



CHINA JINJIANG ENVIRONMENT HOLDING COMPANY LIMITED

中国锦江环境控股有限公司

(Incorporated in the Cayman Islands)

Company Registration Number: 245144

China Jinjiang Environment Delivers Resilient Growth in 1H2019

- Revenue increases by 13.8% year-on-year to approximately RMB1,633.0 million
- Waste-to-Energy Business records steady growth – key recurring income stream contributing approximately 65.0% of overall Group revenue
- Zheneng Group set to be Jinjiang Environment's largest controlling shareholder, with resources and strong financial expertise to facilitate the Group's financing and future development

Financial Highlights (RMB'million)	Group		
	1H2019	1H2018	Change (%)
Total Revenue	1,633.0	1,435.2	13.8
- Waste-to-Energy Business	1,062.4	897.0	18.4
- BOT Construction	484.4	303.0	59.9
- Project Technical & Management Service and EMC business	86.3	235.2	(63.3)
PATMI	253.8	250.3	1.4
Basic earnings per share ("EPS") (RMB cents) ^a	17.6	19.8	(11.3)
Net asset value ("NAV") per share (RMB cents) ^b	399.6 (as at 30 June 2019)	380.1 (as at 31 December 2018)	5.1

a) EPS for the six months ended 30 June 2019 and 30 June 2018 were computed based on the weighted average number of Shares for the period.

b) NAV per Share as at 30 June 2019 and 31 December 2018 were computed based on the number of Shares in issue at the end of the period. The total number of issued Shares as at 30 June 2019 and 31 December 2018 were 1,443,246,800.

SINGAPORE, 14 August 2019 – China Jinjiang Environment Holding Company Limited (“**Jinjiang Environment**” or the “**Company**” and together with its subsidiaries, the “**Group**”; Stock code: **BWM**), a leading Waste-to-Energy (“**WTE**”) operator in the People’s Republic of China (“**PRC**” or “**China**”), has announced its unaudited results for the six months ended 30 June 2019 (“**1H2019**”).

In the first half of 2019, China’s WTE industry entered the quality growth phase, with rapid expansion of WTE capacity. China’s rapid urbanisation and its fast-growing urban populations have led to growing volumes of municipal waste. China’s Ministry of Housing, Urban and Rural Construction and other departments issued the “Notice on the Comprehensive Development of Domestic Waste Classification in Cities of Prefecture level and above in the PRC”, which brought China into the era of compulsory waste sorting and treatment systems, thus accelerating the expansion of the vast market space in the solid waste industrial value chain.

Buoyed by the positive government policies and its market leadership in China’s WTE industry, Jinjiang Environment achieved a commendable business performance in 1H2019. The Group’s revenue for 1H2019 increased by 13.8% to approximately RMB1,633.0 million, as compared to RMB1,435.2 million a year ago. The Group recorded an overall gross profit of RMB520.0 million, while profit attributable to owners of the Company rose 1.4% to RMB253.8 million for 1H2019. Earnings per share was 17.59 RMB cents.

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

In 1H2019, revenue from the Group’s WTE business increased by 18.4% year-on-year to RMB1,062.4 million, contributing to 65.0% of the total revenue. This was due to (i) the expansion and upgrading of seven of the Group’s eight WTE facilities being substantially completed by the end of 1H2019 which markedly increased waste treatment capacity and boiler operation efficiency; (ii) a steady increase in output from Zhuji Bafang WTE Facility, which generated more electricity and steam ; (iii) an increase in revenue from the other WTE Facilities which was partially offset by the effects of the cessation of operations of the Zibo Jinjiang WTE Facility in July 2018; and (iv) an increase in electricity tariffs for Hangzhou Xiaoshan and Zhengzhou Xingjin WTE Facilities and retrospective payments by the relevant government authorities in respect of waste treatment fees for Wuhua WTE Facility.

BOT construction

Revenue from the Group's BOT construction services provided under concession agreements ("**BOT Construction**") increased significantly in 1H2019, growing by 59.9% from RMB303.0 million in 1H2018 to RMB484.4 million, accounting for 29.7% of the total revenue. This was mostly attributed to BOT revenue recorded for the Kunming Wuhua reconstruction project and the expansion of Wenling Green Energy WTE Facility in 1H2019, compared to BOT revenue recorded for projects in 1H2018.

In addition, financial income increased from RMB15.2 million in 1H2018 to RMB22.5 million in 1H2019.

