



**CHINA JINJIANG ENVIRONMENT HOLDING COMPANY LIMITED**

中国锦江环境控股有限公司

(Company Registration Number: 245144)

(Incorporated in the Cayman Islands on 8 September 2010)

**Unaudited Second Quarter And Half Year Financial Statements For The Period Ended 30 June 2016**

**Background**

China Jinjiang Environment Holding Company Limited (the “Company” and together with its subsidiaries, the “Group”) was incorporated as an exempted company with limited liability under the laws of the Cayman Islands on 8 September 2010. The Company was listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 3 August 2016.

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

The Board of Directors of the Company announces the unaudited financial results of the Group for the second quarter (“2Q”) and half year (“1H”) ended 30 June 2016.

**1(a)(i) An income statement and statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Consolidated Statement of Comprehensive Income**

	<b>Group 2Q2016 RMB'000</b>	<b>Group 2Q2015 RMB'000</b>	<b>Change +/(-) %</b>	<b>Group 1H2016 RMB'000</b>	<b>Group 1H2015 RMB'000</b>	<b>Change +/(-) %</b>
Revenue	528,712	416,713	26.9	1,034,751	791,504	30.7
Cost of sales	(287,390)	(210,290)	36.7	(585,255)	(393,134)	48.9
<b>Gross profit</b>	<b>241,322</b>	<b>206,423</b>	<b>16.9</b>	<b>449,496</b>	<b>398,370</b>	<b>12.8</b>
Other income and other gains and losses	28,747	15,756	82.5	64,180	21,172	203.1
Administrative expenses	(31,894)	(31,942)	(0.2)	(75,573)	(75,929)	(0.5)
Finance costs	(30,931)	(25,394)	21.8	(65,398)	(48,773)	34.1
<b>Profit before tax</b>	<b>207,244</b>	<b>164,843</b>	<b>25.7</b>	<b>372,705</b>	<b>294,840</b>	<b>26.4</b>
Income tax expense	(63,939)	(39,835)	60.5	(111,485)	(76,919)	44.9
<b>Profit and total comprehensive income</b>	<b>143,305</b>	<b>125,008</b>	<b>14.6</b>	<b>261,220</b>	<b>217,921</b>	<b>19.9</b>

	<b>Group 2Q2016 RMB'000</b>	<b>Group 2Q2015 RMB'000</b>	<b>Change +/(-) %</b>	<b>Group 1H2016 RMB'000</b>	<b>Group 1H2015 RMB'000</b>	<b>Change +/(-) %</b>
Profit and total comprehensive income attributable to:						
- owners of the Company	140,443	121,343	15.7	256,047	212,080	20.7
- non-controlling interests	2,862	3,665	(21.9)	5,173	5,841	(11.4)
	<u>143,305</u>	<u>125,008</u>	14.6	<u>261,220</u>	<u>217,921</u>	19.9

#### 1 (a)(ii) Notes to the Consolidated Statement of Comprehensive Income

	<b>Group 2Q2016 RMB'000</b>	<b>Group 2Q2015 RMB'000</b>	<b>Change +/(-) %</b>	<b>Group 1H2016 RMB'000</b>	<b>Group 1H2015 RMB'000</b>	<b>Change +/(-) %</b>
<b>Profit before tax has been arrived at after charging (crediting):</b>						
Staff costs (including directors' emoluments)	39,447	32,450	21.6	83,318	68,432	21.8
Cost of inventories recognised as expense	52,607	62,045	(15.2)	110,177	120,057	(8.2)
Depreciation of property, plant and equipment	68,759	50,212	36.9	127,971	98,233	30.3
Amortisation of prepaid leases	2,715	2,786	(2.5)	5,422	5,374	0.9
Amortisation of intangible assets	5,163	2,660	94.1	10,195	5,281	93.1
Total depreciation and amortisation	<u>76,637</u>	<u>55,658</u>	37.7	<u>143,588</u>	<u>108,888</u>	31.9
Overprovision of tax in prior years	10,261	2,092	390.5	10,261	2,092	390.5
Government grants	26,755	13,718	95.0	60,074	16,883	255.8
Bank interest income	287	107	168.2	611	948	(35.5)
Gain (Loss) on disposal of property, plant and equipment	12	(7)	N.A.	12	(7)	N.A.
Gain on sales of scrap materials	1,693	1,938	(12.6)	3,483	3,348	4.0
Other income and other gains and losses	<u>28,747</u>	<u>15,756</u>	82.5	<u>64,180</u>	<u>21,172</u>	203.1

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	<b>Group As at 30 Jun 2016 RMB'000</b>	<b>Group As at 31 Dec 2015 RMB'000</b>	<b>Company As at 30 Jun 2016 RMB'000</b>	<b>Company As at 31 Dec 2015 RMB'000</b>
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4,596,166	4,488,220	-	-
Prepaid leases	246,174	251,595	-	-
Intangible assets	882,172	687,250	-	-
Investment in an associate	43,804	43,804	-	-
Investment in subsidiaries	-	-	1,790,640	1,790,640
Service concession receivables	201,429	171,668	-	-
Other receivables	55,995	55,995	-	-
<b>Total non-current assets</b>	<b>6,025,740</b>	<b>5,698,532</b>	<b>1,790,640</b>	<b>1,790,640</b>
<b>Current assets</b>				
Inventories	32,488	35,065	-	-
Prepaid leases	10,843	10,843	-	-
Service concession receivables	20,252	14,850	-	-
Trade and other receivables	468,095	408,478	6,761	6,761
Other tax recoverable	111,138	72,380	-	-
Amounts due from related parties	79,843	355,225	-	-
Amounts due from non-controlling interests	6,268	11,350	-	-
Bank balances and cash	324,008	353,641	1,987	141
<b>Total current assets</b>	<b>1,052,935</b>	<b>1,261,832</b>	<b>8,748</b>	<b>6,902</b>
<b>Total assets</b>	<b>7,078,675</b>	<b>6,960,364</b>	<b>1,799,388</b>	<b>1,797,542</b>

