



**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 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 second quarter (“2Q”) and half year (“1H”) ended 30 June 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**

	<b>Group 2Q2017 RMB'000</b>	<b>Group 2Q2016 RMB'000 (Restated)</b>	<b>Change +/(-) %</b>	<b>Group 1H2017 RMB'000</b>	<b>Group 1H2016 RMB'000 (Restated)</b>	<b>Change +/(-) %</b>
Revenue	718,454	617,134	16.4	1,276,033	1,195,520	6.7
Cost of sales	(426,795)	(358,064)	19.2	(746,686)	(719,363)	3.8
<b>Gross profit</b>	<b>291,659</b>	<b>259,070</b>	<b>12.6</b>	<b>529,347</b>	<b>476,157</b>	<b>11.2</b>
Other income and other gains and losses	37,358	31,930	17.0	63,486	67,786	(6.3)
Administrative expenses	(47,857)	(35,302)	35.6	(97,846)	(82,507)	18.6
Finance costs	(38,720)	(30,931)	25.2	(74,307)	(65,398)	13.6
<b>Profit before tax</b>	<b>242,440</b>	<b>224,767</b>	<b>7.9</b>	<b>420,680</b>	<b>396,038</b>	<b>6.2</b>
Income tax expense	(74,338)	(68,651)	8.3	(126,173)	(118,006)	6.9
<b>Profit and total comprehensive income</b>	<b>168,102</b>	<b>156,116</b>	<b>7.7</b>	<b>294,507</b>	<b>278,032</b>	<b>5.9</b>
Profit and total comprehensive income attributable to:						
- owners of the Company	168,289	152,998	10.0	295,734	272,347	8.6
- non-controlling interests	(187)	3,118	(106.0)	(1,227)	5,685	(121.6)
	<b>168,102</b>	<b>156,116</b>	<b>7.7</b>	<b>294,507</b>	<b>278,032</b>	<b>5.9</b>

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

	Group 2Q2017 RMB'000	Group 2Q2016 RMB'000 (Restated)	Change +/(-) %	Group 1H2017 RMB'000	Group 1H2016 RMB'000 (Restated)	Change +/(-) %
<b>Profit before tax has been arrived at after charging (crediting):</b>						
Staff costs (including directors' emoluments)	49,839	39,675	25.6	102,632	83,857	22.4
Cost of inventories recognised as expense	103,897	67,368	54.2	216,608	137,022	58.1
Depreciation of property, plant and equipment	65,711	68,786	(4.5)	143,619	132,050	8.8
Amortisation of prepaid leases	2,799	2,714	3.1	5,712	5,555	2.8
Amortisation of intangible assets	14,402	5,163	178.9	22,035	10,195	116.1
Total depreciation and amortisation	82,912	76,663	8.2	171,366	147,800	15.9
Underprovision of tax in the prior years	(5,913)	-	N.M.	(5,913)	-	N.M.
Government grants	578	6,925	(91.7)	11,483	20,006	(42.6)
Value added tax refund	13,081	26,939	(51.4)	21,484	42,718	(49.7)
Bank interest income	2,077	293	608.9	2,268	635	257.2
(Loss) Gain on sales of scrap materials	(906)	(2,239)	(59.5)	7,033	4,415	59.3
Gains from disposal of property, plant and equipment	-	12	(100.0)	-	12	(100.0)
Foreign exchange gains	8,010	-	N.M.	6,700	-	N.M.
Net income from treatment of sludge	14,518	-	N.M.	14,518	-	N.M.
Other income and other gains and losses	37,358	31,930	17.0	63,486	67,786	(6.3)

**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</b> <b>As at 30 Jun</b> <b>2017</b> <b>RMB'000</b>	<b>Group</b> <b>As at 31 Dec</b> <b>2016</b> <b>RMB'000</b>	<b>Company</b> <b>As at 30 Jun</b> <b>2017</b> <b>RMB'000</b>	<b>Company</b> <b>As at 31 Dec</b> <b>2016</b> <b>RMB'000</b>
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	5,837,467	5,525,788	-	-
Prepaid leases	278,718	251,915	-	-
Intangible assets	1,742,099	1,550,546	-	-
Investment in an associate	51,284	43,804	-	-
Investment in subsidiaries	-	-	1,790,640	1,790,640
Service concession receivables	318,520	320,438	-	-
Other receivables	300,348	228,565	-	-
Total non-current assets	<u>8,528,436</u>	<u>7,921,056</u>	<u>1,790,640</u>	<u>1,790,640</u>
<b>Current assets</b>				
Inventories	49,593	42,171	-	-
Prepaid leases	12,760	11,330	-	-
Service concession receivables	34,421	34,421	-	-
Trade and other receivables	884,195	679,679	-	-
Other tax recoverable	97,416	90,573	-	-
Amounts due from related parties	90,041	69,132	-	-
Amount due from subsidiaries	-	-	338,375	619,667
Amounts due from non-controlling interests	39,097	19,641	-	-
Pledged bank deposits	344,898	320,970	247,018	251,189
Bank balances and cash	779,573	540,854	11,986	30,089
Total current assets	<u>2,331,994</u>	<u>1,808,771</u>	<u>597,379</u>	<u>900,945</u>
<b>Total assets</b>	<u>10,860,430</u>	<u>9,729,827</u>	<u>2,388,019</u>	<u>2,691,585</u>

