group's effective income tax rate for the year is as follows:

	2021	2020
	RMB'000	*RMB'000*
(Loss)/Profit before tax	**(378,212)**	322,658
Income tax at the statutory income tax rate of 25% (2020: 25%)	**(94,553)**	80,665
Effect of a different tax rate applicable in another country	**(1,890)**	(301)
Effect of the preferential income tax rate	**35,468**	(33,399)
Expenses not deductible for tax	**1,868**	1,677
Additional deduction of research and development expenses	**(4,735)**	(3,629)
Adjustments in respect of current tax of previous periods	**5,533**	3,226
Effect of utilisation of unrecognised tax losses in prior years	**–**	(1,648)
Reversal of deferred tax recognised in prior years	**–**	22,220
Deductible temporary differences and tax losses not recognised	**123,367**	42,487
Income tax charge for the year	**65,058**	111,298
The Group's effective rate	**(17.20%)**	34.49%

8. DIVIDENDS

The dividends during the years ended 31 December 2021 and 2020 are set out below:

	2021	2020
	RMB'000	RMB'000
Dividends declared to owners of the parent	**132,352**	100,303

(i) During 2021, the final dividend of RMB132,352,000 at RMB0.0446 (2020: RMB0.0338) per ordinary share (before tax) in respect of the year of 2020, based on the issued shares of the Company of 2,967,542,000 shares, was declared to owners of the parent (2020: RMB100,303,000).

On 31 March 2022, the Board of Directors proposed to distribute the final dividend for the year ended 31 December 2021 of RMB0.0298 per share (before tax) of the Company in cash to the shareholders. The proposal is subject to the approval of the shareholders at the 2021 annual general meeting of the Company.

8. DIVIDENDS (CONTINUED)

(ii) Pursuant to the applicable provisions of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and its implementation rules, the Company will withhold and pay enterprise income tax at the rate of 10% when it distributes final dividends to non-resident enterprise holders of H shares (including any H shares registered in the name of HKSCC Nominees Limited).

Pursuant to the applicable provisions of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) and its implementation rules as well as the Tax Notice, the Company will withhold and pay individual income tax at the rate ranging from 10% to 20% on behalf of individual holders of H shares.

9. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the years ended 31 December 2021 and 2020.

The Company did not have any potential dilutive shares in issue during the years ended 31 December 2021 and 2020. Accordingly, the diluted earnings per share amounts are the same as the basic earnings per share amounts.

The calculation of basic and diluted earnings per share is based on:

(Loss)/Earnings	**2021**	2020
(Loss)/Profit attributable to ordinary equity holders of the parent, used in the basic/diluted earnings per share calculation *(RMB'000)*	**(208,332)**	302,872

Shares	**Number of shares**	
	2021	2020
Weighted average number of ordinary shares in issue during the year, used in the basic/diluted (loss)/earnings per share calculation (share)	**2,967,542,000**	2,967,542,000

Earnings per share	**2021**	2020
Basic/diluted (loss)/earnings per share (RMB)	**(0.07)**	0.10

10. TRADE AND BILLS RECEIVABLES

	2021	2020
	RMB'000	RMB'000
Trade receivables	**7,838,390**	7,932,517
Less: provision for impairment	**(292,965)**	(272,662)
	7,545,425	7,659,855
Bills receivable	**624,508**	968,588
	8,169,933	8,628,443

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally within one year. Each customer has a maximum credit limit. The Group seeks to maintain strict control over the outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

(a) Ageing analysis

An ageing analysis of the trade and bills receivables, based on the invoice date, at the end of the reporting period is as follows:

	2021	2020
	RMB'000	*RMB'000*
Within 1 year	**4,630,198**	5,231,239
Between 1 and 2 years	**1,260,312**	798,872
Between 2 and 3 years	**435,405**	890,505
Over 3 years	**2,136,983**	1,980,489
	8,462,898	8,901,105
Less: provision for impairment	**(292,965)**	(272,662)
	8,169,933	8,628,443

10. TRADE AND BILLS RECEIVABLES (CONTINUED)

(b) Impairment of trade receivables

The movements in the loss allowance for impairment of trade receivables are as follows:

	2021	2020
	RMB'000	*RMB'000*
At beginning of the year	**272,662**	234,844
Impairment losses, net	**22,924**	43,781
Amount written off as uncollectible	**(2,621)**	(5,963)
At end of the year	**292,965**	272,662

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for trade receivables.

As at 31 December 2021, the gross carrying amounts of trade receivables from the related parties were RMB6,827,717,000 (2020: RMB6,677,115,000) which are mainly due from China Datang Group and certain associates and joint ventures of China Datang Group. The Group has assessed the expected losses for trade receivables from related parties by reference to the published credit rating of China Datang Group and the corresponding probability of default of 0.303%. The loss given default was estimated to be 100%.

For the trade receivables from third parties, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type, customer type and credit rating). The calculation reflects the probability-weighted outcome, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

10. TRADE AND BILLS RECEIVABLES (CONTINUED)

(b) Impairment of trade receivables (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

As at 31 December 2021

		Third parties						
	Related parties	**Within 1 year**	**Between 1 and 2 years**	**Between 2 and 3 years**	**Over 3 years**	**Subtotal**	**Individually assessed trade receivables** *(Note a)*	**Total**
Expected credit loss rate	**0.303%**	**1.33%**	**8.09%**	**12.25%**	**26.65%**	**13.96%**	**86.87%**	**3.74%**
Gross carrying amount *(RMB'000)*	**6,827,717**	**197,158**	**244,263**	**70,635**	**318,655**	**830,711**	**179,962**	**7,838,390**
Expected credit losses *(RMB'000)*	**20,688**	**2,623**	**19,752**	**8,652**	**84,911**	**115,938**	**156,339**	**292,965**

As at 31 December 2020

		Third parties						
	Related parties	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Subtotal	Individually assessed trade receivables *(Note a)*	Total
Expected credit loss rate	0.157%	1.54%	9.07%	17.61%	33.54%	13.10%	70.75%	3.44%
Gross carrying amount *(RMB'000)*	6,677,115	398,951	109,355	424,069	153,469	1,085,844	169,558	7,932,517
Expected credit losses *(RMB'000)*	10,483	6,155	9,920	74,675	51,468	142,218	119,961	272,662

Note a:

An overseas third-party company in India (the "**Indian Company**") of which a subsidiary is a customer of the Group (the "**Indian Customer**") is undergoing a proceeding of bankruptcy and reorganisation. The Group received the preliminary restructuring plan approved by National Company Law Appellate Tribunal, New Delhi (the "**Local Court**") during the year. According to the restructuring plan and considering the present value, the expected credit accumulated loss is estimated to be RMB140,863,000.

10. TRADE AND BILLS RECEIVABLES (CONTINUED)

(b) Impairment of trade receivables (Continued)

An overseas third-party company in Thailand (the "**Thailand Company**") which is a customer of the Group (the "**Thailand Customer**") had a dispute over the receivables with the Group due to construction delay and some project performance factors. During this year, the Thailand Customer issued a letter stating that the Group's construction progress had been delayed and filed a reverse claim to the Group accordingly. Considering the current situation, management of the Group believes that the receivables are less likely to be recovered, and therefore a full impairment provision of RMB10,228,000 was made as at 31 December 2021.