	<b>Group As at 30 Jun 2016 RMB'000</b>	<b>Group As at 31 Dec 2015 RMB'000</b>	<b>Company As at 30 Jun 2016 RMB'000</b>	<b>Company As at 31 Dec 2015 RMB'000</b>
<b>Current liabilities</b>				
Trade and other payables	563,457	574,108	6	6
Amounts due to related parties	41,690	43,761	17,989	7,635
Income tax liabilities	67,993	93,027	-	-
Other tax liabilities	39,062	29,878	-	-
Dividends payable	1,397	1,397	-	-
Borrowings	624,258	534,388	-	-
Obligations under finance leases	142,523	115,931	-	-
Deferred grant	33,484	33,484	-	-
<b>Total current liabilities</b>	<b>1,513,864</b>	<b>1,425,974</b>	<b>17,995</b>	<b>7,641</b>
<b>Net current liabilities</b>	<b>(460,929)</b>	<b>(164,142)</b>	<b>(9,247)</b>	<b>(739)</b>
<b>Total assets less current liabilities</b>	<b>5,564,811</b>	<b>5,534,390</b>	<b>1,781,393</b>	<b>1,789,901</b>
<b>Non-current liabilities</b>				
Borrowings	1,411,797	1,671,246	-	-
Obligations under finance leases	423,832	443,712	-	-
Deferred tax liabilities	250,313	203,611	-	-
Deferred grant	90,703	86,175	-	-
Provision for major overhauls	7,896	7,896	-	-
<b>Total non-current liabilities</b>	<b>2,184,541</b>	<b>2,412,640</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>3,380,270</b>	<b>3,121,750</b>	<b>1,781,393</b>	<b>1,789,901</b>

	<b>Group As at 30 Jun 2016 RMB'000</b>	<b>Group As at 31 Dec 2015 RMB'000</b>	<b>Company As at 30 Jun 2016 RMB'000</b>	<b>Company As at 31 Dec 2015 RMB'000</b>
<b>Capital and reserves</b>				
Share capital	67	67	67	67
Reserves	3,221,963	2,943,899	1,781,326	1,789,834
Equity attributable to owners of the company	3,222,030	2,943,966	1,781,393	1,789,901
Non-controlling interests	158,240	177,784	-	-
<b>Total equity</b>	<b>3,380,270</b>	<b>3,121,750</b>	<b>1,781,393</b>	<b>1,789,901</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

As at 30 Jun 2016		As at 31 Dec 2015	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
553,138	71,120	531,592	2,796

**Amount repayable after one year**

As at 30 Jun 2016		As at 31 Dec 2015	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
1,404,037	7,760	1,265,162	406,084

**Details of any collaterals**

The borrowings are secured by the pledge of electricity tariffs receivables, certain property, plant and equipment, prepaid leases and intangible assets.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	<b>Group 2Q2016 RMB'000</b>	<b>Group 2Q2015 RMB'000</b>	<b>Group 1H2016 RMB'000</b>	<b>Group 1H2015 RMB'000</b>
<b>Operating activities</b>				
Profit before tax	207,244	164,843	372,705	294,840
Adjustments for:				
Finance costs	30,931	25,394	65,398	48,773
Interest income	(3,515)	(9,023)	(7,067)	(12,774)
Depreciation of property, plant and equipment	68,759	50,212	127,971	98,233
Amortisation of prepaid leases	2,715	2,786	5,422	5,374
Amortisation of intangible assets	5,163	2,660	10,195	5,281
(Gain) Loss on disposal of property, plant and equipment	(12)	7	(12)	7
Deferred grant recognised	(8,544)	(633)	(16,471)	(1,253)
Operating cash flows before movements in working capital	302,741	236,246	558,141	438,481
Increase in trade and other receivables	(9,932)	(10,974)	(53,161)	(89,724)
Increase in service concession receivables	(16,213)	(5,301)	(35,163)	(11,183)
(Increase) Decrease in other tax recoverable	(14,520)	(13,531)	(38,758)	2,111
(Increase) Decrease in inventories	(4,813)	(8,382)	2,577	5,214
Increase in intangible assets	(95,269)	(30,101)	(205,116)	(42,686)
(Decrease) Increase in trade and other payables	(22,853)	20,747	(50,986)	13,421
Increase (Decrease) in other tax liabilities	2,901	(3,161)	9,184	(5,344)
Decrease (Increase) in amounts due from related parties	75,488	(77,850)	174,219	(110,511)
Decrease (Increase) in amounts due from non-controlling interests	355	(1,306)	(229)	(4,631)
(Decrease) Increase in amounts due to related parties	(19,054)	(2,975)	4,305	(5,213)
<b>Cash generated from operations</b>	<b>198,831</b>	<b>103,412</b>	<b>365,013</b>	<b>189,935</b>
Income tax paid	(42,055)	(10,420)	(89,816)	(31,113)
<b>Net cash from operating activities</b>	<b>156,776</b>	<b>92,992</b>	<b>275,197</b>	<b>158,822</b>
<b>Investing activities</b>				
Interest received	287	314	611	955
Payments for property, plant and equipment and intangible assets	(90,241)	(109,134)	(197,532)	(244,780)
Proceeds from disposal of property, plant and equipment	17	-	17	-
Payment for prepaid leases	-	(12,858)	-	(18,039)
(Increase) Decrease in pledged bank deposits	-	(40,000)	-	5,000
<b>Net cash used in investing activities</b>	<b>(89,937)</b>	<b>(161,678)</b>	<b>(196,904)</b>	<b>(256,864)</b>

