



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 First Quarter Financial Statements For The Period Ended 31 March 2017

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 first quarter (“1Q”) ended 31 March 2017.

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

	Group 1Q2017 RMB'000	Group 1Q2016 RMB'000	Change +/(-) %
Revenue	557,579	578,386	(3.6)
Cost of sales	(319,891)	(361,299)	(11.5)
Gross profit	237,688	217,087	9.5
Other income and other gains and losses	26,128	35,856	(27.1)
Administrative expenses	(49,989)	(47,205)	5.9
Finance costs	(35,587)	(34,467)	3.2
Profit before tax	178,240	171,271	4.1
Income tax expense	(51,835)	(49,355)	5.0
Profit and total comprehensive income	126,405	121,916	3.7

	Group 1Q2017 RMB'000	Group 1Q2016 RMB'000	Change +/(-) %
Profit and total comprehensive income			
attributable to:			
- owners of the Company	127,445	119,349	6.8
- non-controlling interests	(1,040)	2,567	(140.5)
	<u>126,405</u>	<u>121,916</u>	3.7

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

	Group 1Q2017 RMB'000	Group 1Q2016 RMB'000	Change +/(-) %
Profit before tax has been arrived at after charging (crediting):			
Staff costs (including directors' emoluments)	52,793	44,182	19.5
Cost of inventories recognised as expense	112,711	69,654	61.8
Depreciation of property, plant and equipment	77,908	63,264	23.1
Amortisation of prepaid leases	2,913	2,841	2.5
Amortisation of intangible assets	7,633	5,032	51.7
Total depreciation and amortisation	<u>88,454</u>	<u>71,137</u>	24.3
Government grants	10,905	13,081	(16.6)
Value added tax refund	8,403	15,779	(46.7)
Bank interest income	191	342	(44.2)
Gain on sales of scrap materials	7,939	6,654	19.3
Foreign exchange losses	(1,310)	-	N.M.
Other income and other gains and losses	<u>26,128</u>	<u>35,856</u>	(27.1)

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.

	Group As at 31 Mar 2017 RMB'000	Group As at 31 Dec 2016 RMB'000	Company As at 31 Mar 2017 RMB'000	Company As at 31 Dec 2016 RMB'000
Assets				
Non-current assets				
Property, plant and equipment	5,526,566	5,525,788	-	-
Prepaid leases	249,317	251,915	-	-
Intangible assets	1,570,793	1,550,546	-	-
Investment in an associate	43,804	43,804	-	-
Investment in subsidiaries	-	-	1,790,640	1,790,640
Service concession receivables	322,040	320,438	-	-
Other receivables	275,707	228,565	-	-
Total non-current assets	7,988,227	7,921,056	1,790,640	1,790,640
Current assets				
Inventories	35,866	42,171	-	-
Prepaid leases	11,357	11,330	-	-
Service concession receivables	34,421	34,421	-	-
Trade and other receivables	859,308	679,679	-	-
Other tax recoverable	111,807	90,573	-	-
Amounts due from related parties	72,157	69,132	-	-
Amount due from subsidiaries	-	-	632,490	619,667
Amounts due from non-controlling interests	30,161	19,641	-	-
Pledged bank deposits	385,203	320,970	249,824	251,189
Bank balances and cash	574,548	540,854	12,248	30,089
Total current assets	2,114,828	1,808,771	894,562	900,945
Total assets	10,103,055	9,729,827	2,685,202	2,691,585
Current liabilities				
Trade and other payables	851,178	930,190	2,558	6,007
Amounts due to related parties	269,270	364,384	-	-
Amount due to subsidiaries	-	-	1,947	1,947
Income tax liabilities	77,418	90,321	-	-
Other tax liabilities	62,551	52,762	-	-

