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

PRESS RELEASE

Jinjiang Environment reports steady growth in its FY2017 results While retaining its dominant position in the PRC, it sets its sights on expanding in overseas markets

- Total revenue for the full year ended 31 December 2017 ("**FY2017**") remained stable, increasing year-on-year ("**y-o-y**") from RMB2.63 billion to at RMB2.72 billion.
- Waste-to-Energy ("**WTE**") business revenue (excluding BOT Construction) increased 9.1% y-o-y to RMB1.8 billion.
- FY2017 PATMI increased 0.6% y-o-y to RMB601 million
- Jinjiang Environment continued to expand its footprint domestically and overseas with new projects, bringing its total installed and planned waste treatment capacity up to approximately 59,261 t/d

(SINGAPORE, HONG KONG, 28 February 2018) – China Jinjiang Environment Holding Company Limited ("**Jinjiang Environment**" 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**"), today announced its unaudited performance results for FY2017.

While the clean energy sector in the PRC is going through a phase of high growth and development, Jinjiang Environment has mapped its own growth path and steadily pushed ahead with a strategy of technological advancement, allowing it to gain first-mover advantage in the domestic and overseas markets. Leveraging on its advanced Circulating Fluidised Bed ("**CFB**") technology, and its mature investment, construction and operational system, its main businesses such as its WTE business, construction services provided under Build-Operate-Transfer concession agreements ("**BOT Construction**"), and project technical and management services, as well as its energy management contracting business ("**EMC**") have all achieved good growth momentum.

Group Highlights (RMB'000)	4Q2017	4Q2016	% Change	FY2017	FY2016	% Change
Revenue	858,637	777,973	10.4	2,715,076	2,631,888	3.2
- WTE Business (excluding BOT Construction)	456,584	481,013	(5.1)	1,767,728	1,620,796	9.1
- BOT Construction	203,063	210,995	(3.8)	556,274	727,775	(23.6)
- EMC Business	198,990	85,965	131.5	391,074	283,317	38.0
Gross profit	352,920	290,608	21.4	1,034,622	1,049,405	(1.4)
Gross profit margin	41.1%	37.4%	3.7%pts	38.1%	39.9%	(1.8)%pts
Profit before tax	264,609	230,805	14.6	819,200	829,986	(1.3)
PATMI	204,653	185,250	10.5	601,207	597,583	0.6
Earnings per Share (RMB cents)	16.75	15.22	10.0	49.35	54.85	(10.0)

The Group's overall revenue increased 3.2% y-o-y to approximately RMB2.7 billion. Gross profit reduced slightly by 1.4% y-o-y to approximately RMB1.0 billion mainly due to the impact of coal costs and depreciation expenses affecting the profitability of its WTE business (excluding BOT Construction). PATMI increased a slight 0.6% y-o-y to approximately RMB601. Basic earnings per share was RMB49.35 cents.

The Group achieved a decrease in administrative expenses throughout the year, and its share of total revenue decreased from 7.8% in FY2016 to 7.4% in FY2017. Finance costs increased compared to FY2016 primarily due to the increase in bank borrowings and finance leases, expensing of interest for projects that commenced operations and interest from the issuance of US Dollar bonds by the Group in the third quarter of FY2017.

To thank shareholders for their support, the Board recommends a final dividend of 5.1 Singapore cents per ordinary share[1].

As at 31 December 2017, the Group operated 20 WTE facilities with a total waste treatment capacity of 28,280 tons/day and an electricity generating capacity of 521 MW/d. In 2017, a number of important

[1] Based on approximately 50% of the profit and total comprehensive income attributable to owners of the Company and using an exchange rate of RMB4.83:SGD1.00 as at the date of the SGX announcement..

projects of the Group had started expansion or operation, driving an increase in the total treatment capacity. In January, the Gaomi Lilangmingde WTE Facility was completed and started trial operations, with a waste treatment capacity of 800 tons/day and estimated electricity generation capacity of 104 million kWh/year. In May, the Qitaihe WTE Facility in the Heilongjiang province was completed and started trial operations with waste treatment capacity reaching 1,000 tons/day and estimated electricity generated at 110 million kWh/year. In November, the Hohhot WTE Facility in Inner Mongolia started trial operation with a waste treatment capacity of 1,000 tons/day, and expected electricity generation capacity of 120 million kWh/year.