	<b>Group 2Q2016 RMB'000</b>	<b>Group 2Q2015 RMB'000</b>	<b>Group 1H2016 RMB'000</b>	<b>Group 1H2015 RMB'000</b>
<b>Financing activities</b>				
Proceeds from borrowings	298,720	6,000	515,480	76,000
Proceeds from obligations under finance leases	68,515	25,200	68,515	120,000
Repayment of borrowings	(429,080)	(135,566)	(685,060)	(191,566)
Repayment of obligations under finance leases	(33,825)	(5,142)	(60,526)	(5,142)
Payment of finance costs	(32,925)	(27,423)	(71,059)	(51,294)
Advances/Repayment from related parties	4,359	562,828	126,008	890,147
Advances/Repayment to related parties	-	(416,506)	(22,284)	(804,227)
Deferred grants	20,000	-	21,000	-
<b>Net cash flow (used in) from financing activities</b>	<b>(104,236)</b>	<b>9,391</b>	<b>(107,926)</b>	<b>33,918</b>
<b>Net decrease in cash and cash equivalent</b>	<b>(37,397)</b>	<b>(59,295)</b>	<b>(29,633)</b>	<b>(64,124)</b>
<b>Cash and cash equivalent at beginning of period</b>	<b>361,405</b>	<b>215,282</b>	<b>353,641</b>	<b>220,111</b>
<b>Cash and cash equivalent at end of period represented by bank balances and cash</b>	<b>324,008</b>	<b>155,987</b>	<b>324,008</b>	<b>155,987</b>



**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Attributable to owners of the Company**

	<b>Share capital</b>	<b>Capital reserve</b>	<b>Merger reserves</b>	<b>Statutory surplus reserve</b>	<b>Retained earnings</b>	<b>Subtotal</b>	<b>Non-controlling interests</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Group</b>								
<b>At 1 January 2016</b>	67	1,143,659	(53,882)	31,488	1,822,634	2,943,966	177,784	3,121,750
Profit and total comprehensive income for the period	-	-	-	-	115,604	115,604	2,311	117,915
<b>At 31 March 2016</b>	67	1,143,659	(53,882)	31,488	1,938,238	3,059,570	180,095	3,239,665
<b>At 1 April 2016</b>	67	1,143,659	(53,882)	31,488	1,938,238	3,059,570	180,095	3,239,665
Profit and total comprehensive income for the period	-	-	-	-	140,443	140,443	2,862	143,305
Acquisition of non-controlling interests	-	-	22,017	-	-	22,017	(24,717)	(2,700)
<b>At 30 June 2016</b>	67	1,143,659	(31,865)	31,488	2,078,681	3,222,030	158,240	3,380,270
<b>At 1 January 2015</b>	67	1,280,932	(53,882)	19,257	1,291,018	2,537,392	277,982	2,815,374
Profit and total comprehensive income for the period	-	-	-	-	90,737	90,737	2,176	92,913
Appropriation to reserves	-	-	-	31,488	(31,488)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	(7,167)	(7,167)
Cessation of discontinued operations	-	(139,238)	-	(19,257)	158,495	-	(94,087)	(94,087)
<b>At 31 March 2015</b>	67	1,141,694	(53,882)	31,488	1,508,762	2,628,129	178,904	2,807,033

**Attributable to owners of the Company**

	<b>Share capital</b>	<b>Capital reserve</b>	<b>Merger reserves</b>	<b>Statutory surplus reserve</b>	<b>Retained earnings</b>	<b>Subtotal</b>	<b>Non-controlling interests</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>At 1 April 2015</b>	67	1,141,694	(53,882)	31,488	1,508,762	2,628,129	178,904	2,807,033
Profit and total comprehensive income for the period	-	-	-	-	121,343	121,343	3,665	125,008
<b>At 30 June 2015</b>	67	1,141,694	(53,882)	31,488	1,630,105	2,749,472	182,569	2,932,041

**Attributable to owners of the Company**

	<b>Share capital</b>	<b>Capital reserve</b>	<b>Accumulated losses</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Company</b>				
<b>At 1 January 2016</b>	67	1,805,112	(15,278)	1,789,901
Profit and total comprehensive income for the period	-	-	(2,926)	(2,926)
<b>At 31 March 2016</b>	67	1,805,112	(18,204)	1,786,975
<b>At 1 April 2016</b>	67	1,805,112	(18,204)	1,786,975
Profit and total comprehensive income for the period	-	-	(5,582)	(5,582)
<b>At 30 June 2016</b>	67	1,805,112	(23,786)	1,781,393
<b>At 1 January 2015</b>	67	1,805,112	(14,353)	1,790,826
Profit and total comprehensive income for the period	-	-	(53)	(53)
<b>At 31 March 2015</b>	67	1,805,112	(14,406)	1,790,773
<b>At 1 April 2015</b>	67	1,805,112	(14,406)	1,790,773

	Attributable to owners of the Company			
	Share	Capital	Accumulated	Total
	capital	reserve	losses	
	RMB'000	RMB'000	RMB'000	RMB'000
Profit and total comprehensive income for the period	-	-	(89)	(89)
<b>At 30 June 2015</b>	67	1,805,112	(14,495)	1,790,684

**1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

On 29 June 2016, in preparation for the Company's listing on the Mainboard of the SGX-ST, the Company undertook a share split exercise pursuant to which each ordinary share in the capital of the Company ("Share") was sub-divided into 100 Shares, thereby increasing the number of Shares from 10,000,001 to 1,000,000,100.