	Group As at 31 Mar 2017 RMB'000	Group As at 31 Dec 2016 RMB'000	Company As at 31 Mar 2017 RMB'000	Company As at 31 Dec 2016 RMB'000
Dividends payable	1,397	1,397	-	-
Borrowings	1,339,195	989,650	-	-
Obligations under finance leases	289,957	267,138	-	-
Deferred grant	4,398	4,776	-	-
Total current liabilities	2,895,364	2,700,618	4,505	7,954
Net current liabilities	(780,536)	(891,847)	890,057	892,991
Total assets less current liabilities	7,207,691	7,029,209	2,680,697	2,683,631
Non-current liabilities				
Borrowings	1,401,926	1,369,796	-	-
Obligations under finance leases	640,331	637,819	-	-
Deferred tax liabilities	347,704	327,261	-	-
Deferred grant	89,657	92,665	-	-
Provision for major overhauls	10,363	10,363	-	-
Total non-current liabilities	2,489,981	2,437,904	-	-
Net assets	4,717,710	4,591,305	2,680,697	2,683,631
Capital and reserves				
Share capital	81	81	81	81
Reserves	4,550,056	4,422,611	2,680,616	2,683,550
Equity attributable to owners of the company	4,550,137	4,422,692	2,680,697	2,683,631
Non-controlling interests	167,573	168,613	-	-
Total equity	4,717,710	4,591,305	2,680,697	2,683,631

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

Amount repayable in one year or less, or on demand

As at 31 Mar 2017		As at 31 Dec 2016	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
1,625,744	3,408	1,255,055	1,733

Amount repayable after one year

As at 31 Mar 2017		As at 31 Dec 2016	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
2,038,645	3,612	2,002,328	5,287

Details of any collateral

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.

	Group 1Q2017 RMB'000	Group 1Q2016 RMB'000
Operating activities		
Profit before tax	178,240	171,271
Adjustments for:		
Finance costs	35,587	34,467
Interest income	(5,549)	(4,500)
Depreciation of property, plant and equipment	77,908	63,264
Amortisation of prepaid leases	2,913	2,841
Amortisation of intangible assets	7,633	5,032
Deferred grant recognised	(4,956)	(19,185)
Operating cash flows before movements in working capital	291,776	253,190
Increase in trade and other receivables	(137,491)	(98,174)
Increase in service concession receivables	(1,602)	(30,346)
Increase in other tax recoverable	(21,234)	(24,158)
Decrease in inventories	6,305	5,915
Increase in intangible assets	(27,880)	(185,320)
Increase in trade and other payables	16,220	38,795
Increase in other tax liabilities	9,789	20,773
(Increase) Decrease in amounts due from related parties	(3,025)	116,921
Increase in amounts due from non-controlling interests	(10,520)	(1,911)
(Decrease) Increase in amounts due to related parties	(5,388)	33,688
Cash generated from operations	116,950	129,373
Income tax paid	(46,567)	(47,038)
Net cash from operating activities	70,383	82,335
Investing activities		
Interest received	191	924
Payments for property, plant and equipment	(277,050)	(135,060)
Proceeds from disposal of property, plant and equipment	-	34
Payment for acquisition of subsidiaries	(366)	-
Payment for prepaid leases	(342)	(421)
Increase in pledged bank deposits	(48,233)	-
Net cash used in investing activities	(325,800)	(134,523)

	Group 1Q2017 RMB'000	Group 1Q2016 RMB'000
Financing activities		
Proceeds from borrowings	835,710	207,979
Proceeds from obligations under finance leases	91,188	(5,683)
Repayment of borrowings	(454,035)	(265,380)
Repayment of obligations under finance leases	(62,035)	(33,919)
Payment of finance costs	(29,164)	(45,187)
Advances/Repayment from related parties	-	331,074
Advances/Repayment to related parties	(78,122)	(145,767)
Increase in pledged bank deposits	(16,000)	-
Deferred grants	1,569	458
Net cash flow from financing activities	289,111	43,575
Net increase (decrease) in cash and cash equivalent	33,694	(8,613)
Cash and cash equivalent at beginning of period	540,854	407,381
Cash and cash equivalent at end of period represented by bank balances and cash	574,548	398,768