During the year, the Group also made steady progress in its construction and expansion projects. In April, the Yinchuan Municipal Solid Waste Resource Recycling and WTE Facility started the second phase of its expansion. Upon completion of the project, the facility in Yinchuan could achieve a 100% incineration rate of the municipal solid waste. Three WTE projects of the Group under construction, namely, the Zibo New Energy WTE Facility, expansion of the Yinchuan Zhongke WTE Facility and second phase expansion of the Zhuji Bafang WTE Facility are expected to commence trial operations by the first quarter of 2018, the second quarter of 2018 and the third quarter 2018 respectively. Upon completion, these three projects are expected to add 3,000 t/d and 107 MW/d to the Group's total installed waste treatment capacity and installed electricity generation capacity, respectively.

Due to constraints in the availability of land resources in urban areas for physical expansion to meet the growing demand for waste treatment, the need to meet higher emission standards for environmental protection and the need to calibrate WTE boilers to handle municipal solid waste of a higher calorific value following pre-treatment, the Group has continued to drive technical upgrading forward towards its goals and factored this into the annual work plan and budget. As at 31 December 2017, the Group completed its technical plan for the capacity expansion and upgrading of eight of its operational WTE facilities, which are older and have a higher waste treatment capacity. The expected investment for the upgrading is approximately RMB1 billion, which works out to be about RMB200,000 per ton of daily waste treatment capacity, which is much lower than the investment required to construct a new WTE facility. When completed, the technical upgrading project is expected to expand the waste treatment capacity by approximately 5,000 t/d and increase operational efficiency, whilst also reducing emission levels and the proportion of coal used at the Group’s WTE facilities.

The Group also took further steps in diversifying its WTE business and actively developing its energy management contracting business which has higher profit margins, supplementing the WTE business

and generating operational synergies. As of 31 December 2017, the Group has implemented a total of 23 energy management contracting projects and 18 technical consulting services projects.

Due to changes in the land use planning and environmental policies of the relevant local governments, the Group had signed a letter of intent with the relevant local authorities in charge of the Hangzhou Yuhang WTE Facility for it to be shut down and disposed of in the first half of 2018. Negotiations with the relevant local authorities regarding compensation payments for the closure of the Hangzhou Yuhang WTE Facility are expected to conclude by the end of the first half of 2018, and the Group has already received approximately RMB30 million, with the final compensation amount expected to be close to the book value of the Hangzhou Yuhang WTE Facility. The Group may also be required to close or cease operations at another two of its older WTE facilities, namely the Zibo Jinjiang WTE Facility and Kunming Jinjiang WTE Facility. The Zibo Jinjiang WTE Facility and Kunming Jinjiang WTE Facility are currently operating as per normal, and if required by the local authorities to close or cease operations, the timeline for such closure or cessation of operations will be determined based on the progress of completion of new WTE facilities which the Group is constructing in the same locations as the Zibo Jinjiang WTE Facility and Kunming Jinjiang WTE Facility. The Group's intention is for the waste currently treated by the Zibo Jinjiang WTE Facility and Kunming Jinjiang WTE Facility to be treated by the new facilities when they are completed. Management will actively review the situation and liaise with the relevant local governments to manage the procedures for any closures that may be required and the corresponding compensation.

Commenting on the win, Ms. Wang Yuanluo, Non-Executive Non-Independent Chairman of Jinjiang Environment, said: "The year 2017 has been a year the Group spearheaded its growth and development both domestically and overseas. At the national policy level, the 19th National Congress of the Communist Party of China has reiterated the basic state policy of environmental protection and the importance of the goal of improving environmental quality, promoting the concept that 'green is wealth'. The industry has experienced salient growth and as China steps up its supervision on environmental protection, the industry has faced new challenges and some adjustments. Amidst these changes, the Group has continued to maintain its leadership position in the domestic industry, sharpening its competitive edge in technological innovation as well as creating new segments and diversifying across the industrial chain. As a result, we have built an enterprise of substantial scale and strength. During the year, the Group started the operations of a few key projects and pursued opportunities in a number of construction and expansion projects, bringing total waste treatment capacity to a new high and fulfilling the needs of the WTE industry. 2017 was also a year the Group made its first entry into overseas markets, taking the cue from the "One Belt and One Road" initiative, seeking new points of growth in Asia, with Singapore, its place of listing as a base. Applying its high level of technology, strong management capabilities and operating system to markets which share waste characteristics similar to that of the PRC

was a winning formula for the Group, allowing it to enter the India market. This was a landmark breakthrough that laid a firm foundation for the Group's global expansion in the future. "