**1(d)(iii) Total number of issued shares excluding treasury shares as at end of the current financial period and as at the end of the immediately preceding financial year.**

The total number of issued Shares as at 30 June 2016 and 31 December 2015 were 1,000,000,100 and 10,000,001 respectively. The Company has no treasury shares.

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at end of the current financial period reported on.**

Not applicable as the Company has no treasury shares.

**(2) Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

**(3) Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**(4) Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The same accounting policies and methods of computation have been applied in these unaudited financial statements as those applied in the most recently audited financial statements for the year ended 31 December 2015.

**(5) If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted all accounting standards that are effective from 1 January 2016 but the adopted changes have no material effect.

**(6) Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group		Group	
	2Q2016	2Q2015	1H2016	1H2015
Basic earnings per Share (RMB cents)	14.04	12.13	25.60	21.21
Weighted average number of Shares	1,000,000,100	1,000,000,100	1,000,000,100	1,000,000,100
Fully diluted earnings per Share (RMB cents)	14.04	12.13	25.60	21.21
Weighted average number of Shares	1,000,000,100	1,000,000,100	1,000,000,100	1,000,000,100

On 29 June 2016, every one Share was sub-divided into 100 Shares. The earnings per Share for 2Q2015 and 1H2015 was computed based on the weighted average number of Shares sub-divided into 100 Shares for comparison purposes.

**(7) Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

**(a) current financial period reported on; and**

**(b) immediately preceding financial year.**

	Group		Company	
	As at 30 Jun 2016	As at 31 Dec 2015	As at 30 Jun 2016	As at 31 Dec 2015
Net asset value per Share (RMB cents)	322.20	294.40	178.14	178.99
Weighted average number of Shares	1,000,000,100	1,000,000,100	1,000,000,100	1,000,000,100

On 29 June 2016, every one Share was sub-divided into 100 Shares. The net asset value per Share as at 31 December 2015 was computed based on weighted average number of Shares sub-divided into 100 Shares for comparison purposes.

(8) A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

## Income Analysis

### 2Q2016 vs 2Q2015

#### **Revenue**

Revenue increased 26.9% from RMB416.7 million in 2Q2015 to RMB528.7 million in 2Q2016, due to an increase in revenue from:-

(a) Construction services provided under BOT concession agreements

Revenue from construction services provided under build-operate-transfer (“BOT”) concession agreements increased by 388.0% from RMB28.3 million in 2Q2015 to RMB138.1 million in 2Q2016 due to (i) an increase in revenue from the provision of construction services under BOT concession agreements from RMB25.4 million in 2Q2015 to RMB134.9 million in 2Q2016 and (ii) an increase in financial income under BOT concession agreements from RMB2.9 million in 2Q2015 to RMB3.2 million in 2Q2016.

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

Revenue from our waste-to-energy (“WTE”) business (excluding revenue from construction services provided under BOT concession agreements) increased 0.7% from RMB329.7 million in 2Q2015 to RMB332.1 million in 2Q2016. The increase was attributable to (i) an increase in the supply of municipal solid waste to our WTE facilities by the relevant local governments and new WTE facilities becoming operational, (ii) an increase in revenue from sales of electricity due to an increase in electricity output and (iii) an increase in revenue from sales of steam, offset by the fact that electricity subsidies had been received by our WTE facilities located in Yunnan Province in 2Q2015 but not in 2Q2016.

Details of the electricity generated and supplied, steam supplied and waste treated for 2Q2016 and 2Q2015 were as follows:

	<u>Group</u> <u>2Q 2016</u>	<u>Group</u> <u>2Q 2015</u>	<u>Change</u> <u>%</u>
Electricity generated ('000 kWh)	534,930	458,130	16.8
On-grid electricity supplied ('000 kWh)	406,830	348,750	16.7
Steam supplied ('000 tons)	196	135	45.2
Waste treated ('000 tons)	1,959	1,632	20.0

On-grid electricity supplied and waste treated grew 16.7% and 20.0% in 2Q2016 as compared to 2Q2015. This is in line with the increase in the supply of municipal solid waste to the WTE facilities and new facilities becoming operational.

Revenue from project technical and management services and EMC business remained relatively stable at RMB58.7 million in 2Q2015 and RMB58.5 million in 2Q2016.

#### **Cost of sales**

Cost of sales increased 36.7% from RMB210.3 million in 2Q2015 to RMB287.4 million in 2Q2016, due to an increase in the cost of sales from:-

(a) Construction services provided under BOT concession agreements

The cost of sales from construction services provided under BOT concession agreements increased 418.1% from RMB22.7 million in 2Q2015 to RMB117.6 million in 2Q2016 due to the provision of construction services under BOT concession agreements.

(b) Project technical and management services and our EMC business

The cost of sales from project technical and management services and our EMC business increased 96.3% from RMB8.2 million in 2Q2015 to RMB16.1 million in 2Q2016, primarily due to the expansion of our EMC business. The expansion of our EMC business, technical upgrading and increases in the number of employees also resulted in an increase in administrative costs.

This was offset by a decrease in the cost of sales from our WTE business (excluding cost of sales from construction services provided under BOT concession agreements), which decreased 14.3% from RMB179.4 million in 2Q2015 to RMB153.7 million in 2Q2016. The decrease was primarily due to cost control measures to reduce operational costs, including reduction in coal costs and maintenance expenses, offset by an increase in costs due to new WTE facilities becoming operational and larger amounts of electricity generated and waste treated.

**Gross profit and gross profit margin**

As a result of the foregoing, the gross profit increased 16.9% from RMB206.4 million in 2Q2015 to RMB241.3 million in 2Q2016, which was driven by an increase in the gross profit of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) and construction services provided under BOT concession agreements, partially offset by a decrease in the gross profit of project technical and management services and our EMC business.