In addition to above two impairment provisions, there are three third-party receivables with the amount of RMB5,248,000 that are fully made impairment provision due to their low possibilities of recovery as at 31 December 2021.

(c) Transferred financial assets

Transferred financial assets that are derecognised in their entirety

At 31 December 2021, the Group endorsed certain bills receivable to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB163,645,000 (2020: RMB73,712,000) (the "**Derecognised Bills**").

The derecognised bills receivable had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the derecognised bills receivable have a right of recourse against the Group if the PRC banks default (the "**Continuing Involvement**"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the derecognised bills receivable. Accordingly, it has derecognised the full carrying amounts of the derecognised bills receivable and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the derecognised bills receivable and the undiscounted cash flows to repurchase these derecognised bills receivable is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the derecognised bills receivable are not significant.

During the years ended 31 December 2021 and 2020, the Group has not recognised any gain or loss on the date of transfer of the derecognised bills receivable. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement has been made evenly throughout the year.

10. TRADE AND BILLS RECEIVABLES (CONTINUED)

(c) Transferred financial assets (Continued)

Transferred financial assets that are not derecognised in their entirety

At 31 December 2021, the Group endorsed certain bills receivable accepted by banks and financial institutions of certain large central enterprises in Mainland China (the "**Endorsed Bills**") with a carrying amount of RMB91,708,000 (2020: RMB81,456,000) to certain of its suppliers in order to settle the trade payables due to such suppliers (the "**Endorsement**"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Bills during the year to which the suppliers have recourse was RMB91,708,000 (2020: RMB81,456,000) as at 31 December 2021.

As at 31 December 2021, trade and bills receivables amounting to RMB5,981,000 were pledged for bills payable granted to the Group (31 December 2020: Nil).

11. TRADE AND BILLS PAYABLES

Trade and bills payables are non-interest-bearing and are normally to be settled within one year.

	2021	2020
	RMB'000	*RMB'000*
Bills payable *(note)*	**115,091**	122,600
Trade payables	**4,463,973**	4,781,875
	4,579,064	4,904,475

An ageing analysis of the trade and bills payables, based on the invoice date, at the end of the reporting period is as follows:

	2021	2020
	RMB'000	*RMB'000*
Within 1 year	**2,329,536**	2,379,678
1 year to 2 years	**579,393**	605,142
2 years to 3 years	**354,407**	679,509
More than 3 years	**1,315,728**	1,240,146
	4,579,064	4,904,475

Note: Part of the above bills payable are secured by trade and bills receivables with a net carrying value of RMB5,981,000 (31 December 2020: Nil) (note 10).

12. INTEREST-BEARING BANK BORROWINGS AND OTHER LOANS

	Effective interest rate	Maturity	**31 December 2021** ***RMB'000***	31 December 2020 *RMB'000*
Current				
Bank borrowings:				
– unsecured	3.10%-4.35%	2022	**2,676,495**	1,590,560
Other loans:				
– unsecured	3.90%-4.50%	2022	**78,080**	–
– secured			**–**	70,000
– short-term bonds *(Note a)*	2.69%	2022	**500,000**	500,000
			3,254,575	2,160,560
Current portion of long term bank borrowings and other loans				
Bank borrowings – unsecured	3.85%-4.41%	2022	**404,574**	461,232
Bank borrowings – guaranteed *(Note b)*	4.41%	2022	**9,000**	35,167
Other loans – unsecured	5.15%-5.70%	2022	**86,550**	153,186
Other loans – secured			**–**	350,000
Lease liabilities	4.41%	2022	**35,106**	32,160
			535,230	1,031,745
			3,789,805	3,192,305
Non-current				
Long term bank borrowings and other loans:				
Bank borrowings – unsecured	3.25%-4.41%	2023-2027	**1,275,587**	1,948,661
Bank borrowings – guaranteed *(Note b)*	4.41%	2026	**5,500**	27,700
Other loans – unsecured	5.15%	2023	**8,900**	14,700
Other loans – bonds	3.65%	2024	**600,000**	600,000
Lease liabilities	4.41%	2023-2038	**272,994**	287,523
			2,162,981	2,878,584
			5,952,786	6,070,889
Interest-bearing bank borrowings and other loans denominated in:				
– RMB			**5,952,786**	6,070,889

12. INTEREST-BEARING BANK BORROWINGS AND OTHER LOANS (CONTINUED)

Note a:

On 11 January 2021, 9 April 2021 and 5 July 2021, the Company issued three tranches of short-term bonds at a par value of RMB100 amounting to RMB500 million each. The bonds had annual effective interest rates of 2.65%, 2.64% and 2.69% respectively. The first and second tranches of short-term bonds were already matured in April 2021 and July 2021, respectively, and the third tranche of short-term bond will mature in April 2022.

Note b:

The above secured bank borrowings were guaranteed by the Company for certain subsidiaries.

The maturity profile of the interest-bearing bank borrowings and other loans as at the end of the reporting period is as follows:

	2021	2020
	RMB'000	RMB'000
Analysed into:		
Bank borrowings repayable:		
Within one year	**3,090,069**	2,086,959
In the second year	**781,294**	579,784
In the third to fifth years, inclusive	**494,711**	1,298,331
Beyond five years	**5,082**	98,246
	4,371,156	4,063,320
Other loans repayable:		
Within one year	**699,736**	1,105,346
In the second year	**38,993**	35,289
In the third to fifth years, inclusive	**682,836**	690,073
Beyond five years	**160,065**	176,861
	1,581,630	2,007,569
Total	**5,952,786**	6,070,889

13. SHARE CAPITAL

Shares	**2021**	2020
	RMB'000	*RMB'000*
Issued and fully paid:		
2,967,542,000 (2020: 2,967,542,000) ordinary shares	**2,967,542**	2,967,542

MANAGEMENT DISCUSSION AND ANALYSIS

As an environmental protection and energy conservation solution provider for coal-fired power generation enterprises, the principal business of the Group includes environmental protection facility concession operation, denitrification catalysts, environmental protection facility engineering, water treatment business, energy conservation business and renewable energy engineering business. Customers of the Group spread over 30 provinces, autonomous regions and municipal cities in the PRC as well as eight countries.