As at 31 December 2017, the Group has three overseas projects in the preparatory stage. With the completion of the acquisition of Ecogreen Energy in the first quarter of 2017, the Group won three WTE projects in Lucknow, Gwalior and Gurgaon respectively in the second quarter and the third quarter of the year, taking its first steps into the overseas markets. Among them, the Lucknow project is the Group's first overseas project and will be the first WTE facility in India to utilise CFB technology developed in the PRC. The three India projects will commence construction in the first half of 2018 and will add 3,271 tons/day of waste treatment capacity and 55 MW/day of installed electricity generation capacity upon completion.

The Group has long emphasized technological innovation and actively promoted technological research and development, and cooperation through various means such as production, learning and research, and strived to maintain its leading position in the increasingly competitive market environment. In March 2017, the Group jointly established the "National Engineering Lab for Waste Incineration Technology and Equipment" with Zhejiang University. The laboratory, approved by the National Development and Reform Commission, is the only national-level engineering laboratory in the field of waste incineration. It forms an important base for the integration of innovative resources, strengthening the development of technology, collation of basic research and industrial research and development, as well as the grooming of talents in innovation.

During 2017, the Group successfully issued US$200 million in aggregate principal amount of 6% senior unsecured notes due 2020, which received a rating of Ba2 Stable by Moody's and BB Stable by Standards & Poors. The issuance is a first for the Chinese WTE industry in the international bond market and it is also the first time a player in the Chinese WTE industry attains an international credit rating.

WTE business

(1) WTE business (excluding BOT Construction)

Revenue Breakdown (RMB'000)	**4Q2017**	**4Q2016**	**% Change**	**FY2017**	**FY2016**	**% Change**
Sales of electricity	219,823	287,400	(23.5)	962,913	942,899	2.1
Sales of steam	99,463	86,311	15.2	338,136	253,197	33.5
Waste treatment fees	137,298	107,302	28.0	466,679	424,700	9.9
Total WTE revenue (excluding BOT	**456,584**	**481,013**	**(5.1)**	**1,767,728**	**1,620,796**	**9.1**

Construction)						

	4Q2017	**4Q2016**	**% Change**	**FY2017**	**FY2016**	**% Change**
Electricity generated ('000 KWh)	553,738	626,294	(11.6)	2,433,599	2,314,303	5.2
On-grid electricity supplied ('000 KWh)	380,808	457,447	(16.8)	1,746,567	1,709,687	2.2
Steam supplied ('000 tonnes)	718	640	12.2	2,404	1,992	20.7
Waste treated ('000 tonnes)	2,016	2,102	(4.1)	8,395	8,134	3.2

In FY2017, revenue from the Group's WTE business (excluding BOT Construction) increased by 9.1% y-o-y to RMB1.8 billion, mainly due to the completion of expansion of the coal-fired generation plant at Zhuji Bafang, contributing to an increase in on-grid electricity generated and steam supplied and a consequent revenue increase. In addition, the commencement of waste collection and transportation operations for the Lucknow project in India drove an increase in waste disposal revenue.

The Group's supply of on-grid electricity and steam in FY2017 increased 2.2% and 20.7% y-o-y respectively, while the amount of waste treated increased 3.2% y-o-y. The increase in on-grid electricity and steam supplied was mainly due to additional coal-fired generation facilities of the Zhuji Bafang WTE Facility becoming operational in 2017, while the commencement of waste collection and transportation operations for the Lucknow project in India drove an increase in amount of waste treated.

Due to increased utilisation of coal arising from the commencement of operations of the additional coal-fired generation units of the Zhuji Bafang WTE Facility, an increase in coal prices and the operation of new and upgraded facilities resulting in increased operating costs such as depreciation and materials, cost of sales for the WTE business increased from RMB934 million in FY2016 to RMB1.1 billion in FY2017, offsetting revenue growth. Gross profit for the segment decreased 6.1% y-o-y to RMB645.1 million.