Gross profit and gross profit margin of our WTE business (excluding gross profit from construction services provided under BOT concession agreements)

The gross profit of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) increased 18.7% from RMB150.3 million in 2Q2015 to RMB178.4 million in 2Q2016, primarily due to an increase in the revenue from our WTE business (excluding revenue from construction services provided under BOT concession agreements) from RMB329.7 million in 2Q2015 to RMB332.1 million in 2Q2016, and a decrease in the cost of sales from our WTE business (excluding the cost of sales from construction services provided under BOT concession agreements) from RMB179.4 million in 2Q2015 to RMB153.7 million in 2Q2016. The gross profit margin of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) increased from 45.6% in 2Q2015 to 53.7% in 2Q2016.

Gross profit and gross profit margin of construction services provided under BOT concession agreements

The gross profit from construction services provided under BOT concession agreements increased 540.7% from RMB2.7 million in 2Q2015 to RMB17.3 million in 2Q2016, due to an increase in the revenue recognised from construction services provided under BOT concession agreements from RMB25.4 million in 2Q2015 to RMB134.9 million in 2Q2016, partially offset by an increase in the cost of sales from construction services provided under BOT concession agreements from RMB22.7 million in 2Q2015 to RMB117.6 million in 2Q2016 due to the provision of construction services under BOT concession agreements. The gross profit margin of construction services provided under BOT concession agreements increased slightly from 10.6% in 2Q2015 to 12.8% in 2Q2016. Finance income from BOT concession agreement increased from RMB2.9 million in 2Q2015 to RMB3.2 million in 2Q2016.

Gross profit and gross profit margin of project technical and management services and our EMC business

The gross profit from project technical and management services and our EMC business decreased 16.0% from RMB50.5 million in 2Q2015 to RMB42.4 million in 2Q2016, due to (i) the slight decrease in the revenue from project technical and management services and our EMC business from RMB58.7 million in 2Q2015 to RMB58.5 million in 2Q2016 as a result of lower natural gas prices leading to lower profit sharing quantum and (ii) an increase in the cost of sales from project technical and management services and our EMC business from RMB8.2 million in 2Q2015 to RMB16.1 million in 2Q2016, as the expansion of our EMC business was completed in the first half of 2016. The expansion of our EMC business, technical upgrading and increases in the number of employees also resulted in an increase in administrative costs. Accordingly, the gross profit margin of project technical and management services and our EMC business decreased from 86.0% in 2Q2015 to 72.5% in 2Q2016.

**Other income and other gains and losses**

Other income and other gains and losses increased 82.5% from RMB15.8 million in 2Q2015 to RMB28.7 million in 2Q2016, due primarily to an increase in government grant and subsidy.

### **Administrative expenses**

Administrative expenses remained relatively stable at RMB31.9 million for both 2Q2015 and 2Q2016. Administrative expenses as a percentage of revenue reduced from 7.7% in 2Q2015 to 6.0% in 2Q2016.

### **Finance costs**

Finance costs increased 21.8% from RMB25.4 million in 2Q2015 to RMB30.9 million in 2Q2016, primarily due to an increase in interest payments for our bank loans and finance lease obligations as a result of an increase in bank borrowings and finance lease obligations in 1H2016 pursuant to our business expansion initiatives as compared to 1H2015, as well as refinancing of bank borrowings.

### **Profit before tax**

As a result of the foregoing, profit before tax increased 25.7% from RMB164.8 million in 2Q2015 to RMB207.2 million in 2Q2016.

### **Income tax expense**

Income tax expense increased 60.5% from RMB39.8 million in 2Q2015 to RMB63.9 million in 2Q2016. The increase was primarily attributable to an increase in current tax expense due to (i) the increase in profit before tax, (ii) our WTE facilities located in Wuhan, Hubei Province and Lianyungang, Jiangsu Province being subject to a tax rate of 25% for 2Q2016 as compared to 12.5% in 2Q2015 following the expiry of the “three-year exemption and three-year 50% reduction” preferential tax treatment scheme in respect of the aforementioned WTE facilities on 31 December 2015 and (iii) a RMB7.0 million tax provision for dividends.

### **Profit for the period**

As a result of the foregoing, profit for the period increased 14.6% from RMB125.0 million in 2Q2015 to RM143.3 million in 2Q2016.

### **1H2016 vs 1H2015**

#### **Revenue**

Revenue increased 30.7% from RMB791.5 million in 1H2015 to RMB1,034.8 million in 1H2016, due to an increase in revenue from:-

(a) Construction services provided under BOT concession agreements

Revenue from construction services provided under BOT concession agreements increased 468.7% from RMB47.6 million in 1H2015 to RMB270.7 million in 1H2016 due to (i) the provision of construction services under BOT concession agreements from RMB41.7 million in 1H2015 to RMB264.3 million in 1H2016 and (ii) an increase in financial income under BOT concession agreements from RMB5.9 million in 1H2015 to RMB6.4 million in 1H2016.

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

Revenue from our WTE business (excluding revenue from construction services provided under BOT concession agreements) increased 4.0% from RMB615.6 million in 1H2015 to RMB640.4 million in 1H2016. The increase was attributable to (i) an increase in the supply of municipal solid waste to our WTE facilities by the relevant local governments and new WTE facilities becoming operational, (ii) an increase in revenue from sales of electricity as electricity output increased and (iii) increases in revenue from sales of steam, offset by the fact that electricity subsidies had been received by our WTE facilities located in Yunnan Province in 2Q2015 but not in 2Q2016.