<b>Current liabilities</b>				
Trade and other payables	960,710	930,190	6	6,007
Amounts due to related parties	354,016	364,384	-	-
Amount due to subsidiaries	-	-	1,947	1,947
Income tax liabilities	81,366	90,321	-	-
Other tax liabilities	49,080	52,762	-	-
Dividends payable	1,397	1,397	-	-
Borrowings	1,496,273	989,650	-	-
Obligations under finance leases	313,731	267,138	-	-
Deferred grant	5,133	4,776	-	-
Total current liabilities	<u>3,261,706</u>	<u>2,700,618</u>	<u>1,953</u>	<u>7,954</u>
<b>Net current liabilities</b>	<u>(929,712)</u>	<u>(891,847)</u>	<u>595,426</u>	<u>892,991</u>
<b>Total assets less current liabilities</b>	<u>7,598,724</u>	<u>7,029,209</u>	<u>2,386,066</u>	<u>2,683,631</u>
<b>Non-current liabilities</b>				
Borrowings	1,932,435	1,369,796	-	-
Obligations under finance leases	616,470	637,819	-	-
Deferred tax liabilities	366,246	327,261	-	-
Deferred grant	90,898	92,665	-	-
Provision for major overhauls	10,363	10,363	-	-
Total non-current liabilities	<u>3,016,412</u>	<u>2,437,904</u>	<u>-</u>	<u>-</u>
<b>Net assets</b>	<u><b>4,582,312</b></u>	<u><b>4,591,305</b></u>	<u><b>2,386,066</b></u>	<u><b>2,683,631</b></u>
<b>Capital and reserves</b>				
Share capital	81	81	81	81
Reserves	<u>4,414,845</u>	<u>4,422,611</u>	<u>2,385,985</u>	<u>2,683,550</u>
Equity attributable to owners of the company	4,414,926	4,422,692	2,386,066	2,683,631
Non-controlling interests	<u>167,386</u>	<u>168,613</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>	<u><b>4,582,312</b></u>	<u><b>4,591,305</b></u>	<u><b>2,386,066</b></u>	<u><b>2,683,631</b></u>

**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 2017		As at 31 Dec 2016	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
1,806,596	3,408	1,255,055	1,733

**Amount repayable after one year**

As at 30 Jun 2017		As at 31 Dec 2016	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
2,545,743	3,162	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.**

	<b>Group 2Q2017 RMB'000</b>	<b>Group 2Q2016 RMB'000 (Restated)</b>	<b>Group 1H2017 RMB'000</b>	<b>Group 1H2016 RMB'000 (Restated)</b>
<b>Operating activities</b>				
Profit before tax	242,440	224,767	420,680	396,038
Adjustments for:				
Finance costs	38,720	30,931	74,307	65,398
Interest income	(7,595)	(4,451)	(13,144)	(8,951)
Depreciation of property, plant and equipment	65,711	68,786	143,619	132,050
Amortisation of prepaid leases	2,799	2,714	5,712	5,555
Amortisation of intangible assets	14,402	5,163	22,035	10,195
Gains from disposal of property, plant and equipment	-	(12)	-	(12)
Deferred grant recognised	(24)	(19,766)	(4,980)	(38,951)
Operating cash flows before movements in working capital	356,453	308,132	648,229	561,322
(Increase) Decrease in trade and other receivables	(127,932)	6,610	(265,423)	(83,375)
Decrease (Increase) in service concession receivables	3,520	(29,469)	1,918	(59,815)
Decrease (Increase) in other tax recoverable	14,391	(4,677)	(6,843)	(28,835)
Increase in inventories	(13,727)	(6,289)	(7,422)	(374)
Increase in intangible assets	(185,708)	(85,467)	(213,588)	(270,787)
Increase in trade and other payables	25,078	36,966	41,298	75,761
(Decrease) Increase in other tax liabilities	(13,471)	11,387	(3,682)	32,160
(Increase) Decrease in amounts due from related parties	(17,884)	85,597	(20,909)	202,518
Increase in amounts due from non-controlling interests	(12,036)	(973)	(22,556)	(2,884)
Increase (Decrease) in amounts due to related parties	81,542	(22,849)	76,154	10,839
Decrease in deferred grant	2,001	17,628	3,570	18,085
<b>Cash generated from operations</b>	<b>112,227</b>	<b>316,596</b>	<b>230,746</b>	<b>454,615</b>
Income tax paid	(49,576)	(36,986)	(96,143)	(84,024)
<b>Net cash from operating activities</b>	<b>62,651</b>	<b>279,610</b>	<b>134,603</b>	<b>370,591</b>
<b>Investing activities</b>				
Interest received	2,077	293	2,268	635
Payment for property, plant and equipment	(168,331)	(62,672)	(445,681)	(197,150)
Proceeds from disposal of property, plant and equipment	-	52	-	86
Payment for acquisition of subsidiaries	-	-	(66)	-
Payment for prepaid leases	(33,603)	(422)	(33,945)	(843)
Investment in joint ventures	(7,480)	-	(7,480)	-
Decrease (Increase) in pledged bank deposits	40,305	-	(7,928)	-
<b>Net cash used in investing activities</b>	<b>(167,032)</b>	<b>(62,749)</b>	<b>(492,832)</b>	<b>(197,272)</b>
<b>Financing activities</b>				
Proceeds from borrowings	821,616	280,213	1,657,326	488,192
Proceeds from obligations under finance leases	74,772	62,832	165,960	57,149
Repayment of borrowings	(134,029)	(438,480)	(588,064)	(703,860)