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							Non-controlling interests	Total
	Share capital	Capital reserve	Merger reserves	Statutory surplus reserve	Retained earnings	Subtotal			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
Group									
At 1 January 2017	81	2,071,719	(41,455)	99,012	2,293,335	4,422,692	168,613	4,591,305	
Profit and total comprehensive income for the period	-	-	-	-	127,445	127,445	(1,040)	126,405	
At 31 March 2017	81	2,071,719	(41,455)	99,012	2,420,780	4,550,137	167,573	4,717,710	
At 1 January 2016	67	1,143,659	191,648	31,488	1,943,694	3,310,556	184,265	3,494,821	
Profit and total comprehensive income for the period	-	-	-	-	119,349	119,349	2,567	121,916	
At 31 March 2016	67	1,143,659	191,648	31,488	2,063,043	3,429,905	186,832	3,616,737	
At 1 April 2016	67	1,143,659	191,648	31,488	2,063,043	3,429,905	186,832	3,616,737	
Profit and total comprehensive income for the period	-	-	-	-	152,998	152,998	3,118	156,116	
<u>Transactions with owners, recognised directly in equity</u>									
Acquisition of non-controlling interests	-	-	22,017	-	-	22,017	(24,717)	(2,700)	
At 30 June 2016	67	1,143,659	213,665	31,488	2,216,041	3,604,920	165,233	3,770,153	
At 1 July 2016	67	1,143,659	213,665	31,488	2,216,041	3,604,920	165,233	3,770,153	
Profit and total comprehensive income for the period	-	-	-	-	139,986	139,986	3,937	143,923	
<u>Transactions with owners, recognised directly in equity</u>									
Issuance of shares	14	963,572	-	-	-	963,586	-	963,586	

Attributable to owners of the Company

	Share capital	Capital reserve	Merger reserves	Statutory surplus reserve	Retained earnings	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Share issue costs	-	(35,512)	-	-	-	(35,512)	-	(35,512)
Acquisition of non-controlling interests	-	-	4,170	-	-	4,170	(14,170)	(10,000)
At 30 September 2016	81	2,071,719	217,835	31,488	2,356,027	4,677,150	155,000	4,832,150
At 1 October 2016	81	2,071,719	217,835	31,488	2,356,027	4,677,150	155,000	4,832,150
Profit and total comprehensive income for the period	-	-	-	-	185,250	185,250	(17,242)	168,008
<u>Transactions with owners, recognised directly in equity</u>								
Capital contribution from non-controlling interests	-	-	-	-	-	-	32,530	32,530
Acquisition of subsidiaries under common control	-	-	(259,290)	-	(180,418)	(439,708)	-	(439,708)
Appropriation to reserves	-	-	-	67,524	(67,524)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	(1,675)	(1,675)
At 31 December 2016	81	2,071,719	(41,455)	99,012	2,293,335	4,422,692	168,613	4,591,305

	Share capital RMB'000	Capital reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Company				
At 1 January 2017	81	2,733,172	(49,622)	2,683,631
Profit and total comprehensive loss for the period	-	-	(2,934)	(2,934)
At 31 March 2017	81	2,733,172	(52,556)	2,680,697
At 1 January 2016	67	1,805,112	(15,278)	1,789,901
Profit and total comprehensive loss for the period	-	-	(2,926)	(2,926)
At 31 March 2016	67	1,805,112	(18,204)	1,786,975
At 1 April 2016	67	1,805,112	(18,204)	1,786,975
Profit and total comprehensive loss for the period	-	-	(5,582)	(5,582)
At 30 June 2016	67	1,805,112	(23,786)	1,781,393
At 1 July 2016	67	1,805,112	(23,786)	1,781,393
Profit and total comprehensive loss for the period	-	-	(31,685)	(31,685)
<u>Transactions with owners, recognised directly in equity</u>				
Issuance of shares	14	963,572	-	963,586
Share issue costs	-	(35,512)	-	(35,512)
At 30 September 2016	81	2,733,172	(55,471)	2,677,782
At 1 October 2016	81	2,733,172	(55,471)	2,677,782
Profit and total comprehensive income for the period	-	-	5,849	5,849
At 31 December 2016	81	2,733,172	(49,622)	2,683,631

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

There were no changes in the share capital of the Company in 1Q2017.

