



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 achieves growth in both revenue and net profit for 3Q 2018

New competitive advantages developed from upgrading and capacity expansion

Steady progress made towards attaining global industry leadership

- 9M2018 revenue rises 13.6% year-on-year (“y-o-y”) to approximately RMB2.1 billion
- 9M2018 gross profit was slightly over RMB800 million while 3Q2018 gross profit increased by 66.4%
- PATMI achieved in 9M2018 was approximately RMB378.8 million, and grew 27.4% y-o-y in 3Q2018

(SINGAPORE, 12 November 2018) – China Jinjiang Environment Holding Company Limited (“Jinjiang Environment” and together with its subsidiaries, the “Group”), a leading waste-to-energy (“WTE”) operator in the People’s Republic of China (“PRC”), announced its unaudited results for the third quarter as well as nine months ended 30 September 2018 (“3Q2018” and “9M2018” respectively).

Under the ‘13th Five-Year Plan’, China has placed enhanced focus on its environmental protection policies, ushering in a major opportunity for the WTE sector. The Group has integrated its growth plans with China’s strategies and policies in waste treatment and has been proactively expanding its business footprint. The Group’s technical upgrading and capacity expansion of eight of its WTE facilities (“**Upgrading Project**”) has been implemented smoothly with some of the facilities having achieved a stable level of operation and improvements having been attained in waste treatment capacity and boiler efficiency. The Group’s 3Q 2018 gross profit and PATMI registered y-o-y growth.

The Group's 9M2018 revenue was RMB2.1 billion, a 13.6% y-o-y increase, with growth achieved across all business segments. The completion of upgrading works of the heating pipe network in the Zhuji Bafang WTE Facility led to an increase in steam supply and sales, while the gradual expansion of the scope of waste collection and transportation operations in India led to a rise in waste treatment revenue. These offset the effects of downtime arising from the Upgrading Project, leading to a slight 2.1% y-o-y growth in 9M2018 WTE revenue to RMB1.3 billion. Revenue from BOT construction services under concession agreements ("**BOT Construction**") increased 17.5% y-o-y to RMB415.2 million. Project technical and management services and EMC business (collectively "**EMC**") revenue registered a significant 85.1% y-o-y increase to RMB355.6 million due to organic business growth and contribution from the newly acquired Hangzhou Zhenghui Construction Engineering Co., Ltd. The Group's 9M2018 gross profit increased 17.5% y-o-y to RMB800.6 million while its 9M2018 PATMI and basic earnings per share was approximately RMB378.8 million and RMB28.69 cents.

Targeting opportunities arising from enhanced environmental protection policies and growing its business footprint

The Group has been expanding its domestic business footprint and driving forward the capacity expansion, preparation and construction of its new facilities at a steady momentum, while actively acquiring new facilities to lay the foundation for sustainable development in the future. As at 30 September 2018, the Group has 20 WTE facilities in commercial operation and two resource recycling projects in the PRC, with a total installed waste treatment capacity and installed electricity generation capacity of 29,240 tons/day and 574 MW, respectively. The Group has five domestic WTE projects under construction, which are expected to add 8,450 tons/day and 215 MW to the Group's total installed waste treatment capacity and installed electricity generation capacity, respectively. Amongst them, the first production line of Zibo New Energy WTE Facility, the fourth WTE facility operated by the Group in Shandong Province, was successfully connected to the grid and has started trial operations. At the same time, construction has commenced for the second phase expansion of the Wenling Green Energy WTE Facility and the Kunming Wuhua reconstruction project.

The Group continued to drive technical upgrading and capacity expansion across its operations as part of its strategic goals. During the period, the Group made progress in its execution of the Upgrading Project involving eight of its WTE facilities which have longer operating histories and higher potential increments in waste treatment capacity. The Group expects an increase in the waste treatment capacity and installed electricity generation capacity by the end of 2018, as well as growth in revenue from the WTE business (not including BOT construction revenue). Expected to be completed in 2019, the Upgrading Project is

projected to increase the Group's waste treatment capacity by 5,000 tons/day, reduce emission levels from its WTE facilities, reduce its coal blending ratio, and improve operational efficiency and environmental performance.

With rapid growth in the demand for municipal solid waste treatment and clean energy in China, the Group seized opportunities in this regard and widened its business footprint, while advancing the foundation work for its 17 domestic WTE facilities in the preparatory phase. The completion of all domestic projects in the preparation phase is expected to add 16,200 tons/day to the Group's total installed waste treatment capacity and 339MW to its installed electricity generation capacity. At the same time, the Group expanded its pipeline of facilities. During the period, it successfully secured the PPP project of Yunnan Jinghong WTE Facility which has a total designed capacity of 1,200 tons/day. In October, the Group conducted a groundbreaking ceremony for the Group's WTE facility in Linzhou, Henan Province which has a designed waste treatment capacity of 1,000 tons/day. When the facility is completed and operational, it can treat 365,000 tons of urban and rural domestic waste without harm to the environment and generate 160 million kWh of electricity annually, bringing economic benefits to China and contributing to China's environmental protection cause.

The Group is working closely with the government on the closure of the Hangzhou Yuhang WTE Facility, Zibo Jinjiang WTE Facility and Kunming Jinjiang WTE Facility. The Hangzhou Yuhang WTE Facility has signed a compensation agreement with the local government in 3Q2018, and it will receive a total compensation amount of RMB 290 million (equivalent to approximately S\$58 million), which exceeds the net asset value of the facility. As at the end of September 2018, the Group has received compensation of approximately RMB145 million with the remaining expected to be received by the end of 2018. The Zibo Jinjiang WTE Facility has ceased operations in July, and the waste formerly treated by it has been redirected to and is being treated by the Zibo New Energy WTE Facility which started operating in July. The Group is actively negotiating with the relevant local authorities regarding compensation payments. The Kunming Jinjiang WTE Facility is currently operating as per normal, and will only cease operations upon the completion of the construction of a new WTE Facility (Kunming Jinjiang reconstruction project) which commenced in September 2018.