Repayment of obligations under finance leases	(79,251)	(41,044)	(141,286)	(74,963)
Payment of finance costs	(67,655)	(39,978)	(96,819)	(85,165)
Dividends paid	(303,500)	-	(303,500)	-
Advances/Repayment from related parties	-	159,130	-	490,204
Advances/Repayment to related parties	(2,547)	(238,665)	(80,669)	(384,432)
Increase in pledged bank deposits	-	-	(16,000)	-
<b>Net cash flow from (used in) financing activities</b>	<b>309,406</b>	<b>(255,992)</b>	<b>596,948</b>	<b>(212,875)</b>
<b>Net increase (decrease) in cash and cash equivalent</b>	<b>205,025</b>	<b>(39,131)</b>	<b>238,719</b>	<b>(39,556)</b>
<b>Cash and cash equivalent at beginning of period</b>	<b>574,548</b>	<b>380,086</b>	<b>540,854</b>	<b>380,511</b>
<b>Cash and cash equivalent at end of period represented by bank balances and cash</b>	<b>779,573</b>	<b>340,955</b>	<b>779,573</b>	<b>340,955</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						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	RMB'000
<b>Group</b>								
<b>At 1 January 2017</b>	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
<b>At 31 March 2017</b>	81	2,071,719	(41,455)	99,012	2,420,780	4,550,137	167,573	4,717,710
<b>At 1 April 2017</b>	81	2,071,719	(41,455)	99,012	2,420,780	4,550,137	167,573	4,717,710
Profit and total comprehensive income for the period	-	-	-	-	168,289	168,289	(187)	168,102
Dividends paid	-	-	-	-	(303,500)	(303,500)	-	(303,500)
<b>At 30 June 2017</b>	81	2,071,719	(41,455)	99,012	2,285,569	4,414,926	167,386	4,582,312
<b>At 1 January 2016</b>	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
<b>At 31 March 2016</b>	67	1,143,659	191,648	31,488	2,063,043	3,429,905	186,832	3,616,737
<b>At 1 April 2016</b>	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)



<b>At 30 June 2016</b>	67	1,143,659	213,665	31,488	2,216,041	3,604,920	165,233	3,770,153
<b>At 1 July 2016</b>	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
Share issue costs	-	(35,512)	-	-	-	(35,512)	-	(35,512)
Acquisition of non-controlling interests	-	-	4,170	-	-	4,170	(14,170)	(10,000)
<b>At 30 September 2016</b>	81	2,071,719	217,835	31,488	2,356,027	4,677,150	155,000	4,832,150
<b>At 1 October 2016</b>	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)
<b>At 31 December 2016</b>	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
<b>Company</b>				
<b>At 1 January 2017</b>	81	2,733,172	(49,622)	2,683,631
Loss and total comprehensive loss for the period	-	-	(2,934)	(2,934)
<b>At 31 March 2017</b>	81	2,733,172	(52,556)	2,680,697
<b>At 1 April 2017</b>	81	2,733,172	(52,556)	2,680,697
Profit and total comprehensive profit for the period	-	-	8,869	8,869
Dividends paid	-	-	(303,500)	(303,500)
<b>At 30 June 2017</b>	81	2,733,172	(347,187)	2,386,066
<b>At 1 January 2016</b>	67	1,805,112	(15,278)	1,789,901
Loss and total comprehensive loss 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
Loss and total comprehensive loss 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 July 2016</b>	67	1,805,112	(23,786)	1,781,393
Loss 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)
<b>At 30 September 2016</b>	81	2,733,172	(55,471)	2,677,782
<b>At 1 October 2016</b>	81	2,733,172	(55,471)	2,677,782
Profit and total comprehensive income for the period	-	-	5,849	5,849
<b>At 31 December 2016</b>	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 2Q2017.