The Company has no outstanding convertibles, treasury shares or subsidiary holdings.

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 31 March 2017 and 31 December 2016 was 1,216,824,200. The Company has no treasury shares.

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

Not applicable as the Company has no treasury shares.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable as the Company has no subsidiary holdings.

(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.

Apart from what is disclosed in paragraph (5) below, 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 2016.

(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 2017 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	
	1Q2017	1Q2016
Basic earnings per Share (RMB cents)	10.47	11.93
Weighted average number of Shares	1,216,824,200	1,000,000,100
Fully diluted earnings per Share (RMB cents)	10.47	11.93
Weighted average number of Shares	1,216,824,200	1,000,000,100

On 29 June 2016, every one Share was sub-divided into 100 Shares. On 1 August 2016, the Company issued 204,819,300 Shares pursuant to its initial public offering. On 5 September 2016, pursuant to the partial exercise of an over-allotment option, the Company issued 12,004,800 Shares. The earnings per Share for 1Q2016 was computed based on the weighted average number of Shares sub-divided into 100 Shares for comparison purposes.

The total number of issued Shares as at 31 March 2017 and 31 December 2016 was 1,216,824,200.

(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	
	As at 31 Mar 2017	As at 31 Dec 2016
Net asset value per Share (RMB cents)	373.94	363.46
Number of Shares in issue at the end of the period	1,216,824,200	1,216,824,200

The net asset value per Share as at 31 March 2017 and 31 December 2016 was computed based on the number of Shares in issue at the end of the period.

(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

1Q2017 vs 1Q2016

Revenue

	1Q2017		1Q2016		Change
	RMB'000	%	RMB'000	%	%
WTE Business					
Sales of electricity	265,266	47.6	178,343	30.9	48.7
Sales of steam	82,052	14.7	60,842	10.5	34.9
Revenue from waste treatment fees	122,051	21.9	97,894	16.9	24.7
Revenue from construction services provided under service concession agreements	29,744	5.3	171,920	29.7	(82.7)
Financial income under service concession agreements	5,358	1.0	4,158	0.7	28.9
Sub-total	504,471	90.5	513,157	88.7	(1.7)
Project technical and management service and EMC business					
	53,108	9.5	65,229	11.3	(18.6)
Total	557,579	100.0	578,386	100.0	(3.6)

Revenue decreased 3.6% from RMB578.4 million in 1Q2016 to RMB557.6 million in 1Q2017, primarily due to a decrease in revenue from:-

(a) Construction services provided under BOT concession agreements

Revenue from construction services provided under build-operate-transfer ("BOT") concession agreements decreased by 80.1% from RMB176.1 million in 1Q2016 to RMB35.1 million in 1Q2017 due to a decrease in revenue from the provision of construction services under BOT concession agreements from RMB171.9 million in 1Q2016 to RMB29.7 million in 1Q2017, as there were fewer construction services provided by the Group under BOT concession agreements in 1Q2017. Construction for Songyuan Xinxiang WTE Facility and Wenling Green Energy WTE Facility were completed by the end of 2016. Construction services to be provided by the Group under BOT concession agreements including expansion for Yinchuan Zhongke WTE Facility and construction for Linzhou Jiasheng WTE Facility, are expected to begin in the second quarter and second half of 2017 respectively.

(b) Project technical and management services and EMC business

Revenue from project technical and management services and EMC business decreased 18.6% from RMB65.2 million in 1Q2016 to RMB53.1 million in 1Q2017, due to (a) for 1Q2017, there were twenty contracts performed and total contractual values increased by approximately RMB6.7 million. However, part of the revenue was eliminated as the services were provided within the Group, and (b) the revenue from EMC business is recognised based on profit sharing percentage and such percentages usually decrease progressively during the contractual period, thereby resulting in less revenue recognised from project technical and management services and EMC business.