In October 2018, the Group's domestic PPP WTE project in Yan'an City of Shaanxi Province was included in the Ministry of Finance's Inclusive Finance Development's list of projects eligible for a funding award of RMB5 million, representing a mark of endorsement from the government and the Ministry of Finance on the strength of the Group's capabilities in the construction and operation of WTE facilities. Additionally in September, the Group has transferred its entire shareholdings in the Yucheng Project in Shandong

Province and the Yueyang Project in Hunan Province. These were undertaken to enable the Group to focus on its other pipeline WTE facilities and the Group could more reasonably arrange financial and capital resources.

As the Group's overseas business stabilises, research and innovation will provide it with a leading edge

While consolidating its position as a leader in the domestic WTE industry, Jinjiang Environment is committed to riding on China's "Belt and Road Initiative" to accelerate the development of its global footprint. It will focus on potential acquisitions of or mergers with high-quality companies in the business of provision of environmentally-friendly energy within Southeast Asia and other developing countries, thus advancing internationalisation plans and moving towards achieving its long-term strategic goals. Currently, the group has five overseas projects. Among the three Indian projects, the Gurgaon facility has started construction in the first half of 2018 and is expected to be operational in the second quarter of 2019. The Lucknow and Gwalior facilities are actively in the midst of preparatory work. In addition, the Group is also actively laying the preparatory work for the newly acquired Barueri project in Brazil's São Paulo and the Palembang project in Indonesia this year, and aims to start construction as soon as possible.

Taking into consideration all the completed projects, projects under construction, to be constructed or expanded or upgraded and resource recycling projects, both in the PRC and overseas, the Group's total installed waste treatment capacity is expected to reach approximately 66,210 tons/day upon the completion of these projects.

The Group's EMC business registered rapid growth during 3Q2018. As at 30 September 2018, the Group implemented 66 business contracts, including 31 contract energy projects of which eight are in the construction phase, and 35 consulting service projects, of which one is in the process of being signed. In addition to the eight EMC projects, other projects are already experiencing energy-saving benefits or have benefitted from the value of consulting services.

As a leader in China's WTE industry, the Group positions itself at the frontier of science and technology innovation globally, actively utilising innovative and advanced technologies and continuously improving its research capabilities and driving industry technology upgrades. In 3Q2018, the Group was invited to participate in the 2018 China Environmental Industry Summit Forum and the 2018 China Environment Technology Forum (2nd edition) to share its advanced technology and experience as a leading company

within the industry. Jinjiang Environment has also been actively participating in the development of national industry standards in China and the promotion of the sustainable development of the WTE industry. The national industry standard "Standard Waste Fluidized Bed Incineration Boiler GB/T34552-2017" edited by Jinjiang Environment was given an "Excellent Standard" rating by the National Urban Environmental Sanitation Standardization Technical Committee. With a focus on showcasing industrial internet platform solutions, Jinjiang Environment's operational management and control platform has been successfully selected as a pilot platform for the development of provincial-level manufacturing in Zhejiang province and internet-integrated operations in 2018. This is a reflection of the government's recognition and support for Jinjiang Environment's operation management and control platform system. The new model and format under internet-based manufacturing presented by this platform's system will be further applied and promoted, effectively contributing to the enhancement of the overall technological level in the industry.

Ms. Wang Yuanluo, Non-Executive, Non-Independent Chairman of Jinjiang Environment, said:

"Jinjiang Environment has walked the WTE journey for 20 years and has witnessed the evolution of environmental protection in China from the implementation of basic national policies in resource conservation and environmental protection to the development of the WTE industry. As one of the pioneers in the industry, Jinjiang Environment has relied on continuous innovation and technological upgrading as well as advanced management philosophies to stand out and become a leader in the industry. Currently, the government is aggressively promoting treatment of domestic waste using harmless methods and prioritising the development of clean energy projects, thus bringing good opportunities for Jinjiang Environment and the industry. In 2018, the Group focused on its operations and seized opportunities to carry out capacity expansion and transformation work. It realised the benefits of innovation and upgrading in 3Q2018, and drove a year-on-year increase in revenue and profitability. In 4Q2018, the Group will further advance capacity expansion and transformation, sharpen its management processes, and strive to improve operational efficiency. The commissioning of Shandong Linzi WTE Facility marks the successful introduction of advanced international technologies and concepts in waste incineration, creating a new benchmark in the comprehensive utilisation and efficient incineration of waste. Looking into the future, Jinjiang Environment will stay true to its original mission, using its 20th anniversary milestone as a new starting point, constantly innovating and improving the technology of its processes, and concentrating on the treatment of municipal solid waste in China in a resourceful and harmless way. At the same time, the Group will continue to advance its international development, integrating its plans with the 'Belt and Road initiative', improve its global footprint and actively absorb advanced overseas technical experience, establish more benchmark projects, and build a world-renowned solid waste treatment company."

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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 continues to be the 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 September 2018, it operates 20 WTE facilities and two resource recycling projects in 12 provinces, autonomous regions and centrally-administered municipalities in the PRC. It has an additional (i) six WTE facilities under construction and (ii) 21 WTE facilities in the preparatory stage within the PRC and overseas. The facilities in operation have a total installed waste treatment capacity of 29,240 tons/day. The estimated total installed waste treatment capacity of all the facilities, when fully completed and acquired (including expansion and upgrading), will be approximately 66,210 tons/day.

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

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IMPORTANT NOTICE

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