I. INDUSTRY OVERVIEW

Based on the overall performance of the environmental protection industry in 2021, the following highlights and industry trends are worth mentioning:

1. The "Dual Carbon" goal promotes the development of integrated intelligent energy business

In February 2021, the State Council issued the "Guiding Opinions on Accelerating the Establishment and Improvement of a Green and Low-Carbon Loop Development Economic System (《關於加快建立健全綠色低碳循環發展經濟體系的指導意見》)", which indicates the promotion of green upgrade of the industry, strengthening of the green environmental protection industry and promotion of the green and low-carbon transformation of the energy system. In October 2021, the Central Committee of the Communist Party of China and the State Council successively issued the "Opinions on Completely, Accurately and Fully Implementing the New Development Concept and Achieving Carbon Peak and Carbon Neutrality (《關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》)" and the "Carbon Peaking Action Plan by 2030 (《2030年前碳達峰行動方案》)" to put carbon peak throughout the whole process and all aspects of economic and social development, and focus on the implementation of the "Top Ten Carbon Peaking Actions", i.e., the energy green and low-carbon transformation action, the energy conservation and carbon reduction action, the industrial carbon peaking action, the urban and rural construction carbon peaking action, the transportation green and low-carbon action, the circular economy supporting carbon reduction action, the green and low-carbon technology innovation action, the carbon sink capacity consolidation and enhancement action, the green and low-carbon common action and orderly carbon peaking action in various regions. By 2030, the consumption proportion of non-fossil energy sources will reach approximately 25%, the total installed capacity of wind power and solar power generation will reach more than 1.2 billion kW, the carbon dioxide emissions will reach a peak and achieve stable with a slight decline. The carbon peaking goal will be successfully achieved by 2030. These policies provide policy support for the Group to promote the transformation of the integrated intelligent energy business and accelerate the development of new energy.

2. **The circular economy plan creates opportunities for resource recycling utilization business**

In July 2021, the National Development and Reform Commission has issued the "14th Five-Year" Circular Economy Development Plan (《「十四五」循環經濟發展規劃》), which specified that by 2025, recycling production should be comprehensively promoted, and green design and clean production should be generally promoted, so that the comprehensive utilization capability of resources shall be significantly improved, and the resource recycling industry system shall be basically established, and the output value of resource recycling utilization industry will reach RMB5 trillion. At present, the Company is conducting the desulfurization gypsum reuse, the treatment and disposal of waste catalysts and other businesses. Also, the Company is proactively exploring other new resource recycling utilization businesses including waste fan blade and photovoltaic components.

3. **The battle of pollution prevention and control expands the room of in-depth environmental governance business**

In November 2021, the Central Committee of the Communist Party of China and the State Council issued the "Opinions on Deepening the Battle of Pollution Prevention and Control (關於深入打好污染防治攻堅戰的意見)". By 2025, the ecological environment will continue to improve, the total emissions of major pollutants will continue to decline, the carbon dioxide emissions per unit of gross domestic product will drop by 18% compared with 2020, and the concentration of fine particulate matter (PM2.5) in cities at the prefecture level and above will drop by 10%. The ratio of days with good air quality will reach 87.5%, the ratio of surface water I-III water bodies will reach 85%, and the ratio of coastal waters with good water quality (classes I and II) will reach approximately 79%. Heavy weather pollution and urban black and odorous water bodies will be basically eliminated, soil pollution risks will be effectively managed and controlled, solid waste and new pollutant control capabilities will be significantly enhanced, quality and stability of ecological system will continue to improve, and the ecological environment governance system will be more complete. The construction of ecological civilization will achieve new progress. By 2035, green production and lifestyles will be widely formed, carbon emissions will stabilize with some decline after peaking, the ecological environment will fundamentally improve, and the goal of building a beautiful China will be basically achieved. This policy provides a policy guarantee for the development of the Group's environmental governance business, and the environmental protection industry still has considerable room for development.

II. BUSINESS OVERVIEW

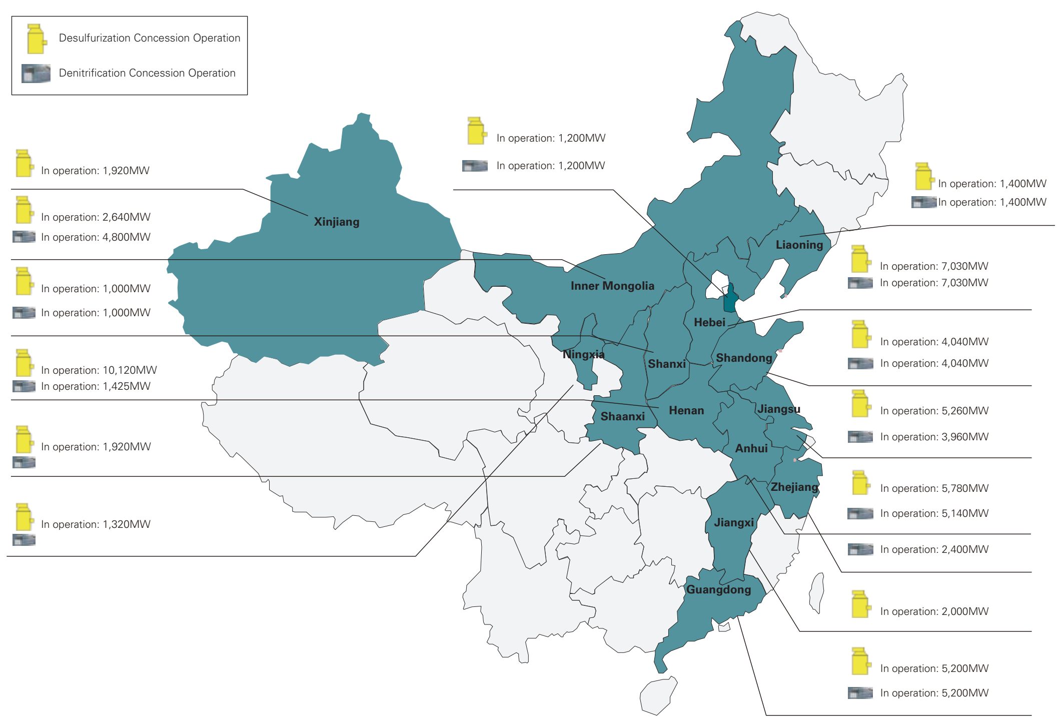
In 2021, the Group recorded steady development in each business segment and maintained the leading position in business segments of environmental protection facility concession operation and denitrification catalysts. Based on the cumulative operating unit capacity as of the end of 2021, the Group continued to maintain its position as the largest flue gas desulfurization and denitrification concession operator in the PRC. Based on the total output of denitrification catalysts in 2021, the Group remained as the PRC's largest producer of denitrification catalysts.

In 2021, all of the Group's desulfurization concession operation and denitrification concession operation projects under construction have transferred into operational stage in respect of the environmental protection facility concession operation business. While consolidating its leading position in the environmental protection field of thermal power segment, the Group actively developed environmental protection governance businesses in steel, cement, metallurgy and other non-electric fields to expand its business scope and influence.

1. Environmental Protection and Energy Conservation Business

1.1 Environmental protection facility concession operation business

The Group's environmental protection facility concession operation business covers desulfurization and denitrification concession operations and its major assets are located along east coast and in the areas with relatively robust economic development and strong demands for electricity. The following map shows the geographical layout and cumulative capacity of the Group's concession operation as at 31 December 2021:



As at 31 December 2021, the cumulative installed capacity in operation for desulfurization concession operations of the Group reached 50,210MW. The cumulative installed capacity in operation for denitrification concession operations reached 41,240MW and the installed capacity of the desulfurization entrusted operation projects reached 1,960MW. Among them, there are three projects other than China Datang Group, with the desulfurization installed capacity of 3,240MW and denitrification installed capacity of 1,320MW.