Project technical and management services and EMC business

The Group continued to expand its project technical and management services and EMC business, and strived to provide a more comprehensive and integrated waste management service offering. In the first half of 2019, there were a total of 165 new business contracts, including six EMC contracts, 147 project technical and management consulting contracts and 12 design services contracts.

During the half year under review, the Group's project technical and management service and EMC business saw revenue decline to RMB86.3 million, making up the remaining 5.3% of the total revenue. This was due to adjustments made to the Group's business after Hangzhou Kesheng received the "National High-Tech Enterprise" status, which led to a reduction in the equipment selection and sales services as well as the lower profit sharing ratio in the later stages of EMC contracts.

Seize new opportunities in environmental protection; Collectively create waste-free cities

China's 13th Five-Year Plan is approaching its final year. In early 2019, the General Office of the State Council issued the "Pilot Work Program for the Construction of Waste-free Cities". By promoting the formation of green development and green lifestyles, this continuous push for the reduction in the volume of solid waste sources and resource utilisation will minimise the volume of landfills. As a key method for the harmless treatment for urban domestic waste, this will create new opportunities and challenges for the WTE industry.

As at 30 June 2019, Jinjiang Environment has 21 WTE facilities in commercial or trial operation and five operational resource recycling projects in China, with an installed waste treatment capacity of 30,540 tons/day and installed electricity generation capacity of 632 MW; and five WTE projects under construction, which are expected to add 7,470 tons/day (including 220 tons of organic waste) and 182 MW to the Group's total installed waste treatment capacity and installed electricity generation capacity, respectively upon completion. In addition, the Group has 14 domestic pipeline WTE projects actively undertaking preparation work as scheduled, which are expected to add 13,300 tons/day of installed waste treatment capacity and 276MW of installed electricity generation capacity respectively upon completion.

As at 30 June 2019, the Group has substantially completed the upgrading project ("Upgrading Project") for seven of the eight WTE facilities involved. The aforesaid seven WTE facilities which have been upgraded are in the process of constructing complementary waste resource recycling systems and upgrading their waste storage pits, which are expected to be completed in the third and fourth quarters of 2019 respectively. In order to ensure that the demand for heating is met as well as to achieve stability in production, Lianyungang Sunrise WTE Facility in Jiangsu Province, has constructed a new boiler before the upgrading of number 1 and 2 boilers under the Upgrading Project. The approval is expected to be obtained in 2019 and all will be completed and put into operation in 2020. The Upgrading Project is expected to expand the waste treatment capacity of the Group by approximately 5,000 tons/ day, and has seen significant improvement in capacity and efficiency.

The Group's improvement in the circulating fluidised bed technology and moving grate technology has increased the efficiency of waste disposal, marking a new chapter of development. The Group's second phase project of the Wenling Green Energy WTE Facility in Zhejiang Province and the Tangshan Jinhuan WTE Facility in Hebei Province have started trial operation, which increased the Group's operational capacity by 1,300 tons/day in the second quarter of 2019.

The Group is actively following up with the relevant local authorities on the closure or cessation of operations of the Zibo Jinjiang WTE Facility and Kunming Jinjiang WTE Facility. Currently, the local government in Zibo City, Shandong Province, has appointed a third-party asset appraisal firm which has submitted a formal appraisal review report. The Group will actively negotiate with the local government regarding compensation payments and other matters. The Kunming Jinjiang WTE Facility is currently operating as per normal, and the timeline for any closure or cessation of operations will be determined based on the progress of the completion of Kunming Wuhua reconstruction project.

In the first half of 2019, the Group progressively received government grants for several projects under construction. Four environmental protection projects under the Group received grants amounting to RMB230 million from investment funds within the central government budget. These projects were: Yunnan Kunming Wuhua reconstruction project, Hebei Shijiazhuang biomass incineration power generation project, Tangshan Fengrun domestic waste incineration power generation project and Jilin Changchun municipal domestic waste comprehensive treatment power station reconstruction and expansion project.

In the first half of 2019, five national/industry standards compiled by the Group were approved and promulgated. The three industry standards – Evaluation Criteria for Domestic Waste Incineration Plant (CJJ/T137-2019), Technical Specification for Waste Power Plant Flue Gas Purification System (DL/T 1967-2019), and Rules for Start-up, Trial Operation and Acceptance of Waste Incineration Power Plant (DL/T 2013-2019) - will be formally implemented on 1 October 2019. The two national standards – Energy Efficiency Limitation Value and Energy Efficiency Grade of Rotating Aerator for Sewage Treatment (GB 37483-2019) and Energy Efficiency Limitation Value and Energy Efficiency Grade of Submersible Push Mixer for Sewage Treatment (GB 37485-2019) – will be formally implemented on 1 May 2020. The continuous improvement and upgrading of the standards will lead the high quality and healthy development of the industry.