The electricity generated and supplied, steam supplied and waste treated for 1H2016 and 1H2015 were as follows:

	<b>Group 1H 2016</b>	<b>Group 1H 2015</b>	<b>Change %</b>
Electricity generated ('000 kWh)	1,007,360	887,130	13.6
On-grid electricity supplied ('000 kWh)	752,460	673,100	11.8
Steam supplied ('000 tons)	518	355	45.9



Waste treated ('000 tons)	3,733	3,207	16.4
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On-grid electricity supplied and waste treated grew 11.8% and 16.4% in 1H2016 as compared to 1H2015. This is in line with the increase in the supply of municipal solid waste to the WTE facilities and new facilities becoming operational.

This was offset by a decrease in revenue from project technical and management services and our EMC business, which decreased 3.6% from RMB128.3 million in 1H2015 to RMB123.7 million in 1H2016, primarily due to a lower profit sharing quantum as a result of a lower natural gas price.

### **Cost of sales**

Cost of sales increased 48.9% from RMB393.1 million in 1H2015 to RMB585.3 million in 1H2016, due to an increase in the cost of sales from:-

(a) Construction services provided under BOT concession agreements

The cost of sales from construction services provided under BOT concession agreements increased 519.1% from RMB37.2 million in 1H2015 to RMB230.3 million in 1H2016 due to the provision of construction services under BOT concession agreements.

(b) Project technical and management services and EMC business

The cost of sales from project technical and management services and EMC business increased 55.6% from RMB20.5 million in 1H2015 to RMB31.9 million in 1H2016, primarily due to the expansion of our EMC business. The expansion of our EMC business, technical upgrading and increases in the number of employees also resulted in an increase in administrative costs.

This was offset by a decrease in the cost of sales from our WTE business (excluding cost of sales from construction services provided under BOT concession agreements), which decreased 3.7% from RMB335.4 million in 1H2015 to RMB323.1 million in 1H2016. The decrease was primarily due to cost control measures to reduce operational costs, including reduction in coal costs and maintenance expenses, offset by increase in costs due to new facility becoming operational and increased in electricity generated and waste treated.

### **Gross profit and gross profit margin**

As a result of the foregoing, the gross profit increased 12.8% from RMB398.4 million in 1H2015 to RMB449.5 million in 1H2016, which was driven by an increase in the gross profit of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) and construction services provided under BOT concession agreements, partially offset by a decrease in the gross profit of project technical and management services and our EMC business.

Gross profit and gross profit margin of WTE business (excluding gross profit from construction services provided under BOT concession agreements)

The gross profit of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) increased 13.2% from RMB280.2 million in 1H2015 to RMB317.3 million in 1H2016, primarily due to an increase in the revenue from our WTE business (excluding revenue from construction services provided under BOT concession agreements) from RMB615.6 million in 1H2015 to RMB640.4 million in 1H2016, and a decrease in the cost of sales from our WTE business (excluding revenue from construction services provided under BOT concession agreements) from RMB335.4 million in 1H2015 to RMB323.1 million in 1H2016. The gross profit margin of our WTE business increased from 45.5% in 1H2015 to 49.5% in 1H2016.

Gross profit and gross profit margin of construction services provided under BOT concession agreements

The gross profit from construction services provided under BOT concession agreements increased 655.6% from RMB4.5 million in 1H2015 to RMB34.0 million in 1H2016, due to an increase in the revenue recognised from construction services provided under BOT concession agreements from RMB41.7 million in 1H2015 to RMB264.3 million in 1H2016, partially offset by an increase in the cost of sales from construction services provided under BOT concession agreements from RMB37.2 million in 1H2015 to RMB230.3 million in 1H2016 due to the provision of construction services under the BOT concession agreement. The gross profit margin of construction services provided under BOT concession agreements increased slightly from 10.8% in 1H2015 to 12.9% in 1H2016. Finance income from BOT concession

agreement increased from RMB5.9 million in 1H2015 to RMB6.4 million in 1H2016.

#### Gross profit and gross profit margin of project technical and management services and our EMC business

The gross profit from project technical and management services and our EMC business decreased 14.8% from RMB107.8 million in 1H2015 to RMB91.8 million in 1H2016, due to (i) the slight decrease in the revenue from project technical and management services and our EMC business from RMB128.3 million in 1H2015 to RMB123.7 million in 1H2016 as a result of lower natural gas price leading to lower profit sharing quantum and (ii) an increase in the cost of sales from project technical and management services and our EMC business from RMB20.5 million in 1H2015 to RMB31.9 million in 1H2016, as the expansion of our EMC business was completed in the first half of 2016. The expansion of our EMC business, technical upgrading and increases in the number of employees also resulted in an increase in administrative costs. Therefore, the gross profit margin of project technical and management services and our EMC business decreased from 84.0% in 1H2015 to 74.2% in 1H2016.

#### ***Other income and other gains and losses***

Other income and other gains and losses increased 203.1% from RMB21.2 million in 1H2015 to RMB64.2 million in 1H2016. The increase was primarily due to (i) an increase in government grant and subsidy from RMB16.9 million in 1H2015 to RMB60.1 million in 1H2016 and (ii) gains on sales of scrap materials increasing slightly from RMB3.3 million in 1H2015 to RMB3.5 million in 1H2016.

#### ***Administrative expenses***

Administrative expenses remained relatively stable at RMB75.9 million in 1H2015 and RMB75.6 million in 1H2016.

#### ***Finance costs***

Finance costs increased 34.1% from RMB48.8 million in 1H2015 to RMB65.4 million in 1H2016, primarily due to an increase in interest payments for our bank loans and finance lease obligations as a result of an increase in bank borrowings and finance lease obligations in 1H2016 pursuant to our business expansion initiatives as compared to 1H2015 as well as refinancing of bank borrowings.

#### ***Profit before tax***

As a result of the foregoing, profit before tax increased 26.4% from RMB294.8 million in 1H2015 to RMB372.7 million in 1H2016.

