



**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 steady revenue growth in 1H2018**

**Innovative culture driving transformation and upgrading**

**New breakthroughs in domestic and overseas business**

- 1H2018 revenue rises 12.5% year-on-year (“**y-o-y**”) to approximately RMB1.4 billion
- 1H2018 gross profit was RMB547.2 million while 2Q2018 gross profit margin rose to 49.5%
- PATMI achieved was approximately RMB250.3 million in 1H2018

**(SINGAPORE, 12 August 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**”), today announced its unaudited results for the half year ended 30 June 2018 (“**1H2018**”).

Rapid urbanisation has caused a significant increase in demand for waste treatment. As a leader in China’s WTE industry, Jinjiang Environment is setting high industry benchmark goals for itself, focusing on technological innovation and upgrading, exploring the ecological value chain to find new growth avenues while developing its business steadily. The Group’s 1H2018 revenue increased 12.5% y-o-y to RMB1.4 billion from RMB1.3 billion in 1H2017.

With the continued expansion of the Yinchuan Zhongke WTE Facility, Gaomi Lilangmingde WTE Facility and other facilities, as well as its India projects, BOT Construction revenue increased 35% y-o-y to RMB303.0 million from RMB224.5 million in 1H2017. The Energy Management Contracting (“**EMC**”) business segment, which includes project technology and management services, as well as EMC services, saw an increase in equipment selection and sales, resulting in revenue growth of 65.3% y-o-y from RMB142.3 million in 1H2017 to RMB235.2 million in 1H2018. 1H2018 gross profit grew to RMB547.2 million, while PATMI was approximately RMB250.3 million and earnings per share was RMB19.84 cents.

## Harnessing the Ecological Green Opportunity and Driving Transformation and Upgrading

With China's '13th Five-Year Plan' entering its critical third year, China is ramping up the development of its ecological civilisation. WTE has been identified as one of the main methods of treatment of domestic waste in the PRC that is harmless and thereby bringing significant opportunities for the group. As at 30 June 2018, the Group has 20 WTE facilities in commercial operation, and two resource recycling projects, with a total installed waste treatment capacity and installed electricity generation capacity of 29,440 tons/day and 533 MW, respectively. The Group has continued to push ahead with the ongoing technical upgrading and capacity expansion work for its eight WTE facilities ("**Upgrading Project**") which have longer operating histories and higher potential increments in waste treatment capacity. The Upgrading Project is proceeding as scheduled and expected to complete in 2019. The Group has four domestic WTE projects under construction, namely, the Zibo New Energy WTE Facility in Shandong, the second phase expansion of the Zhuji Bafang WTE Facility, Tangshan Jiasheng WTE Facility and the Shijiazhuang Jiasheng WTE facility in Hebei. Construction is being carried out as scheduled and when completed, these projects currently under construction are expected to add 5,400 tons/day and 200 MW to the Group's total installed waste treatment capacity and installed electricity generation capacity, respectively. Outside of the PRC, construction of the Gurgaon Facility in India started in 1H2018. Amongst these facilities in construction, the first production line of Zibo New Energy WTE Facility has started trial operations in early July 2018 and this is the fourth WTE Facility operated by the Group in Shandong province. This project sets a benchmark for domestic SRF (Solid Recovered Fuels) technology, and is also the first circulating fluidised bed incinerator with a high parameter (7.9MPa, 520°C) in China. In addition, it does not utilise any supplementary fuel in the process.

In June 2018, following a review, the Group's Tianjin Sunrise WTE Facility 3# turbo-generator expansion project and the Wenling Green New Energy WTE Facility were included in the Ministry of Renewable Energy's Electricity Price Subsidies Catalogue.

The Group is following up closely on the compensation pertaining to the ceased or ceasing of operations of the Hangzhou Yuhang WTE Facility, the Zibo Jinjiang WTE Facility and the Kunming Jinjiang WTE Facility. If a compensation agreement is signed with the local government, Hangzhou Yuhang WTE Facility is expected to receive a total compensation of approximately RMB290 million (equivalent to approximately S\$58 million), including RMB35 million received so far, exceeding the facility's net asset value. The Zibo Jinjiang WTE Facility has also ceased operations in the beginning of July, and the waste formerly treated by it has been redirected to and is being treated by the newly operational Zibo New Energy WTE Facility. 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 after a new WTE Facility (Kunming Jinjiang reconstruction project) has been completed and commenced operations.

In response to the growing demand for waste treatment and clean energy, the Group has quickened the expansion of its footprint of WTE facilities in China and as at 30 June 2018, the Group has commenced preparatory work for the construction or expansion of another 20 domestic WTE projects. The relevant preparatory work has been completed, and approvals obtained, for the expansion of the Wenling Green Energy WTE Facility in Zhejiang, the Kunming Wuhua WTE Facility in Yunnan, and the Yan'an Guojin WTE Facility in Shaanxi, for which construction is expected to begin in the second half of 2018. The relevant governmental approvals are in the process of being sought for the Linzhou Jiasheng WTE Facility, Zhongwei Green Energy WTE Facility and Yulin Green Energy WTE Facility. Upon completion of all

domestic preparatory projects, the Group's total installed waste treatment capacity and installed electricity generation capacity are expected to increase by 18,850 tons/day and 405 MW, respectively. The Group will continue to increase the number of reserve projects in order to accelerate the growth of the footprint of its WTE facilities in the PRC. In early August, the Group had secured the Yunnan Jinghong WTE project and has incorporated the project company. The Group has established a good relationship with the government and will actively push for commencement of the project to be as soon as possible.