The table below sets forth the status of the Group's desulfurization and denitrification concession operation projects as at 31 December 2021:

Project location	Project name	Category of concession operation	Installed capacity (MW)
Guangdong	Chaozhou	Desulfurization and denitrification	3,200
	Leizhou	Desulfurization and denitrification	2,000
Jiangsu	Lvsigang	Desulfurization and denitrification	2,640
	Nanjing	Desulfurization and denitrification	1,320
	Xutang	Desulfurization	1,300
Shandong	Huangdao	Desulfurization and denitrification	1,340
	Binzhou	Desulfurization and denitrification	700
	Dongying	Desulfurization and denitrification	2,000
Zhejiang	Wushashan	Denitrification	2,400
Ningxia	Pingluo*	Desulfurization and denitrification	1,320
Henan	Xuchang	Desulfurization	2,020
	Sanmenxia	Desulfurization and denitrification	2,950/1,050
	Anyang	Desulfurization	1,270
	Shouyangshan	Desulfurization	600
	Xinyang (entrusted)	Desulfurization	1,960
	Gongyi	Desulfurization and denitrification	1,320
Hebei	Wangtan	Desulfurization and denitrification	1,200
	Zhangjiakou Thermal Power	Desulfurization and denitrification	630
	Zhangjiakou	Desulfurization	2,560
	Yuxian	Desulfurization and denitrification	1,320
	Tangshan Beijiao	Desulfurization and denitrification	1,320
Tianjin	Jixian	Desulfurization and denitrification	1,200

Project location	Project name	Category of concession operation	Installed capacity *(MW)*
Anhui	Luohe	Desulfurization and denitrification	2,500
	Ma'anshan	Desulfurization and denitrification	1,320
	Hushan	Desulfurization and denitrification	1,320
	Tianjia'an	Desulfurization	640
Shaanxi	Binchang	Desulfurization and denitrification	1,260
	Baoji	Desulfurization and denitrification	660
Inner Mongolia	Tuoketuo	Desulfurization and denitrification	1,320/6,120
	Xilinhot	Desulfurization and denitrification	1,320
Jiangxi	Fuzhou	Desulfurization	2,000
Shanxi	Shentou	Desulfurization and denitrification	1,000
Xinjiang	Hutubi*	Desulfurization	600
	Wu Cai Wan*	Desulfurization	1,320
Liaoning	Shendong	Desulfurization and denitrification	700
	Huludao	Desulfurization and denitrification	700

Note: The projects marked with * are projects other than China Datang Group.

1.2 Denitrification catalysts business

In 2021, the Group's denitrification catalysts business remained stable. The following table sets forth the breakdown of the key figures of the Group's denitrification catalysts business in 2021:

(Unit: m^3)

Production volume	**Sales volume**	**Delivery volume**	**Delivery volume to customers other than China Datang Group**
26,406	35,065	30,819	13,216

In 2021, the Group sold 15,727m^3 of catalyst to customers other than China Datang Group and entered into 112 contracts, among which, 19 contracts were entered with overseas customers with the aggregate sales volume of 7,162.7m^3, while 65 contracts were entered with customers from non-electric industry such as glass and alumina sectors with the aggregate sales volume of 2,190m^3. Meanwhile, the Group has made steady progress in the disposal of waste catalysts with a total amount of 8,633.18m^3 of waste catalysts disposed in 2021.

1.3 Environmental protection facility engineering business

In 2021, the Group continued to carry out its environmental protection facility engineering business, including desulfurization, denitrification, dust removal, ultra-low emission, and industrial site dust management, and actively explore the environmental market of non-electric industry such as petroleum, coking, steel, and cement.

The following table sets forth the breakdown of the environmental protection facility engineering business in the power industry of the Group as at 31 December 2021:

	Projects put into operation in 2021		**Projects under construction in 2021**	
Project	**Number**	**Capacity** *(MW)*	**Number**	**Capacity** *(MW)*
Desulfurization	4	470	2	30
Denitrification	15	8,740	11	3,300
Dust removal	2	420	0	0
Ultra-low emission	0	0	0	0
Industrial site dust treatment	5	10,360	1	2,640

1.4. Water treatment business

In 2021, the Group entered into 4 contracts for waterworks projects, with a total contract amount of RMB106 million, among which, for the market other than China Datang Group, the Group obtained projects from China Resources (Holdings) Company Limited and Inner Mongolia Mengtai Coal & Electricity Group Co., Ltd. (內蒙古蒙泰煤電集團有限公司) for the first time. The rotary atomization desulfurization wastewater treatment technology independently developed by the Group has been successfully applied to the Nanjing project, which is of pioneering and exemplary significance.

2. Overseas Business

As at 31 December 2021, the Group had five overseas projects under progress. Among which, the NPP5A, NPP9 and PTG projects in Thailand have been put into operation, the desulfurization project for No. 1 and No. 2 generating units in Cuddalore in India ran steadily after officially put into operation.

3. Renewable Energy Business

3.1 Engineering Business

In 2021, the Group entered into 7 renewable energy engineering projects, of which 6 are photovoltaic engineering projects with installed capacity of 396.09MW, and 1 is wind power engineering project with installed capacity of 130MW.

3.2 Investment Business

In 2021, the Group entered into 3 distributed photovoltaic investment projects with total installed capacity of 3.05MW, all of which have been connected to the grid for power generation.

4. Research and Development

In 2021, the Group continued to intensify technological innovation, successively set up the "technological innovation leading group" and the working group for "accelerating mastery of core technologies", carried out special promotions for five key self-developed technological projects urgently needed by the Group. The Group organized high-level technical developers to fully investigate domestic and foreign technologies and market development condition so as to provide support for the Group's precise positioning of medium and long-term development direction.

In 2021, the Group was awarded 137 patent authorizations in aggregate, including 24 invention patent authorizations. In March, the "ISO International Standard Evaluation Method for the Treatment and Reuse Technology of Industrial Wastewater (工業廢水處理回用技術評價方法)" (ISO 23043), jointly prepared by the Group and Nanjing University, was officially released and implemented. The Group has completed the leading preparation and publication of 3 international standards.

The "Development and Engineering Demonstration of Smart Denitrification Technology under Ultra-Low Emission (超低排放背景下智慧脫硝技術開發及工程示範)" and the "Research on Chemical Composition Analysis of Catalysts (Tablet Method) (催化劑化學成分分析(壓片法)研究)" independently developed by the Group won the first prize of technical achievement of China Electricity Technology Market Association, and the "Control System and Method of SCR Denitrification Ammonia Injection Optimization (SCR脫硝噴氨優化控制系統及方法)" won the first prize of patent of China Electricity Technology Market Association.