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 30 June 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		Group	
	2Q2017	2Q2016	1H2017	1H2016
Basic earnings per Share (RMB cents)	13.83	15.30	24.30	27.23
Weighted average number of Shares	1,216,824,200	1,000,000,100	1,216,824,200	1,000,000,100
Fully diluted earnings per Share (RMB cents)	13.83	15.30	24.30	27.23
Weighted average number of Shares	1,216,824,200	1,000,000,100	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 2Q2016 and 1H2016 were 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 30 June 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		Company	
	As at 30 Jun 2017	As at 31 Dec 2016	As at 30 Jun 2017	As at 31 Dec 2016
Net asset value per Share (RMB cents)	362.82	363.46	196.09	220.54
Number of Shares in issue at the end of the period	1,216,824,200	1,216,824,200	1,216,824,200	1,216,824,200

The net asset value per Share as at 30 June 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

### 2Q2017 vs 2Q2016

#### Revenue

	2Q2017		2Q2016		Change
	RMB'000	%	RMB'000	%	%
Sales of electricity	254,510	35.4	210,272	34.1	21.0
Sales of steam	78,851	11.0	54,141	8.8	45.6
Revenue from waste treatment fees	106,548	14.8	112,548	18.2	(5.3)
<b>Waste-to-energy business</b>	<b>439,909</b>	<b>61.2</b>	<b>376,961</b>	<b>61.1</b>	<b>16.7</b>
Revenue from construction services provided under service concession agreements	183,844	25.6	177,553	28.8	3.5
Financial income under service concession agreements	5,518	0.8	4,158	0.6	32.7
<b>Construction services</b>	<b>189,362</b>	<b>26.4</b>	<b>181,711</b>	<b>29.4</b>	<b>4.2</b>
<b>Project technical and management service and EMC business</b>	<b>89,183</b>	<b>12.4</b>	<b>58,462</b>	<b>9.5</b>	<b>52.5</b>
<b>Total</b>	<b>718,454</b>	<b>100.0</b>	<b>617,134</b>	<b>100.0</b>	<b>16.4</b>

Revenue increased 16.4% from RMB617.1 million in 2Q2016 to RMB718.5 million in 2Q2017, primarily due to an increase in revenue from:-

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 16.7% from RMB377.0 million in 2Q2016 to RMB439.9 million in 2Q2017. The increase was attributable to (i) an increase in the supply of municipal solid waste to our WTE facilities and the Songyuan Xinxiang WTE Facility and Gaomi Lilangmingde WTE Facility becoming operational, resulting in an increase in sales of electricity, (ii) an increase in revenue from sales of steam from RMB54.1 million in 2Q2016 to RMB78.9 million in 2Q2017 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 Yinchuan Zhongke WTE Facility to RMB0.65 per kWh starting from 2017, partially offset by a decrease in revenue from waste treatment fees from RMB112.5 million in 2Q2016 to RMB106.5 million in 2Q2017 due to partial downtime and a decreased utilisation rate at certain WTE facilities in 2Q2017 as a result of implementation of pre-treatment alterations by the Group in 2Q2017.

Details of the electricity generated and supplied, steam supplied and waste treated for 2Q2017 and 2Q2016 are as follows:

	Group 2Q2017	Group 2Q2016	Change %
Electricity generated ('000 KWh)	642,941	580,791	10.7
On-grid electricity supplied ('000 KWh)	472,220	437,909	7.8
Steam supplied ('000 tonnes)	562	437	28.6
Waste treated ('000 tonnes)	2,122	2,076	2.2

On-grid electricity supplied, steam supplied and waste treated increased 7.8%, 28.6% and 2.2% in 2Q2017 as compared to 2Q2016, due to the increase in the supply of municipal solid waste to the WTE facilities and the Songyuan Xinxiang WTE Facility and Gaomi Lilangmingde WTE Facility becoming operational. The higher increase in on-grid electricity and steam supplied as compared to the increase in waste treated is due to the coal-fired generation facilities of the Zhuji Bafang WTE Facility becoming operational.

### Construction services provided under BOT concession agreements

Revenue from construction services provided under build-operate-transfer (“BOT”) concession agreements increased by 4.2% from RMB181.7 million in 2Q2016 to RMB189.4 million in 2Q2017 due to an increase in revenue from the provision of construction services under BOT concession agreements from RMB177.6 million in 2Q2016 to RMB183.8 million in 2Q2017 arising from the second phase expansion of the Yinchuan Zhongke WTE Facility. Financial income increased from RMB4.2 million in 2Q2016 to RMB5.5 million in 2Q2017.