Revenue from our waste-to-energy (“WTE”) business (excluding revenue from construction services provided under BOT concession agreements) increased 39.2% from RMB337.1 million in 1Q2016 to RMB469.4 million in 1Q2017. The increase was attributable to (i) an increase in revenue from waste treatment fees from RMB97.9 million in 1Q2016 to RMB122.1 million in 1Q2017 which was primarily due to (a) an increase in the supply of municipal solid waste to our WTE facilities, resulting in an increase in sales of electricity, (b) the commencement of commercial operation of the Songyuan Xinxiang WTE Facility, and (c) the expansion of Zhuji Bafang WTE Facility and the Wuhu Jinjiang WTE Facility which led to an increase in waste treated and electricity generated, (ii) an increase in revenue from sales of steam from RMB60.8 million in 1Q2016 to RMB82.1 million in 1Q2017 due to the expansion of the coal-fired generation plant at Zhuji Bafang, and (iii) an increase in the electricity supply fee for the Zibo Jinjiang WTE Facility and Zibo Green Energy WTE Facility to RMB0.65 per kWh pursuant to the release of the Batch Six Renewable Energy Electricity Price Subsidies Catalogue by the authorities and the receipt of retrospective payments arising from increases in electricity supply fee in 1Q2017.

Details of the electricity generated and supplied, steam supplied and waste treated for 1Q2017 and 1Q2016 are as follows:

	Group 1Q2017	Group 1Q2016	Change %
Electricity generated ('000 KWh)	624,910	504,780	23.8
On-grid electricity supplied ('000 KWh)	455,990	369,500	23.4
Steam supplied ('000 tonnes)	593	496	19.6
Waste treated ('000 tonnes)	2,227	1,864	19.5

On-grid electricity supplied and waste treated increased 23.4% and 19.5% in 1Q2017 as compared to 1Q2016. This is in line with the increase in the supply of municipal solid waste to the WTE facilities and new facilities becoming operational.

Cost of sales

Cost of sales decreased 11.5% from RMB361.3 million in 1Q2016 to RMB319.9 million in 1Q2017, due to an decrease 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 decreased 82.7% from RMB149.7 million in 1Q2016 to RMB25.9 million in 1Q2017 due to lesser construction services under BOT concession agreements in 1Q2017, and hence lesser costs were recorded in 1Q2017.

(b) Project technical and management services and EMC business

The cost of sales from project technical and management services and our EMC business decreased 21.4% from RMB15.9 million in 1Q2016 to RMB12.5 million in 1Q2017, primarily due to cost control measures implemented by the Group.

This was offset by an increase in the cost of sales from our WTE business (excluding cost of sales from construction services provided under BOT concession agreements), which increased 43.8% from RMB195.7 million in 1Q2016 to RMB281.5 million in 1Q2017. The increase is due to (i) the commencement of commercial operations of the Wenling Green Energy WTE Facility and Songyuan Xinxiang WTE Facility, (ii) increased operating costs arising from larger amounts of electricity and steam generated and (iii) the expansion of Wuhu Jinjiang WTE Facility and Zhuji Bafang WTE facility where the coal-fired generation units began operations and hence more coal was utilised.

Gross profit and gross profit margin

	Gross Profit (RMB million)		Gross Profit Margin	
	1Q2017	1Q2016	1Q2017	1Q2016
WTE business (excluding gross profit from construction services provided under BOT concession agreements)	187,858	141,350	40.0%	41.9%
Construction services provided under BOT concession agreements	3,864	22,220	13.0%	12.9%
Project technical and management service and EMC business	40,608	49,359	76.5%	75.7%
Finance	5,358	4,158	N.A.	N.A.
Total	237,688	217,087	42.6%	37.5%

As a result of the foregoing, the gross profit increased 9.5% from RMB217.1 million in 1Q2016 to RMB237.7 million in 1Q2017, 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), offset by lower gross profit from construction services provided under BOT concession agreements and 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 32.9% from RMB141.4 million in 1Q2016 to RMB187.9 million in 1Q2017, primarily due to an increase in the revenue from our WTE business (excluding revenue from construction services provided under BOT concession agreements) from RMB337.1 million in 1Q2016 to RMB469.4 million in 1Q2017, partially offset by an increase in the cost of sales from our WTE business (excluding the cost of sales from construction services provided under BOT concession agreements) from RMB195.7 million in 1Q2016 to RMB281.5 million in 1Q2017. The gross profit margin of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) decreased from 41.9% in 1Q2016 to 40.0% in 1Q2017, which was primarily due to higher costs of sales described under the cost of sales section above.