While cultivating the domestic market, the Group concurrently leverages on the “One Belt, One Road” initiative to expand its footprint overseas, through bidding for projects and mergers and acquisitions with a focus on the South-east Asian region and other developing countries. Currently, the Group has secured five overseas projects, with three projects located in Lucknow, Gwalior and Gurgaon, India, and one project in each of Barueri, São Paulo, Brazil and Palembang, Indonesia. At the same time, the Group will continue to prudently manage its cashflow to meet the needs of the Upgrading Project and its operations.

Following the completion of all its PRC and overseas projects under construction and in the preparatory stage, the Group’s total installed waste treatment capacity is expected to reach 64,406 tons/ day.

Zheneng Group poised to be the Group’s largest controlling shareholder; Collaboration to achieve “win-win” alliance

On 10 June 2019, Zhejiang Energy International Limited (浙江能源国际有限公司) and Zheneng Capital Holdings Co., Ltd. (浙能资本控股有限公司) (collectively, the “Purchasers”) controlled by the Zhejiang Provincial Energy Group Co., Ltd. (浙江省能源集团有限公司) (“**Zheneng Group**”) has entered into a conditional agreement for the acquisition of 29.79% of the shares in Jinjiang Environment, to become the largest controlling shareholder of the Group. The deal is expected to be completed by 10 September 2019, subject to the satisfaction and waiver of all conditions precedent. The Company was also informed that the Purchasers intend to nominate two executive directors to the Board upon completion. Upon completion, Mr. Dou Zhenggang and Ms. Wei Xuefeng are expected to be the second largest controlling shareholders of Jinjiang Environment, each indirectly holding approximately 25.82% of the shares in the Company.

As one of the largest state-owned enterprises in the Zhejiang Province, the Zheneng Group has strong capabilities across the entire energy production value chain. It manages supplies that accounts for approximately 50% of the electricity power consumption, nearly half of the total coal consumption, and approximately 83% of the total natural gas consumption in the Zhejiang Province. At the end of 2018, it had a total net asset value of RMB106 billion. The Group will continue to optimise its financing and future development through close cooperation with the new shareholders in related fields, together with its resources and financial strength.

Ms. Wang Yuanluo (王元璐), Non-Executive, Non-Independent Chairman of Jinjiang Environment, said: “With the Chinese government’s push to promote the development of ecological civilisation and environmental protection as one of China’s basic state policies, the environmental protection industry has ushered in new challenges and opportunities. Jinjiang Environment will focus on China’s core development strategy as it continues to firmly establish its leading position in the domestic industry, while constantly expanding the international exchange of technology and management experience. We will continue to advocate an independent approach to technological R&D and innovation, optimise the management and operation mode, and actively seek new growth opportunities in this fast-growing market. In addition, with its vast capabilities across the entire energy generation value chain along with its resources and financial expertise, the entry of the Zheneng Group as the largest controlling shareholder of Jinjiang Environment will create a strong alliance which will propel the Group towards a new stage of growth, accelerate the company’s sustainable development, thereby creating maximum value for shareholders.”

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IMPORTANT NOTICE

This press release should be read in conjunction with the financial statements announced on SGXNET on 14 August 2019. This press release is for information only and may contain forward-looking statements that involve assumptions, risks and uncertainties.

ABOUT JINJIANG ENVIRONMENT

Established in 1998, Jinjiang Environment (中国锦江环境控股有限公司) is the first private WTE operator in the PRC and is a leading WTE operator in the PRC in terms of waste treatment capacity in operation. The Group's business primarily focuses on the planning, development, construction, operation and management of WTE facilities in the PRC and has also established a presence in India, Brazil, Singapore, Indonesia and Germany. As at 30 June 2019, it operates 21 WTE facilities and five resource recycling projects. It has an additional (i) six WTE facilities under construction and (ii) 18 WTE facilities in the preparatory stage within the PRC and overseas. The facilities in operation have a total installed waste treatment capacity of 30,540 tons/day. The estimated total installed waste treatment capacity of all the facilities, when fully completed and acquired (including expansion and upgrading), will be 64,406 tons/day.

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