### Project technical and management services and our EMC business

Revenue from project technical and management services and our EMC business increased 52.5% from RMB58.5 million in 2Q2016 to RMB89.2 million in 2Q2017 due to an increase in revenue from technical and management services as a result of a larger number of contracts over 2Q2017. The revenue from our EMC business is recognised based on contracted profit sharing percentage and this has remained stable for 2Q2017 as compared to 2Q2016.

### **Cost of sales**

Cost of sales increased 19.2% from RMB358.1 million in 2Q2016 to RMB426.8 million in 2Q2017, due to an increase in the cost of sales from:-

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

The cost of sales from our WTE business (excluding cost of sales from construction services provided under BOT concession agreements) increased 33.6% from RMB187.4 million in 2Q2016 to RMB250.2 million in 2Q2017. The increase is due to (i) the commencement of operations of the Songyuan Xinxiang WTE Facility and Gaomi Lilangmingde WTE Facility as well as the increased operating costs arising from larger amounts of waste treated, electricity and steam generated and (ii) the expansion of Zhuji Bafang WTE facility which resulted in increased utilisation of coal upon the commencement of operations of the additional coal-fired generation units, which directly resulted in cost of inventories recognised as expense to increase by 54.2% to RMB103.9 million.

### Construction services provided under BOT concession agreements

The cost of sales from construction services provided under BOT concession agreements increased 2.5% from RMB154.6 million in 2Q2016 to RMB158.5 million in 2Q2017 due to more construction services under BOT concession agreements in 2Q2017, and hence more costs were recorded in 2Q2017.

### Project technical and management services and our EMC business

The cost of sales from project technical and management services and our EMC business increased 12.4% from RMB16.1 million in 2Q2016 to RMB18.1 million in 2Q2017, primarily due to increase in manpower costs.

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

	<b>Gross Profit (RMB million)</b>		<b>Gross Profit Margin</b>	
	<b>2Q2017</b>	<b>2Q2016</b>	<b>2Q2017</b>	<b>2Q2016</b>
WTE business (excluding gross profit from construction services provided under BOT concession agreements)	189,661.0	189,587.0	43.1%	50.3%
Construction services provided under BOT concession agreements	25,353.0	22,925.0	13.8%	12.9%
Project technical and management service and EMC business	71,127.0	42,400.0	79.8%	72.5%
Finance	5,518.0	4,158.0	N.A.	N.A.
<b>Total</b>	<b>291,659.0</b>	<b>259,070.0</b>	<b>40.6%</b>	<b>42.0%</b>

As a result of the foregoing, the gross profit increased 12.6% from RMB259.1 million in 2Q2016 to RMB291.7 million in 2Q2017, which was driven mainly by an increase in the gross profit of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) following the commencement of operations of new WTE facilities, 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 slightly from RMB189.6 million in 2Q2016 to RMB189.7 million in 2Q2017, primarily due to an increase in the revenue from our WTE business (excluding revenue from construction services provided under BOT concession agreements) from RMB377.0 million in 2Q2016 to RMB439.9 million in 2Q2017, 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 RMB187.4 million in 2Q2016 to RMB250.2 million in 2Q2017. The gross profit for 2Q2017 was also affected by the ramping up of new plants in the trial operation phase, which resulted in a negative overall impact of RMB29.0 million to gross profit. The gross profit margin of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) decreased from 50.3% in 2Q2016 to 43.1% in 2Q2017, 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 increased 14.0% from RMB27.1 million in 2Q2016 to RMB30.9 million in 2Q2017, due to an increase in the revenue recognised from construction services provided under BOT concession agreements for the second phase expansion of Yinchuan Zhongke WTE Facility from RMB181.7 million in 2Q2016 to RMB189.4 million in 2Q2017 and an increase in the cost of sales from construction services provided under BOT concession agreements from RMB154.6 million in 2Q2016 to RMB158.5 million in 2Q2017. Finance income increased from RMB4.2 million in 2Q2016 to RMB5.5 million in 2Q2017. The gross profit margin increased from 12.9% in 2Q2016 to 13.8% in 2Q2017.

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 increased 67.7% from RMB42.4 million in 2Q2016 to RMB71.1 million in 2Q2017, due to an increase in the revenue from project technical and management services and our EMC business from RMB58.5 million in 2Q2016 to RMB89.2 million in 2Q2017, offset by an increase in the cost of sales from project technical and management services and our EMC business from RMB16.1 million in 2Q2016 to RMB18.1 million in 2Q2017. Accordingly, the gross profit margin of project technical and management services and our EMC business increased slightly from 72.5% in 2Q2016 to 79.8% in 2Q2017.