III. MANAGEMENT DISCUSSION AND ANALYSIS ON FINANCIAL POSITION AND OPERATING RESULTS

There are inter-segment sales among the Group's segments and sub-segments, and accordingly the Group records intra-segment elimination and inter-segment elimination among these segments/sub-segments for the relevant revenue and cost of sales. In this results announcement, unless otherwise specified herein, (i) all discussion about total revenue, total gross profit and overall gross profit margin are based on the amounts after all intra- and inter-segment elimination among the segments/sub-segments (being the figures reflected in our consolidated statement of profit or loss and other comprehensive income), and (ii) all discussion about the revenue, gross profit and gross profit margin of business segments and sub-segments are based on the amounts before any intra- or inter-segment elimination of such segment or sub-segment.

1. Overview

The Group's revenue decreased by 22.5% from RMB6,821.1 million in 2020 to RMB5,288.4 million in 2021. The Group's profit for 2021 amounted to RMB-443.3 million, representing a decrease of RMB654.7 million as compared with RMB211.4 million in 2020. Profit attributable to owners of the parent amounted to RMB-208.3 million. As at 31 December 2021, the Group's cash and cash equivalents decreased by 18.7% to RMB1,244.9 million as compared with RMB1,531.7 million as at 31 December 2020. The Group's total assets decreased by 8.7% to RMB18,428.4 million as at 31 December 2021 as compared with RMB20,180.9 million as at 31 December 2020. The Group's total liabilities decreased by 9.1% to RMB11,672.8 million as at 31 December 2021 as compared with RMB12,841.6 million as at 31 December 2020. The Group's return on total assets for 2021 was -2.3%, as compared with 1.0% in 2020.

2. Results of Operations

2.1 Revenue

The Group's revenue decreased by 22.5% to RMB5,288.4 million in 2021 as compared with RMB6,821.1 million in 2020, primarily due to the decrease in revenue of engineering businesses.

2.2 Cost of sales

The Group's cost of sales decreased by 12.5% to RMB4,947.0 million in 2021 as compared with RMB5,652.8 million in 2020. The decrease of the Group's cost of sales was mainly due to the decrease in costs along with the decrease in revenue of engineering businesses.

2.3 Selling and distribution expenses

The Group's selling and distribution expenses decreased by 20.9% to RMB18.2 million in 2021 as compared with RMB23.0 million in 2020.

2.4 Administrative expenses

The Group's administrative expenses decreased by 1.1% to RMB478.7 million in 2021 as compared with RMB483.8 million in 2020. This was mainly due to the reduction of the Company's labor dispatch personnel.

2.5 Other income and losses

The Group's other income decreased to RMB80.4 million in 2021 as compared with RMB82.2 million in 2020. This was mainly due to the increase in loss on disposal of items of property, plant and equipment compared with last year.

2.6 Other expenses

The Group's other expenses decreased by 60.5% to RMB42.1 million in 2021 as compared with RMB106.6 million in 2020, mainly because Datang Xinjiang signed a compensation agreement with Technologies & Engineering Company, which stipulated that Datang Xinjiang would pay a total of RMB49,432,000 in compensation to Technologies & Engineering Company for the termination of a construction contract and Technologies & Engineering Company recorded the compensation in other income accordingly.

2.7 Finance costs

The Group's finance costs decreased by 17.9% to RMB222.0 million in 2021 as compared with RMB270.3 million in 2020, mainly due to the decrease in the balance of long term interest-bearing bank borrowings of the Group and the replacement of high-interest bank borrowings through the issuance of super short-term commercial papers, which lowered the finance cost.

2.8 Profit before tax

As a result of the foregoing factors, the Group's profit before tax decreased by 217.2% to RMB-378.2 million in 2021 as compared with RMB322.7 million in 2020.

2.9 Income tax expense

The Group's income tax expense was RMB65.1 million in 2021, representing a decrease of 41.5% from RMB111.3 million in 2020, mainly due to the decrease in profit before tax.

2.10 Profit for the year

The Group's profit for the year decreased by RMB654.7 million from RMB211.4 million in 2020 to RMB-443.3 million in 2021. For the year ended 31 December 2021, the Group's profit for the year as a percentage of its total revenue decreased to -8.4% as compared with 3.1% in 2020.

2.11 Profit attributable to owners of the parent

The profit attributable to owners of the parent decreased by RMB511.2 million to RMB-208.3 million in 2021 as compared with RMB302.9 million in 2020.

2.12 Profit attributable to non-controlling interests

The profit attributable to non-controlling interests of the Group decreased by 156.7% to RMB-234.9 million in 2021 as compared with RMB-91.5 million in 2020.

3. Results on Business Segments

The following table sets forth a breakdown of the Group's revenue by segment/sub-segment and each segment/sub-segment as a percentage of total revenue for the years ended 31 December 2021 and 2020, as well as the percentage of change:

	For the year ended 31 December				
	2021		2020		
	Revenue	**Percentage of total revenue before elimination**[(1)]	Revenue	Percentage of total revenue before elimination[(1)]	Change
	RMB'000	**%**	*RMB'000*	%	%
Environmental Protection and Energy Conservation Solutions:					
Total revenue of environmental protection and energy conservation solutions before elimination	**5,003,199**	**92.9**	4,984,935	71.7	0.4
Intra-segment elimination[(2)]	**(90,171)**		(106,160)		
Total revenue of environmental protection and energy conservation solutions after intra-segment elimination	**4,913,028**		4,878,775		0.7
Inter-segment elimination	**–**		–		
External revenue of environmental protection and energy conservation solution	**4,913,028**		4,878,775		0.7
Renewable Energy Engineering:					
Total revenue of renewable energy engineering business	**307,767**	**5.7**	1,851,317	26.6	-83.4
Inter-segment elimination	**–**		–		
External revenue of renewable energy engineering	**307,707**		1,851,317		-83.4
Thermal power engineering:					
Total revenue of thermal power engineering	**927**	0.0	1,135	0.0	-18.3
Inter-segment elimination	–		–		
External revenue of thermal power engineering	**927**		1,135		-18.3

	For the year ended 31 December				
	2021		2020		
	Revenue	**Percentage of total revenue before elimination[1]**	Revenue	Percentage of total revenue before elimination[1]	Change
	RMB'000	***%***	*RMB'000*	*%*	*%*
Other businesses:					
Total revenue of other businesses	**73,989**	**1.4**	117,270	1.7	-36.9
Inter-segment elimination[3]	**(7,295)**		(27,426)		-73.4
External revenue of other businesses	**66,694**		89,844		-25.8
Total revenue before elimination[4]	**5,385,882**	**100.0**	6,954,657	100.0	-22.6
Total intra- and inter-segment elimination[5]	**(97,466)**		(133,586)		
Total revenue	**5,288,416**		6,821,071		-22.5

Notes:

(1) Represents the revenue of each business segment or sub-segment (before any intra- or inter-segment elimination) as a percentage of the total revenue before any intra- or inter-segment elimination.