#### ***Income tax expense***

Income tax expense increased 44.9% from RMB76.9 million in 1H2015 to RMB111.5 million in 1H2016. The increase was primarily attributable to an increase in current tax expense due to (i) the increase in profit before tax, (ii) our WTE facilities located in Wuhan, Hubei Province and Lianyungang, Jiangsu Province being subject to a tax rate of 25% for 1H2016 from 12.5% in 1H2015 following the expiry of the “three-year exemption and three-year 50% reduction” preferential tax treatment scheme in respect of the aforementioned WTE facilities on 31 December 2015 and (iii) a RMB13.0 million tax provision for dividends.

#### ***Profit for the period***

As a result of the foregoing, profit for the period increased 19.9% from RMB217.9 million in 1H2015 to RMB261.2 million in 1H2016.

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

### **Financial Position**

As at 30 June 2016, total assets amounted to RMB7,078.7 million, an increase of RMB118.3 million or 1.7% as compared to total assets of RMB6,960.4 million as at 31 December 2015. The increase in total assets is due to an increase in non-current assets by RMB327.2 million, offset by a decrease in current assets by RMB 208.9 million.

#### **Non-current assets**

Non-current assets increased 5.7% by RMB327.2 million from RMB5,698.5 million as at 31 December 2015 to RMB6,025.7 million as at 30 June 2016.

The increase is mainly attributable to the construction services provided under BOT concession agreements, which resulted in (i) property, plant and equipment increasing 2.4% by RMB108.0 million from RMB4,488.2 million as at 31 December 2015 to RMB4,596.2 million as at 30 June 2016, (ii) intangible assets increasing 28.4% by RMB194.9 million from RMB687.3 million as at 31 December 2015 to RMB882.2 million as at 30 June 2016 and (iii) service concession receivables increasing 17.3% by RMB29.7 million from RMB171.7 million as at 31 December 2015 to RMB201.4 million as at 30 June 2016.

#### **Current assets**

Current assets decreased 16.6% by RMB208.9 million from RMB1,261.8 million as at 31 December 2015 to RMB1,052.9 million as at 30 June 2016.

The decrease is mainly due to amounts due from related parties decreasing 77.5% by RMB275.4 million from RMB355.2 million as at 31 December 2015 to RMB79.8 million as at 30 June 2016 due to repayment by related parties for EMC business, offset by (i) trade and other receivables increasing 14.6% by RMB59.6 million from RMB408.5 million as at 31 December 2015 to RMB468.1 million as at 30 June 2016 as our WTE business expanded and our WTE facility located in Zibo, Shandong Province commenced commercial operations in 2016 and (ii) other tax recoverable increasing 53.5% by RMB38.7 million from RMB72.4 million as at 31 December 2015 to RMB111.1 million as at 30 June 2016, due to more equipment purchases for existing construction projects.

#### **Current liabilities**

Current liabilities increased 6.2% by RMB87.9 million from RMB1,426.0 million as at 31 December 2015 to RMB1,513.9 million as at 30 June 2016.

The increase is mainly due to (i) borrowings increasing 16.8% by RMB89.9 million from RMB534.4 million as at 31 December 2015 to RMB624.3 million as at 30 June 2016 due to the construction of new WTE facilities and (ii) obligations under finance leases increasing 23.0% by RMB26.6 million from RMB115.9 million as at 31 December 2015 to RMB142.5 million as at 30 June 2016 due to new finance leases at our WTE facilities located in Xiaoshan, Hangzhou, Zhejiang Province and Hankou, Wuhan, Hubei Province, offset by income tax liabilities decreasing 26.9% by RMB25.0 million from RMB93.0 million as at 31 December 2015 to RMB68.0 million as at 30 June 2016 due to payment of taxes in 1H2016.

#### **Non-current liabilities**

Non-current liabilities decreased 9.5% by RMB228.1 million from RMB2,412.6 million as at 31 December 2015 to RMB2,184.5 million as at 30 June 2016.

The decrease is mainly due to borrowings decreasing 15.5% by RMB259.4 million from RMB1,671.2 million as at 31 December 2015 to RMB1,411.8 million as at 30 June 2016 due to an increased amount of borrowings, especially for new projects, being repayable within one year, offset by deferred tax liabilities increasing 22.9% by RMB46.7 million from RMB203.6 million as at 31 December 2015 to RMB250.3 million as at 30 June 2016 arising from construction services provided under BOT concession agreements and tax provision for dividends.

#### **Capital and reserves**

As at 30 June 2016, capital and reserves amounted to RMB3,380.3 million, an increase of 8.3% or approximately RMB258.5 million as compared to total assets of RMB3,121.8 million as at 31 December 2015. The increase is mainly due to the retained earnings for the period.

#### **Cashflow Review**

Operating cashflow increased 68.6% by RMB63.8 million from RMB93.0 million in 2Q2015 to RMB156.8 million in 2Q2016. Operating cashflow increased 73.3% by RMB116.4 million from RMB158.8 million in 1H2015 to RMB275.2 million in 1H2016. The increase is mainly due to the higher profits generated as well

as repayment by related parties during the period.

Investing cashflow decreased 44.4% by RMB71.8 million from RMB161.7 million in 2Q2015 to RMB89.9 million in 2Q2016. Investing cashflow decreased 23.4% by RMB60.0 million from RMB256.9 million in 1H2015 to RMB196.9 million in 1H2016. The decrease is mainly due to the fact that the Group's pipeline WTE projects in 2Q2016 and 1H2016 are in a comparatively earlier stage of construction as compared to 2Q2015 and 1H2015.