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

Other income and other gains and losses increased 17.0% from RMB31.9 million in 2Q2016 to RMB37.4 million in 2Q2017, due primarily to a foreign exchange gain of RMB8.0 million as well as net income from the treatment of sludge. This was offset by a decrease in value added tax refund from RMB26.9 million in 2Q2016 to RMB13.1 million in 2Q2017 as more equipment purchases were made for new projects, which resulted in reduced VAT paid to the government and hence there is lesser VAT for refund, as well as decrease in government subsidy from RMB6.9 million in 2Q2016 to RMB0.6 million in 2Q2017. Government subsidies are given for WTE business development which can be irregular in nature.

***Administrative expenses***

Administrative expenses increased 35.6% from RMB35.3 million in 2Q2016 to RMB47.9 million in 2Q2017, mainly due to the increase in salaries and social security costs, more WTE facilities in commercial operation and increased costs from various valuation and audit services.

***Finance costs***

Finance costs increased 25.2% from RMB30.9 million in 2Q2016 to RMB38.7 million in 2Q2017, 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 7.9% from RMB224.8 million in 2Q2016 to RMB242.4 million in 2Q2017.

### **Income tax expense**

Income tax expense increased 8.3% from RMB68.7 million in 2Q2016 to RMB74.3 million in 2Q2017 due to increase in taxable profit.

### **Profit for the period**

As a result of the foregoing, profit for the period increased 7.7% from RMB156.1 million in 2Q2016 to RMB168.1 million in 2Q2017.

## **1H2017 vs 1H2016**

### **Revenue**

	<b>1H2017</b>		<b>1H2016</b>		<b>Change</b>
	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>	<b>%</b>	<b>%</b>
Sales of electricity	519,776	40.7	388,615	32.5	33.8
Sales of steam	160,903	12.6	114,983	9.6	39.9
Revenue from waste treatment fees	228,599	17.9	210,443	17.6	8.6
<b>Waste-to-energy business</b>	<b>909,278</b>	<b>71.2</b>	<b>714,041</b>	<b>59.7</b>	<b>27.3</b>
Revenue from construction services provided under service concession agreements	213,588	16.7	349,473	29.2	(38.9)
Financial income under service concession agreements	10,876	0.9	8,316	0.7	30.8
<b>Construction services</b>	<b>224,464</b>	<b>17.6</b>	<b>357,789</b>	<b>29.9</b>	<b>(37.3)</b>
<b>Project technical and management service and EMC business</b>	<b>142,291</b>	<b>11.2</b>	<b>123,690</b>	<b>10.4</b>	<b>15.0</b>
<b>Total</b>	<b>1,276,033</b>	<b>100.0</b>	<b>1,195,520</b>	<b>100.0</b>	<b>6.7</b>

Revenue increased 6.7% from RMB1,195.5 million in 1H2016 to RMB1,276.0 million in 1H2017, primarily due to an increase in revenue from:-

### **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 27.3% from RMB714.0 million in 1H2016 to RMB909.3 million in 1H2017. The increase was attributable to (i) an increase in the supply of municipal solid waste to our WTE facilities and the Songyuan Xinxiang WTE Facility and Gaomi Lilangmingde WTE Facility becoming operational, resulting in an increase in sales of electricity, (ii) an increase in revenue from sales of steam from RMB115.0 million in 1H2016 to RMB160.9 million in 1H2017 due to the expansion of the coal-fired generation component of Zhuji Bafang, (iii) an increase in the electricity supply fee for the Zibo Jinjiang WTE Facility and Yinchuan Zhongke WTE Facility to RMB0.65 per kWh starting from 2017, and (iv) 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 1H2017.



Details of the electricity generated and supplied, steam supplied and waste treated for 1H2017 and 1H2016 are as follows:

	<b>Group 1H2017</b>	<b>Group 1H2016</b>	<b>Change %</b>
Electricity generated ('000 KWh)	1,267,849	1,085,570	16.8
On-grid electricity supplied ('000 KWh)	928,209	807,404	15.0
Steam supplied ('000 tonnes)	1,155	933	23.8
Waste treated ('000 tonnes)	4,349	3,940	10.4

On-grid electricity supplied, steam supplied and waste treated increased 15.0%, 23.8% and 10.4% in 1H2017 as compared to 1H2016, due to the increase in the supply of municipal solid waste to the WTE facilities and new facilities becoming operational. The higher increase in on-grid electricity and steam supplied as compared to the increase in waste treated is due to the coal-fired generation facilities of Zhuji Bafang becoming operational.

#### Construction services provided under BOT concession agreements

Revenue from construction services provided under build-operate-transfer ("BOT") concession agreements decreased by 37.3% from RMB357.8 million in 1H2016 to RMB224.5 million in 1H2017 due to a decrease in revenue from the provision of construction services under BOT concession agreements from RMB349.5 million in 1H2016 to RMB213.6 million in 1H2017. Construction of the Wenling Green Energy WTE Facility and Songyuan Xinxiang WTE Facility were completed by end of 2016 and in 2017, the second phase expansion of Yinchuan Zhongke WTE Facility is under construction. Financial income increased from RMB8.3 million in 1H2016 to RMB10.9 million in 1H2017.