(2) BOT Construction

In FY2017, revenue from construction services under BOT concession agreements dipped from RMB727.8 million in FY2016 to approximately RMB556.3 million This was because the second

phase expansion of the Wenling Green Energy WTE Facility and Gaomi Lilangmingde WTE Facility and expansion of Yinchuan Zhongke WTE Facility in FY2017 were of a smaller scale as compared to the construction in FY2016 for Gaomi Lilangminde WTE Facility and Songyuan Xinxiang WTE Facility, resulting in lower revenue recorded for FY2017.The lower revenue drove a decrease in gross profit to approximately RMB101.0 million while gross profit margin decreased to 13.6%.

EMC business

Revenue from the EMC business segment increased 38.0% y-o-y from RMB283 million in FY2016 to RM391 million in FY2017, mainly due to a significant increase in revenue from the project technical and management services business in FY2017. Gross profit of the EMC business segment was RMB288.6 million, registering a 30.6% y-o-y increase, with a gross profit margin of 73.8%.

Outlook

In addition, the Group has commenced preparatory work for the construction or expansion of the waste treatment capacity of another 21 projects in the PRC. The relevant preparatory work has been completed, and approvals obtained, for the Shijiazhuang Jiasheng WTE Facility, Kunming Wuhua WTE Facility, Tangshan Jiasheng WTE Facility, Linzhou Jiasheng WTE Facility, and Yueyang Sunrise WTE Facility for which construction is expected to begin by the first half of 2018. The relevant governmental approvals are in the process of being sought for the Yulin Green Energy WTE Facility, Yan'an Guojin WTE Facility and Zhongwei Green Energy WTE Facility. In aggregate, the aforesaid 21 pipeline projects are expected to increase the Group's total installed waste treatment capacity and installed electricity generation capacity by 21,550 t/d and 462 MW/d, respectively.

Over the same period, the Group stepped up its pace of technological upgrading by introducing advanced "pre-treatment" technology from Europe and combining it with its own independent research and development. This was applied in the conversion of waste into high-quality recycled fuel/Refuse Derived Fuel, improving the operating efficiency of its WTE facilities and reducing emissions. The Group has commenced construction or preparatory work for seven recycling projects in Jiangsu, Shandong, Hebei, Hubei and Heilongjiang. The completion of all these projects will increase the Group's total waste handling capacity by 3,160 tons/day.

Taking into consideration all the projects under construction, to be constructed or expanded and new potential projects, both in the PRC and overseas, the Group's total installed waste treatment capacity is expected to reach approximately 59,261 t/d upon the completion of these projects.

Ms. Wang concluded: "The Chinese government's thirteenth Five-Year Plan has set a target for cities in the PRC to achieve 'zero landfilling' of domestic waste in 2020 and for incineration of municipal waste incineration to account for more than 50% of the total municipal waste treatment capacity. These policy developments and industry trends will bring more growth opportunities for the Group. Jinjiang Environment will continue to sharpen its technological edge and apply innovation along a three-pronged approach of technology, management and model, in order to harness the wealth of opportunities for development in the industry, amidst a landscape of increasing industry competition and fast-growing market demand. At the same time, the Group will also ride on the "One Belt and One Road" initiative to 'go global' in our expansion strategy, make further inroads into overseas markets, and explore acquisitions of WTE projects both in the domestic and overseas markets in order to bring the Group's advanced technologies and expertise to overseas markets. Moving ahead this year, the Group will be guided by its original environmental mission, innovate and change for the future, develop its business simultaneously at home and abroad, continue to build up and enrich the environmental protection industry, strive to increase operational efficiency, and pioneer a new era for the environmental protection industry."

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ABOUT JINJIANG ENVIRONMENT

Jinjiang Environment (中国锦江环境控股有限公司) is the first private WTE operator in the PRC and continues to be the leading WTE operator in the PRC with the largest 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 established a presence in India and Singapore. As at 31 December 2017, it operates 20 WTE facilities in 12 provinces, autonomous regions and centrally-administered municipalities in the PRC, and has an additional (i) three WTE projects under construction and (ii) 21 WTE projects in the preparatory stage. The facilities in operation have a total installed waste treatment capacity of 28,280 tons/day. The estimated total installed waste treatment capacity of all the WTE facilities, when fully completed and acquired, will be approximately 59,261 tons/day.

Issued for and on behalf of China Jinjiang Environment Holding Company Limited

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