(2) Intra-segment elimination of revenue from sub-segments under environmental protection and energy conservation solutions segment mainly arises from the intra-segment sales between denitrification catalysts sub-segment to energy conservation sub-segment and environmental protection facility concession operation, respectively.

(3) Inter-segment elimination of revenue from other businesses segment mainly arises from the inter-segment sales between other businesses segment and environmental protection and energy conservation solutions.

(4) Represents the aggregate amount of the revenue of all segments/sub-segments before any intra- or inter-segment elimination.

(5) Represents the aggregate amount of all intra- and inter-segment elimination.

The following table sets forth a breakdown of the Group's gross profit by segment/sub-segment and gross profit margin of each business segment/sub-segment for the years ended 31 December 2021 and 2020, as well as the percentage of change in gross profit:

	For the year ended 31 December				
	2021		2020		
	Gross profit[1]	**Gross profit margin[2]**	Gross profit[1]	Gross profit margin[2]	Change of gross profit
	RMB'000	**%**	*RMB'000*	%	%
Total gross profit of environmental protection and energy conservation solutions	**297,943**	**6.0**	1,071,257	21.5	-72.2
Total gross profit of renewable energy engineering	**225**	**0.1**	52,721	2.8	-99.6
Total gross profit of thermal power engineering	**(35)**	**(3.8)**	(546)	(48.1)	-93.6
Total gross profit of other businesses	**19,190**	**25.9**	35,091	29.9	-45.3
Total gross profit and overall gross profit margin[3]	**341,431**	**6.5**	1,168,302	17.1	-70.8

Notes:

(1) Calculated based on the revenue of each segment or sub-segment (before any intra- or inter-segment elimination) minus the cost of sales of such segment or sub-segment (before any intra- or inter-segment elimination).

(2) Calculated based on the gross profit of each segment or sub-segment calculated according to note (1) divided by the revenue of such segment or sub-segment (before any intra- or inter-segment elimination).

(3) Total gross profit equals total revenue (being the revenue reflected on our consolidated statement of profit or loss and other comprehensive income) minus total cost of sales (being the cost of sales reflected on our consolidated statement of profit or loss and other comprehensive income). Overall gross profit margin equals total gross profit divided by total revenue.

4. Cash Flows

As at 31 December 2021, the Group's cash and cash equivalents decreased by 18.7% to RMB1,244.9 million as compared with RMB1,531.7 million as at 31 December 2020, mainly attributable to the decrease in the cash flow generated from operating activities of the Group.

5. Working Capital

As at 31 December 2021, the Group's net current assets decreased by 41.0% to RMB1,092.5 million as compared with RMB1,851.3 million as at 31 December 2020, primarily due to the decrease in contract assets, trade receivables and cash and cash equivalents.

6. Indebtedness

As at 31 December 2021, the Group's borrowings decreased by 1.9% to RMB5,952.8 million as compared with RMB6,070.9 million as at 31 December 2020.

7. Capital Expenditure

The Group's capital expenditure decreased by 70.7% to RMB129.0 million in 2021 as compared with RMB439.8 million in 2020. Capital expenditure mainly comprises costs of long-term assets including acquisition or construction of property, plant and equipment and intangible assets.

8. Financial Ratios

The following tables set forth certain of our financial ratios as at the dates and for the periods indicated:

	As at 31 December	
	2021	2020
Current ratio	**111.5%**	118.6%
Quick ratio	**109.4%**	116.7%
Liabilities to assets ratio	**63.3%**	63.6%
Leverage ratio	**69.7%**	61.8%
Return on total assets	**-2.3%**	1.0%
Return on equity	**-6.3%**	2.9%

9. Significant Investment

For the year ended 31 December 2021, the Group made no significant investment.

10. Material Acquisition and Disposal

For the year ended 31 December 2021, the Group had no material acquisition or disposal.

11. Contingent Liabilities

(a) India Gujarat Project

As mentioned in note 5(b) to financial statements, on 16 March 2019, the Group's subsidiaries, Technologies & Engineering Company and Technologies & Engineering India signed construction contracts for desulfurisation and wet chimney with GSECL. Due to the impact of COVID-19, the construction progress was delayed and GSECL issued a formal notice which accused the Company of default and stated that it might take measures such as terminating the contract, redeeming the performance guarantee letter, and entrusting the work to others to complete. The Group fully accrued provisions of RMB75,848,000 for the redemption of the performance guarantee letter, and also considers that the corresponding advance receipts of RMB25,835,000 will no longer be obligated to be returned after the redemption of the performance guarantee letter, and incurred other expenses of RMB50,013,000 accordingly, but the likelihood of occurrence of other compensations about these contract disputes cannot be estimated reliably.

(b) India NLC Project

As mentioned in note 5(b) to financial statements, on 6 March 2020, Technologies & Engineering Company signed a construction contract with NLC India. Due to the impact of COVID-19, the construction progress was delayed, and NLC India issued a formal notice to request to terminate the contract and redeem the performance guarantee letter amounting to RMB47,303,000. In addition, the claims brought by NLC India also include the costs incurred in re-tendering and the arbitration progress. The Group fully accrued a provision of RMB47,303,000 for the request of redeeming the performance guarantee letter, and incurred other expenses of RMB47,303,000 accordingly, but the likelihood of occurrence of other compensations about these contract disputes cannot be estimated reliably.

IV. RISK FACTORS AND RISK MANAGEMENT

Risks on environmental protection and energy conservation policies

The Group provides substantially all of its products and services in the PRC, and the development of its business is greatly dependent on the environmental protection policies of the PRC.

Environmental protection industry is one of the major industries that benefit from the constant support of the PRC government. The market demand for the Group's environmental protection and energy conservation products and services and the revenue generated therefrom are directly affected by the environmental protection policies of the PRC. However, there is no assurance that such policies will continue to be available to the Group or there will be no adverse change. If there is any adverse change, it may result in a material and adverse effect on the business prospects, results of operations and financial condition of the Group. The management of the Group is of the view that, given the severity of pollution in the PRC, it is unlikely for the PRC government to revise such environmental protection policies regarding the adverse effect or to withdraw any resources invested in the environmental protection industry. Moreover, the Group, as a trendsetter and leader of the environmental protection and energy conservation for the PRC's electric power industry, has participated in the formulation of various industrial policies and standards, which allows it to catch the latest industry trends and respond in a timely fashion.

Risks on connected transactions with China Datang Group and its connected persons

The Group has been conducting various transactions with China Datang Group and its connected persons, and will continue to enter into such transactions in the future. For the year ended 31 December 2021, the total value of goods sold and services provided by the Group to China Datang Group and its connected persons was approximately RMB4,738.4 million, representing approximately 89.60% of the total revenue of the Group. For the year ended 31 December 2021, the total value of goods purchased and services received by the Group from China Datang Group and its connected persons was approximately RMB1,518.9 million, representing approximately 30.70% of the total cost of the Group. The Group has been actively expanding its client base. For example, during 2021, the Group entered into contracts in the amount of RMB511 million with clients other than China Datang Group and its connected persons, representing approximately 28.54% of the total contract amount of the Group.