#### Project technical and management services and our EMC business

Revenue from project technical and management services and our EMC business increased 15.0% from RMB123.7 million in 1H2016 to RMB142.3 million in 1H2017 due to increase in revenue from technical and management services. The revenue from our EMC business is recognised based on contracted profit sharing percentage and this has remained stable for 1H2017 as compared to 1H2016.

#### **Cost of sales**

Cost of sales increased 3.8% from RMB719.4 million in 1H2016 to RMB746.7 million in 1H2017, due to an increase in the cost of sales from:-

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

The cost of sales from our WTE business (excluding cost of sales from construction services provided under BOT concession agreements) increased 38.8% from RMB383.1 million in 1H2016 to RMB531.8 million in 1H2017. The increase is due to (i) the commencement of operations of the Songyuan Xinxiang WTE Facility and Gaomi Lilangmingde WTE Facility as well as the increased operating costs arising from larger amounts of waste treated, electricity and steam generated and (ii) the expansion of the Zhuji Bafang WTE facility which resulted in increased utilisation of coal upon the commencement of operations of the additional coal-fired generation units, which directly resulted in cost of inventories recognised as expense to increase by 58.1% to RMB216.6 million.

#### Construction services provided under BOT concession agreements

The cost of sales from construction services provided under BOT concession agreements decreased 39.4% from RMB304.4 million in 1H2016 to RMB184.3 million in 1H2017 due to fewer construction services provided under BOT concession agreements in 1H2017, and hence lower costs were recorded.

#### Project technical and management services and EMC business

The cost of sales from project technical and management services and our EMC business decreased 4.1% from RMB31.9 million in 1H2016 to RMB30.6 million in 1H2017, primarily due to tighter cost controls.

## Gross profit and gross profit margin

	Gross Profit (RMB million)		Gross Profit Margin	
	1H2017	1H2016	1H2017	1H2016
WTE business (excluding gross profit from construction services provided under BOT concession agreements)	377,517.0	330,955.0	41.5%	46.3%
Construction services provided under BOT concession agreements	29,220.0	45,128.0	13.7%	12.9%
Project technical and management service and EMC business	111,734.0	91,758.0	78.5%	74.2%
Finance	10,876.0	8,316.0	N.A.	N.A.
<b>Total</b>	<b>529,347.0</b>	<b>476,157.0</b>	<b>41.5%</b>	<b>39.8%</b>

As a result of the foregoing, the gross profit increased 11.2% from RMB476.2 million in 1H2016 to RMB529.3 million in 1H2017, which was driven mainly by an increase in the gross profit of our WTE business 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 14.1% from RMB331.0 million in 1H2016 to RMB377.5 million in 1H2017, primarily due to an increase in the revenue from our WTE business (excluding revenue from construction services provided under BOT concession agreements) from RMB714.0 million in 1H2016 to RMB909.3 million in 1H2017, 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 RMB383.1 million in 1H2016 to RMB531.8 million in 1H2017. The gross profit for 1H2017 was also affected by the ramping up of new plants in the trial operation phase, which resulted in a negative overall impact of RMB29.0 million to gross profit. The gross profit margin of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) decreased from 46.3% in 1H2016 to 41.5% in 1H2017, 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 24.9% from RMB53.4 million in 1H2016 to RMB40.1 million in 1H2017, due to a decrease in the revenue recognised from construction services provided under BOT concession agreements from RMB349.5 million in 1H2016 to RMB213.6 million in 1H2017 and a decrease in the cost of sales from construction services provided under BOT concession agreements from RMB304.4 million in 1H2016 to RMB184.3 million in 1H2017. Finance income increased from RMB8.3 million in 1H2016 to RMB10.9 million in 1H2017. The gross profit margin increased marginally from 12.9% in 1H2016 to 13.7% in 1H2017.

### 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 increased 21.7% from RMB91.8 million in 1H2016 to RMB111.7 million in 1H2017, due to an increase in the revenue from project technical and management services and our EMC business from RMB123.7 million in 1H2016 to RMB142.3 million in 1H2017, offset by a decrease in the cost of sales from project technical and management services and our EMC business from RMB31.9 million in 1H2016 to RMB30.6 million in 1H2017, 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 from 74.2% in 1H2016 to 78.5% in 1H2017.

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

Other income and other gains and losses decreased 6.3% from RMB67.8 million in 1H2016 to RMB63.5 million in 1H2017, due primarily to a decrease in value added tax refund from RMB42.7 million in 1H2016 to RMB21.5 million in 1H2017 as more equipment purchases were made for new projects which resulted in reduced VAT paid to the government and hence there is lesser VAT for refund, as well as decrease in government subsidy from RMB20.0 million in 1H2016 to RMB11.5 million in 1H2017. Government subsidies are given for WTE business development which can be irregular in nature. This was offset by a foreign exchange gain of RMB6.7 million as well as net income from the treatment of sludge.