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 decreased 65.2% from RMB26.4 million in 1Q2016 to RMB9.2 million in 1Q2017, due to a decrease in the revenue recognised from construction services provided under BOT concession agreements from RMB171.9 million in 1Q2016 to RMB29.7 million in 1Q2017 and a decrease in the cost of sales from construction services provided under BOT concession agreements from RMB149.7 million in 1Q2016 to RMB25.9 million in 1Q2017. Finance income increased from RMB4.2 million in 1Q2016 to RMB5.4 million in 1Q2017. The gross profit margin increased marginally from 12.9% in 1Q2016 to 13.0% in 1Q2017.

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 17.8% from RMB49.4 million in 1Q2016 to RMB40.6 million in 1Q2017, due to a decrease in the revenue from project technical and management services and our EMC business from RMB65.2 million in 1Q2016 to RMB53.1 million in 1Q2017, partially offset by a decrease in the cost of sales from project technical and management services and our EMC business from RMB15.9 million in 1Q2016 to RMB12.5 million in 1Q2017, primarily due to cost control measures by the Group. Accordingly, the gross profit margin of project technical and management services and our EMC business increased slightly from 75.7% in 1Q2016 to 76.5% in 1Q2017.

Other income and other gains and losses

Other income and other gains and losses decreased 27.1% from RMB35.9 million in 1Q2016 to RMB26.1 million in 1Q2017, due primarily to a decrease in value added tax refund (due to timing of refund) from RMB15.8 million in 1Q2016 to RMB8.4 million in 1Q2017 and government subsidy from RMB13.1 million in 1Q2016 to RMB10.9 million in 1Q2017.

Administrative expenses

Administrative expenses increased 5.9% from RMB47.2 million in 1Q2016 to RMB50.0 million in 1Q2017, mainly due to the increase in salaries and social security costs attributable to more WTE facilities in commercial operation. Administrative expenses as a percentage of revenue increased from 8.2% in 1Q2016 to 9.0% in 1Q2017.

Finance costs

Finance costs increased 3.2% from RMB34.5 million in 1Q2016 to RMB35.6 million in 1Q2017, primarily increase in bank borrowings as well as expensing of interest for projects that commenced operations.

Profit before tax

As a result of the foregoing, profit before tax increased 4.1% from RMB171.3 million in 1Q2016 to RMB178.2 million in 1Q2017.

Income tax expense

Income tax expense increased 5.0% from RMB49.4 million in 1Q2016 to RMB51.8 million in 1Q2017 due to increase in taxable profit.

Profit for the period

As a result of the foregoing, profit for the period increased 3.7% from RMB121.9 million in 1Q2016 to RMB126.4 million in 1Q2017.

(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 31 March 2017, total assets amounted to RMB10,103.1 million, an increase of RMB373.3 million or 3.8% as compared to total assets of RMB9,729.8 million as at 31 December 2016. The increase in total assets is due to an increase in non-current assets of RMB67.1 million and an increase in current assets of RMB306.1 million.

Non-current assets

Non-current assets increased 0.8% by RMB67.1 million from RMB7,921.1 million as at 31 December 2016 to RMB7,988.2 million as at 31 March 2017.

The increase is attributable to the construction services provided under service concession agreements, which resulted in intangible assets increasing 1.3% by RMB20.3 million from RMB1,550.5 million as at 31 December 2016 to RMB1,570.8 million as at 31 March 2017 and other receivables increasing 20.6% by RMB47.1 million from RMB 228.6 million as at 31 December 2016 to RMB 275.7 million as at December 2016, as a result of increase in prepayment for equipment.