Financing cashflow decreased by RMB113.6 million from RMB9.4 million inflow in 2Q2015 to RMB104.2 million outflow in 2Q2016. Financing cashflow decreased by RMB141.8 million from RMB33.9 million inflow in 1H2015 to RMB107.9 million outflow in 1H2016. The decrease is mainly due to more repayments being made during the period.

Cash balance as at 30 June 2016 stands at RMB324.0 million.

**(9) Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable.

**(10) A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Whilst there is continued downward pressure on the overall macro-economic environment in China, we believe that our business is largely insulated from the negative effects of an economic downturn, given that a substantial portion of our revenue is determined based on fixed rates and tariffs and our counterparties are mainly Chinese governmental entities.

Due to the increased production of municipal solid waste as a result of China's rapid urbanisation, favourable regulatory environment and local governmental support for the construction of WTE plants as well as increased public awareness of environmentally-sustainable practices, the WTE industry is one of the fastest growing sectors of China's clean energy and environmental protection industries. China's 13<sup>th</sup> Five-Year Plan, which was issued in March 2016, contemplates the percentage of waste treated by incineration to further increase. The Company intends to leverage on its listing on the SGX-ST to maintain its industry leading position in China. Additionally, the Company will look to carry out its overseas expansion plans, particularly in the South-east Asian market.

Moving forward, as disclosed in the Company's IPO prospectus dated 25 July 2016, the Company intends to proceed with its planned acquisition of Zhejiang Zhuji Bafang Thermal Power Co., Ltd. ("Zhuji Bafang") and Wenling Green New Energy Co., Ltd. ("Wenling Green Energy") in the second half of 2016, which will be subject to the approval of Shareholders under Chapter 9 of the Mainboard listing rules of the SGX-ST. Zhuji Bafang's WTE facility (operating under the build-own-operate model) has an installed waste treatment capacity of 800 t/d. It also supplies steam for Zhuji City and its surrounding specialised industrial town, and has an installed electricity generation capacity of 24 MW/d. Wenling Green Energy's WTE facility (operating under the BOT model) has an installed waste and sludge treatment capacity of 800 t/d and an installed electricity generation capacity of 15 MW/d. Its 51% owned subsidiary, Wenling Green Solid Waste Disposal Co., Ltd., has an installed treatment capacity of 5 t/d for incineration of animal carcasses. Upon completion of the acquisition, the Group's installed waste treatment capacity and installed electricity generation capacity would be increased by 1,600 t/d and 39 MW/d respectively.

Similarly, in the second half of 2016, the Group is scheduled to complete construction projects at the Hohhot New Energy WTE Facility, the Qitaihe Green Energy WTE Facility, the Songyuan Xinxiang WTE Facility and the Gaomi Lilangmingde WTE Facility. Trial operation phase commenced at the Songyuan Xinxiang WTE Facility in August 2016. Upon completion of these four WTE facilities, the Group's installed waste treatment capacity and installed electricity generation capacity would be increased by 3,850 t/d and 78 MW/d respectively.

Expansion at the Wuhu Jinjiang WTE Facility and the Lianyungang Sunrise WTE Facility is also expected to be completed by end 2016, which will further increase the Group's installed waste treatment capacity by 1,700 t/d.

We expect that our installed waste treatment capacity and installed electricity generation capacity will be 29,980 t/d and 532 MW/d respectively by the end of 2016, an increase of approximately 31% and 28% respectively compared to 30 June 2016.

The Group also has 11 WTE facilities in the preparatory stage. Construction work has commenced at the Zibo New Energy WTE Facility and construction work is also expected to commence in the third quarter at the Yueyang Sunrise WTE Facility.

In addition, on 16 August 2016, the Ningxia Yinchuan Municipal Urban Management Bureau and Yinchuan Zhongke Environmental Electrical Co., Ltd. signed a supplementary concession agreement to increase the installed waste treatment capacity of the Yinchuan Zhongke WTE Facility by another 1,000 t/d. Preparatory work has commenced for the expansion project. Upon completion, the installed waste treatment capacity and installed electricity generation capacity would be 2,000 t/d and 36MW/d respectively.

The Company was listed on the Mainboard of the SGX-ST on 3 August 2016 and raised gross proceeds of S\$184.3 million. As at the date of this announcement, none of the IPO proceeds have been used.

**(11) If a decision regarding dividend has been made:-**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No dividends have been declared or recommended for the current reporting period.

**(b)(i) Amount per share (cents)**

Not applicable.

**(b)(ii) Previous corresponding period (cents)**

None.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable.**

Not applicable.

**(e) Books closure date**

Not applicable.

**(12) If no dividend has been declared (recommended), a statement to that effect.**

No dividends have been declared or recommended for the current financial period reported on.

**(13) If the Group has obtained a general mandate from shareholders for Interested Person Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

Not applicable for the reporting period as the Company was listed on the Main Board of the Singapore Exchange Securities Trading Limited only on 3 August 2016.

**(14) Negative Confirmation by the Board pursuant to Rule 705(5).**

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results of the Group for the second quarter and half year ended 30 June 2016 to be false or misleading in any material respect.

**(15) Confirmation pursuant to Rule 720 (1) of the Listing Manual.**

The Company confirms that it has procured the undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.

**BY ORDER OF THE BOARD**

Wang Yuanluo  
Executive Chairman and Chief Executive Officer

26 August 2016

China International Capital Corporation (Singapore) Pte. Limited was the sole issue manager, global coordinator, bookrunner and underwriter (the “**Sole Issue Manager, Global Coordinator, Bookrunner and Underwriter**”) for the initial public offering of shares in, and listing of, China Jinjiang Environment Holding Company Limited on the Mainboard of the Singapore Exchange Securities Trading Limited. The Sole Issue Manager, Global Coordinator, Bookrunner and Underwriter assumes no responsibility for the contents of this announcement.