In addition, the Group will continue to focus on the development of its resource recycling projects. The Group has in fact commenced operations for two projects, namely the Jiangsu Kunshan resource project and the Heilongjiang Suihua Lanxi resource project. The Group has commenced construction or preparatory work for five resource recycling projects in Shandong, Hebei and Hubei, which upon completion, will increase the installed waste treatment capacity of the Group by 3,000 tons/day.

### **Extending its Global Business Footprint and Attracting Long Term Investment**

Jinjiang Environment is actively engaged in China's "Belt and Road initiative". While maintaining its leadership in China's WTE industry, Jinjiang Environment will widen its global footprint, particularly on developing countries such as Southeast Asia and South America, invest in building more environmentally-friendly energy enterprises and focus on creating overseas benchmark projects of a high standard, as a model for the countries that the Group is investing in. At present, the Group has three overseas projects in Lucknow, Gwalior and Gurgaon, India, of which construction for the Gurgaon facility has commenced in the first half of 2018, while the construction for Lucknow and Gwalior facilities is expected to commence in the second half of 2018. Currently, the waste collection capacity is approximately 2,410 tons/day and the coverage in Lucknow and Gurgaon is above 70%. The Group's overseas footprint continues to expand in Europe and the Americas. In January 2018, the Group incorporated a wholly-owned subsidiary, Waste Tec GmbH, in Germany, focusing on integrating proven waste dehydration and sorting technologies from Europe with the Group's own circulating fluidised bed technology. In April and June, the Group successively entered the South American and Southeast Asian markets, agreeing to invest for a 51% stake in a WTE project in Barueri, Sao Paulo, Brazil, and acquiring a 95% stake in a WTE project in Palembang, Indonesia. Upon the completion of all 5 overseas projects, the Group's total installed waste treatment capacity and installed electricity generation capacity will be increased by 5,096 tons and 88MW. The Group is committed to replicating sophisticated and advanced technologies and operational models to countries and regions with similar waste composition to China to help solve local environmental problems. In early July, during the fourth Singapore environmental protection summit (Clean Enviro Summit Singapore 2018, "**CESS 2018**"), a highly-regarded summit, held in Singapore, the network distribution of the Group's WTE facilities was highly appraised by the domestic and foreign government and academics. Moving forward, the Group will continue to deepen its presence in the Chinese market while developing good benchmark projects.

Taking into consideration all the completed projects, projects under construction (including resource recycling projects), 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 66,786 tons/day upon the completion of these projects.

As the EMC business evolved, the Group has implemented work for 59 contracts, including 26 energy contracting projects and 33 consulting services projects. In addition to the 6 EMC projects under construction and the non-specific implementation projects, the Group's other projects have enjoyed the benefits of energy conservation or its consulting services. In the second quarter ended 30 June 2018, through the acquisition of Hangzhou Zhenghui Construction Engineering Co., Ltd. and its engineering and management team, the Group has established an internal platform integrating design, engineering, procurement and construction capabilities, which not only strengthens the Group's ability to maintain existing and obtain new service contracts, but also promotes further technical cooperation between the Group and third parties at home and abroad.

As a leader in the PRC's WTE industry, the Group continues to attract strong long-term investors with its competency, status and long-term investment value in the environmental protection industry. In late April, the Group had successfully placed 214 million new shares to Harvest Global Dynamic Fund SPC (acting on behalf of and for the account of Harvest Environmental Investment Fund SP) raising net proceeds of S\$106.9 million, which were used to fund the Upgrading Project.

**Ms. Wang Yuanluo, Non-Executive, Non-Independent Chairman of Jinjiang Environment, said** "In 1H2018, the Group's businesses maintained steady progress in the highly competitive market environment, while achieving breakthroughs in the domestic and overseas footprint, laying the foundation for achieving new development breakthroughs in the future. Based on our National 13<sup>th</sup> Five-Year Plan, as high as 95% of urban waste is expected to undergo harmless treatment while 90% of rural waste is expected to be treated. Under the plan, the target for harmless waste disposal capacity is to be more than 50%, while eastern region cities are expected to reach above 60%. In addition, the policy plans to realise zero landfill of municipal solid waste in eligible municipalities, planned cities, and provincial capitals (built-up areas) by 2020. China is putting the development of clean energy on a high priority and the environmental protection industry is developing rapidly and is at a new critical point. In the second half of the year, the Group will continue to develop its business at home and abroad, opening up new business growth avenues such as waste incineration, EMC, entrusted services, while adhering to existing strategic principles and continuing the work on capacity expansion and transformation, in order to maintain industry leadership. In terms of technology, the Group will continue to research, understand and adopt foreign advanced technologies, concepts and technical equipment, increase independent research and development, and continuously promote the efficient use of waste resources and achieve better emissions standards. On the management front, the Group will continue to strengthen its internal management, further improving the effectiveness and efficiency. While adopting environmental protection as its mission, the Group will continue to grow and embrace changes in order to further promote business development and create maximum value for shareholders."

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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 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 also established a presence in India, Brazil, Singapore, Indonesia and Germany. As at 30 June 2018, it operates 20 WTE facilities and two resource recycling projects in 12 provinces, autonomous regions and centrally-administered municipalities in the PRC, and has an additional (i) four WTE facilities under construction and (ii) 20 WTE facilities in the preparatory stage. The facilities in operation have a total installed waste treatment capacity of 29,440 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 66,786 tons/day.

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

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### **IMPORTANT NOTICE**

*This press release should be read in conjunction with the financial statements announced on SGXNET on 12 August 2018. This press release is for information only and may contain forward-looking statements that involve assumptions, risks and uncertainties.*