Current assets

Current assets increased 16.9% by RMB 306.1 million from RMB1,808.7 million as at 31 December 2016 to RMB2,114.8 million as at 31 March 2017.

The increase is mainly due to (i) bank balances increasing 6.2% by RMB33.6 million from RMB540.9 million as at 31 December 2016 to RMB574.5 million as at 31 March 2017 due to more bank borrowings and retained profits for 1Q2017, (ii) pledged deposits increasing 20.0% by RMB64.2 million from RMB321.0 million as at 31 December 2016 to RMB385.2 million as at 31 March 2017 due to line of credits issued for purchasing equipment from overseas and (iii) trade and other receivables increasing 26.4% by RMB179.6 million from RMB679.7 million as at 31 December 2016 to RMB859.3 million as at 31 March 2017 due mainly to the revenue increase from our WTE business in 1Q2017.

Current liabilities

Current liabilities increased 7.2% by RMB194.8 million from RMB2,700.6 million as at 31 December 2016 to RMB2,895.4 million as at 31 March 2017.

The increase is mainly due to (i) borrowings increasing 35.3% by RMB349.5 million from RMB989.7 million as at 31 December 2016 to RMB1,339.2 million as at 31 March 2017 due to more bank borrowings and classification into short term borrowings, (ii) obligations under finance leases increasing 8.6% by RMB22.9 million from RMB267.1 million as at 31 December 2016 to RMB290.0 million as at 31 March 2017 due to new finance leases at the Lianyungang Sunrise WTE Facility, Wenling Green Energy WTE Facility and the Qitaihe Green Energy WTE Facility, partially offset by (i) trade and other payables decreasing 8.5% by RMB79.0 million from RMB930.2 million as at 31 December 2016 to RMB851.2 million as at 31 March 2017 due to more repayments of payables and lower payables recorded in 1Q2017 for construction projects and (ii) amounts due to related parties decreasing 26.1% by RMB95.1 million from RMB364.4 million as at 31 December 2016 to RMB269.3 million as at 31 March 2017 due to the repayments of the amounts due to related parties on the books of the Zhuji Bafang WTE Facility and Wenling Green Energy WTE Facility after their acquisition by the Group.

Non-current liabilities

Non-current liabilities increased 2.1% by RMB52.1 million from RMB2,437.9 million as at 31 December 2016 to RMB2,490.0 million as at 31 March 2017.

The increase is mainly due to borrowings decreasing 2.3% by RMB32.1 million from RMB1,369.8 million as at 31 December 2016 to RMB1,401.9 million as at 31 March 2017 due to (i) more long term borrowings, offset by certain classification into short term borrowings, and (ii) deferred tax liabilities increasing 6.2% by RMB20.4 million from RMB327.3 million as at 31 December 2016 to RMB347.7 million as at 31 March 2017 arising from construction services provided under the BOT concession agreements in respect of the Gaomi Lilangmingde WTE Facility and tax provision for dividends.

Capital and reserves

As at 31 March 2017, capital and reserves amounted to RMB4,717.7 million, an increase of 2.8% or approximately RMB126.4 million as compared to total net assets of RMB4,591.3 million as at 31 December 2016, due to the retained earnings for 1Q2017.

Cashflow Review

Operating cashflow decreased by RMB11.9 million from RMB82.3 million in 1Q2016 to RMB70.4 million in 1Q2017. The decrease is mainly due to slower collection of trade and other receivables in 1Q2017 as compared to 1Q2016, offset by reduction in service concession receivables and intangible assets due to lesser construction services under BOT concession agreements in 1Q2017.

Investing cash outflow increased by RMB191.3 million from RMB134.5 million outflow in 1Q2016 to RMB325.8 outflow million in 1Q2017. The increase is mainly due to more payment for property, plant and equipment and intangible assets and increase in pledged bank deposits.