Liquidity risks

The Group had positive operating cash flows of RMB987.0 million for the year ended 31 December 2021. The Group cannot assure that its operating cash flow for any future period will be positive. The Group's ability to generate adequate cash inflows from operating activities in the future will depend largely on project schedule and billing arrangement, its ability to collect receivables from customers in a timely manner and the credit terms available to the Group. If the Group is not able to generate sufficient cash flows from operations or obtain sufficient financing to support its business operation, the Group's growth prospects may be materially and adversely affected. The Group plans to implement diversified measures to collect receivables in order to improve operating cash flow. In addition, the Group has been proactively seeking financing to support the development and expansion of its business. As at 31 December 2021, the Group had available bank facilities of RMB6.596 billion.

Industry risks

The Group's business primarily focuses on the environmental protection and energy conservation for coal-fired power plants, and therefore the market demand for the Group's environmental protection and energy conservation business relies heavily on the growth rate of the coal-fired power generation output in the PRC. In particular, the revenue generated from concession operations will be directly affected by the power generation output of coal-fired power plants. As pollution has become an increasingly severe environmental issue in the PRC, the PRC government has shown considerable concern for the adjustment to the national energy structure and development. Therefore, there can be no assurance that coal-fired power generation output in the PRC will continue to grow at the current pace. If the increase in coal-fired power generation output in the PRC slows down, it may result in a decrease in utilization hours of coal-fired power generation units, or a lower demand for the Group's products and services, which in turn will materially and adversely affect our business prospects, results of operations and financial position. The management of the Group is of the view that, in terms of the power generation portfolio in the PRC, coal-fired power generation still dominates the market. In addition, the vast majority of the Group's concession operations locate in coastal areas and economically developed areas, where the utilization hours of coal-fired power generation are higher than the average level nationwide. The Group plans to actively explore clients in the iron and steel, cement and petro-chemical industries.

Risks on overseas business

The Group is aggressively developing its overseas business, especially in the Belt and Road Initiative countries, deeply explores Southeast Asia, South Asia and other core markets, and focuses on the deployment in India, Thailand and other countries. The Group's global business expansion may be hindered by risks such as: lack of availability of overseas financing, possible difficulties in the management of overseas personnel and business operations, lack of understanding of the local business environment, financial and management system or legal system, volatility in currency exchange rates, cultural differences, changes in political, regulatory or economic environments in the foreign countries or other regions, as well as the risk of barriers. If the Group fails to manage the above risks effectively, its overseas expansion may be hindered, which may in turn result in a material and adverse effect on its business prospects, results of operations and financial condition. The management of the Group is of the view that, the PRC government has been actively establishing friendly diplomatic relations with the Belt and Road Initiative countries and improving the overseas investment atmosphere. The Group has extensive experience in project management in certain countries, such as India and Thailand, which can serve as examples for its future overseas development. Moreover, the Group has established rather mature risk management and internal control systems to mitigate risks on overseas business to the greatest extent possible.

V. OUTLOOK ON THE GROUP'S FUTURE DEVELOPMENT

In 2022, the Group will focus on "three promotions and one breakthrough", deeply promoting the three major businesses of environmental in-depth governance, resource recycling and integrated intelligent energy, and achieving breakthrough in acquiring "specialized and advanced" cutting-edge core technologies and new products. The Group will focus on serving the national strategies, and promote the optimization of structure and layout; focus on independent controllability and the forefront of the industry, and promote innovation-driven development; focus on the three-year action of state-owned enterprise reform, and promote the modernization of management system capabilities; focus on improving the quality of operation, and promote comprehensive quality and efficiency improvement; focus on key and difficult points, and promote prevention and mitigation of major risks of material investment; focus on governing the enterprise according to law and scientific management, and promote and consolidate the management foundation. The Group will implement the "six special tasks" including business breakthrough, reform, management improvement, technological innovation, risk mitigation and debt clearing. During the critical period and window period of the "14th Five-Year Plan", the Group will base itself on the new development stage, implement the new development concept, integrate into the new development pattern, and start a new journey of entrepreneurship. The Group will focus on the following four aspects:

1. Focus on developing in-depth environmental governance business

The Group will serve national strategies such as the battle against pollution, material protection of Yangtze River, ecological protection of the Yellow River Basin and high-quality development, promote synergies in reduction of pollution and carbon, make up for weaknesses, strengthen weaknesses, prevent risks and optimize inventory. The Group will improve and enhance the concession operation business, product manufacturing business and engineering business, steadily promote overseas business, and actively expand new environmental governance business, striving to improve the quality and efficiency level through the traditional advantage businesses, and consolidating the foundation for high-quality development.

2. **Steadily promote the resource-recycling utilization business**

The Group will vigorously develop circular economy, promote intensive use of resources and saving energy, follow the principle of "reduction, reuse and recycling", closely implement the regional development strategies such as the ecological and environmental improvement in Yangtze River Economic Belt and the Yellow River Basin, make deployment in national key urban agglomerations such as Beijing-Tianjin-Hebei, Yangtze River Delta, Pearl River Delta, Guangdong-Hong Kong-Macao Greater Bay Area and Chengdu-Chongqing Economic Zone. Taking existing resources of the Group as entry point, the Group will conduct comprehensive utilization demonstration of bulk solid waste, gradually expand the industrial park recycling renovation business, advance the cascade utilization of energy resources and waste recycling utilization, comprehensively improve the resource utilization efficiency, enhance the renewable resource utilization level and support the carbon reduction action.

3. **Proactively broaden "low-carbon" integrated intelligent energy business**

The Group will implement the deployment of building a new power system with new energy as the main body, focus on building a modern energy system, accelerate the development of non-fossil energy, adhere to both centralized and distributed energy deployment, vigorously improve the wind power and photovoltaic power generation scale. The Group will take the distributed photovoltaic business as the entry point, promote the centralized photovoltaic power, wind power business, fully tap the needs of industrial parks and key energy consuming enterprises, and carry out comprehensive energy services, energy storage, intelligent energy and other new businesses and formats, adjust structure, change the mode, expand increment and open a new layout.

4. **Adhere to innovation-driven and enhance core competitiveness**

The Group will adhere to the self-reliance of science and technology, give full play to the basic guarantee role of technological innovation, focus on improving the level of franchise operations, focus on reducing operational energy consumption and material consumption, focus on improving engineering and technical capabilities, and focus on supporting the development of new business formats. Focusing on national strategies such as "carbon peaking, carbon neutrality, resource recycling, green and low-carbon, new energy" and other hotspots, we will organically integrate design strength, technical strength, and research and development strength with our business to achieve comprehensive output and effect. The Group will will vigorously develop core technologies, strengthen the collection and storage of cutting-edge technologies in low-carbon, carbon-negative, energy efficiency management and other fields, increase investment in technological innovation, accelerate the acquisition of core technologies, and strive to build new industrial advantages.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the year ended 31 December 2021, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any of the Company's listed securities.