Financing cashflow increased by RMB245.5 million from RMB43.6 million in 1Q2016 to RMB289.1 million in 1Q2017 due to increased borrowings and obligations under finance leases.

Bank balances and cash as at 31 March 2017 is RMB574.5 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.

The Group has twenty WTE facilities in commercial or trial operation. The Group's total installed waste treatment capacity and installed electricity generation capacity is 28,230 t/d and 493 MW/d respectively. The Qitaihe Green Energy WTE Facility, Hohhot New Energy WTE Facility and Zibo New Energy WTE Facility are currently under construction and are expected to be completed and commence trial operations in the second half of 2017. The total installed waste treatment capacity and electricity generation capacity from these three projects under construction is expected to be 4,000 t/d and 109 MW/d respectively, which upon completion, would bring the Group's total installed waste treatment capacity and electricity generation capacity to approximately 32,230 t/d and 602 MW/d respectively. The Group's first overseas waste treatment project in Lucknow, India, with a waste pre-treatment capacity of 1,500 t/d, is expected to commence operations in April 2019.

In addition, the Group has commenced preparatory work for the construction or expansion of waste treatment capacity of another fifteen projects in the PRC. The relevant preparatory work has been completed, and approvals obtained, for the Tangshan Jiasheng WTE Facility, Shijiazhuang Jiasheng WTE Facility and the Yinchuan Zhongke WTE Facility expansion project, for which construction is expected to commence in the second quarter of 2017. The Zhuji Bafang WTE Facility and Wenling Green Energy WTE Facility have commenced preparatory work for expansion of their existing waste treatment capacity and are seeking the relevant approvals. The above projects are expected to increase the Group's total installed waste treatment capacity and installed electricity generation capacity by 15,260 t/d and 276 MW/d, respectively, bringing the Group's total installed waste treatment capacity to approximately 47,490 t/d. In addition, the Group's second overseas waste treatment project in Gwalior, India, with a waste pre-treatment capacity of 606 t/d, is in the preparatory stage and is expected to commence operations in February 2020.

The Group will continue to add new potential projects and has established good relationships with the local authorities at (i) Lüliang, Shanxi Province, (ii) Yucheng, Shandong Province, (iii) Xinglong, Hebei Province, (iv) Tonghe, Heilongjiang Province and (v) Shangzhi, Heilongjiang Province. Taking into consideration the projects under construction, to be constructed or expanded and new potential projects, the Group's total installed waste treatment capacity is expected to be approximately 55,000 t/d when these projects are completed.

The Group will continue to focus on its core WTE business in China and pursue potential WTE projects both in China and elsewhere, and where there are synergies, the Group may do so together with its parent company. The Group is concurrently targeting overseas projects outside of China, focusing on locations where the waste composition is likely to be similar to that in the PRC. The Group has acquired a subsidiary in India, Ecogreen Energy Private Limited, which has secured the Group's first waste treatment project outside of China, and has recently secured its second project in India. The Group will continue to explore the Indian and Southeast Asian markets for potential mergers and acquisitions opportunities and WTE projects for bidding. In addition, the Group will continue to research and adopt advanced technologies to enhance and improve its technical capabilities.

The Group expects to complete its dividend payment of 5.05 Singapore cents per share in May 2017.

(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.

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) RMB'000
Purchases of coal from: Linan Huawang Reneng Co., Ltd.	22,612	-
Construction services contracts awarded to: Zhejiang Jinxin Construction Engineering Co., Ltd.	-	716
Sales of goods to: Zhejiang Jinxin Construction Engineering Co., Ltd.	2,067	-
Project technical and management services provided to: Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	-	750
Energy management contracting services provided to: Shanxi Xiaoyi Xing'an Chemical Co., Ltd.	-	39,683
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	-	5,469
Total	24,679	46,618

(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 first quarter ended 31 March 2017 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

15 May 2017

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 China Jinjiang Environment Holding Company Limited. The Sole Issue Manager, Global Coordinator, Bookrunner and Underwriter assumes no responsibility for the contents of this announcement.