2021 FINAL DIVIDEND AND RELATED CLOSURE OF REGISTER OF MEMBERS

According to the resolutions of the Board passed at the sixth meeting of the third session of the Board on 31 March 2022, the Board proposed to distribute the final dividend for the year ended 31 December 2021 of RMB0.0298 per share (before tax) (the "**Proposed 2021 Final Dividend**") in cash to the shareholders of the Company (the "**Shareholders**"). If the proposal is approved by the Shareholders at the 2021 annual general meeting (the "**2021 AGM**") to be held on Thursday, 30 June 2022, the Proposed 2021 Final Dividend is expected to be distributed on or about Wednesday, 10 August 2022 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 12 July 2022. The Proposed 2021 Final Dividend to be distributed will be denominated and announced in RMB, of which dividends on Domestic Shares will be paid in RMB whereas dividends on H Shares will be paid in Hong Kong dollars (the exchange rate of RMB to Hong Kong dollars will be exchanged at the average exchange rate as announced by the People's Bank of China for five working days prior to the date of the 2021 AGM).

In order to ascertain the entitlements of the Shareholders to receive the Proposed 2021 Final Dividend, the register of members of the Company will be closed from Thursday, 7 July 2022 to Tuesday, 12 July 2022 (both days inclusive), during which period no transfer of Shares will be effected. To be eligible to receive the Proposed 2021 Final Dividend, all transfer documents must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares), or the Company's board office in the PRC at No. 120 Zizhuyuan Road, Haidian District, Beijing, the PRC, 100097 (for holders of Domestic Shares), no later than 4:30 p.m. on Wednesday, 6 July 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE SET OUT IN APPENDIX 14 TO THE LISTING RULES

The Company has always been committed to improving corporate governance since its establishment. According to provisions of the Corporate Governance Code (formerly known as the Corporate Governance Code and Corporate Governance Report) (the "**Code**") set out in Appendix 14 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), it has established a modern corporate governance structure comprising a number of independently operated bodies including the general meetings, the Board, the supervisory committee and the senior management of the Company in order to provide an effective check and balance. The Company has also adopted the Code as its own corporate governance practices.

For the year ended 31 December 2021, the Company was not involved in any material litigation liable by any Director. Each Director has the necessary qualification and experience required for performing his duty. The Company has purchased liability insurance for the Directors.

For the year ended 31 December 2021, the Company has complied with the principles and code provisions contained in the Code. Details of the corporate governance of the Company are set out in the 2021 annual report of the Company (the "**2021 Annual Report**") which will be published in due course.

COMPLIANCE WITH THE MODEL CODE FOR DEALING IN SECURITIES OF THE COMPANY BY ITS DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as the code of conduct for dealing in the securities of the Company by its Directors, supervisors and relevant employees of the Company (as defined in the Model Code). According to the specific enquiries of all Directors and supervisors of the Company, the Directors and supervisors of the Company confirmed that they had strictly complied with the standard set out in the Model Code for the year ended 31 December 2021. The Board will examine the corporate governance practices and operation of the Group from time to time to ensure that the Group is in compliance with relevant requirements under the Listing Rules and that the Shareholders' interests are safeguarded.

SCOPE OF WORK ON THE RESULTS ANNOUNCEMENT BY AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2021 as set out in this results announcement have been agreed by the Company's auditors, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on this results announcement.

AUDIT COMMITTEE

The Group's 2021 annual results and the consolidated financial statements for the year ended 31 December 2021 prepared in accordance with the IFRSs have been reviewed by the audit committee of the Company.

USE OF NET PROCEEDS FROM INITIAL PUBLIC OFFERING

The Company has been listed on the Main Board of the Stock Exchange since 15 November 2016. The net proceeds from the initial public offering and partial exercise of the over-allotment option, after deducting the underwriting fees and relevant expenses, amounted to approximately HK$2,032.3 million, which will be used in the ways stated in the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company dated 3 November 2016 (the "**Prospectus**") and the announcement of the Company dated 30 December 2021 (the "**Announcement**") in relation to the change in use of net proceeds.

The following table sets forth the use of net proceeds from the initial public offering as at 31 December 2021:

	Intended use of net proceeds disclosed in the Prospectus *(HK$ million)*	**Revised use of net proceeds as at the date of the Announcement** *(HK$ million)*	**Actual use of net proceeds up to 31 December 2021** *(HK$ million)*	**Unused net proceeds up to 31 December 2021** *(HK$ million)*	**Expected time of full utilization of remaining balance**
To finance the capital expenditures for expanding the desulfurization and denitrification concession operations	1,219.50	1,219.50	1,219.50	0.00	–
To develop new sources of growth in the revenue and profit, including but not limited to EMC business for coal-fired power plants, water treatment business, and providing customers with overall solution plans of ultra-low emissions	304.80	304.80	304.80	0.00	–
To repay some of the existing bank loans in order to lower the finance costs and improve the financial leverage ratio	203.20	203.20	203.20	0.00	–
For working capital and other general corporate purposes	203.20	203.20	203.20	0.00	–
For research and development expenditures	101.60	93.60	54.74	38.86	December 2025
Investment in renewable energy projects	–	8.00	0.00	8.00	December 2022
Total	2,032.30	2,032.30	1,985.44	46.86	

SIGNIFICANT SUBSEQUENT EVENT

On 14 January 2022, the Company and China Datang Group Overseas Investment Co., Ltd.* (中國大唐集團海外投資有限公司) ("**Datang Overseas Investment**") entered into an equity transfer agreement, pursuant to which, the Company has agreed to transfer, and Datang Overseas Investment has agreed to acquire the 10% equity interest in China Datang Overseas Power Operating Co., Ltd.* (中國大唐集團海外電力運營有限公司) held by the Company for a consideration of RMB26,389,106.03. The above transaction has not been completed as at the date of this results announcement.

On 31 March 2022, the Board proposed to distribute the final dividend for the year ended 31 December 2021 of RMB0.0298 per share (before tax) in cash to the Shareholders. The proposal is subject to the approval of the Shareholders at the 2021 AGM.

Other than the above, as of the date of this results announcement, the Group had no significant events after the reporting period that needs to be disclosed.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be available on the websites of the Stock Exchange (**http://www.hkexnews.hk**) and the Company (**http://www.dteg.com.cn**).

The Company will dispatch in due course to the Shareholders the 2021 Annual Report containing all the information as required by the Listing Rules, and publish it on the websites of the Company and the Stock Exchange.

By order of the Board
Datang Environment Industry Group Co., Ltd.*
Wang Yanwen
Chairman

Beijing, the PRC, 31 March 2022

As of the date of this announcement, the executive Directors are Mr. Wang Yanwen and Mr. Tian Dan; the non-executive Directors are Mr. Wang Junqi, Mr. Wu Daqing, Mr. Chen Kan and Mr. Song Yunpeng; and the independent non-executive Directors are Mr. Ye Xiang, Mr. Mao Zhuanjian and Mr. Gao Jiaxiang.

* *For identification purposes only*