### **Administrative expenses**

Administrative expenses increased 18.6% from RMB82.5 million in 1H2016 to RMB97.8 million in 1H2017, mainly due to the increase in salaries and social security costs, more WTE facilities in commercial operation and increased costs from various valuation and audit services.

### **Finance costs**

Finance costs increased 13.6% from RMB65.4 million in 1H2016 to RMB74.3 million in 1H2017, primarily increase in bank borrowings and finance leases as well as expensing of interest for projects that commenced operations.

### **Profit before tax**

As a result of the foregoing, profit before tax increased 6.2% from RMB396.0 million in 1H2016 to RMB420.7 million in 1H2017.

### **Income tax expense**

Income tax expense increased 6.9% from RMB118.0 million in 1H2016 to RMB126.2 million in 1H2017 due to increase in taxable profit.

### **Profit for the period**

As a result of the foregoing, profit for the period increased 5.9% from RMB278.0 million in 1H2016 to RMB294.5 million in 1H2017.

**(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 2017, total assets amounted to RMB10,860.4 million, an increase of RMB1,130.6 million or 11.6% 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 RMB607.4 million and an increase in current assets of RMB523.2 million.

### **Non-current assets**

Non-current assets increased 7.7% by RMB607.4 million from RMB7,921.1 million as at 31 December 2016 to RMB8,528.4 million as at 30 June 2017.

The increase is attributable to (i) property, plant and equipment increasing 5.6% by RMB311.7 million from RMB5,525.8 million as at 31 December 2016 to RMB5,837.5 million as at 30 June 2017 due to construction of the Zibo New Energy WTE Facility, (ii) construction services provided under service concession agreement for the second phase expansion of the Yinchuan Zhongke WTE Facility, which resulted in intangible assets increasing 12.4% by RMB191.6 million from RMB1,550.5 million as at 31 December 2016 to RMB1,742.1 million as at 30 June 2017, and (iii) other receivables increasing 31.4% by RMB71.7 million from RMB 228.6 million as at 31 December 2016 to RMB 300.3 million as at 30 June 2017, as a result of increase in prepayment for equipment for the Zibo New Energy WTE Facility and Lianyungang Sunrise WTE Facility.

### **Current assets**

Current assets increased 28.9% by RMB 523.2 million from RMB1,808.8 million as at 31 December 2016 to RMB2,332.0 million as at 30 June 2017.

The increase is mainly due to (i) bank balances increasing 44.1% by RMB238.7 million from RMB540.9 million as at 31 December 2016 to RMB779.6 million as at 30 June 2017 due to more bank borrowings and retained profits for 2Q2017, (ii) pledged deposits increasing 7.4% by RMB23.9 million from RMB321.0 million as at 31 December 2016 to RMB344.9 million as at 30 June 2017 due to line of credits issued for purchasing equipment from overseas and (iii) trade and other receivables increasing 30.1% by RMB204.5 million from RMB679.7 million as at 31 December 2016 to RMB884.2 million as at 30 June 2017 due mainly to the revenue increase from our operations in 1H2017.

### **Current liabilities**

Current liabilities increased 20.8% by RMB561.1 million from RMB2,700.6 million as at 31 December 2016 to RMB3,261.7 million as at 30 June 2017.

The increase is mainly due to (i) borrowings increasing 51.2% by RMB506.6 million from RMB989.7 million as at 31 December 2016 to RMB1,496.3 million as at 30 June 2017 due to more bank borrowings by the Zhuji Bafang WTE Facility, Yinchuan Zhongke WTE Facility and Gevin Limited, (ii) obligations under finance leases increasing 17.4% by RMB46.6 million from RMB267.1 million as at 31 December 2016 to RMB313.7 million as at 30 June 2017 due to new finance leases at the Lianyungang Sunrise WTE Facility, Wenling Green Energy WTE Facility and Qitaihe Green Energy WTE Facility, (iii) trade and other payables increasing 3.3% by RMB30.5 million from RMB930.2 million as at 31 December 2016 to RMB960.7 million as at 30 June 2017 arising from increased in operations, offset by amounts due to related parties decreasing 2.9% by RMB10.4 million from RMB364.4 million as at 31 December 2016 to RMB354.0 million as at 30 June 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 23.7% by RMB578.5 million from RMB2,437.9 million as at 31 December 2016 to RMB3,016.4 million as at 30 June 2017.

The increase is mainly due to borrowings increasing 41.1% by RMB562.6 million from RMB1,369.8 million as at 31 December 2016 to RMB1,932.4 million as at 30 June 2017 due to (i) more long term borrowings by the Zhuji Bafang WTE Facility and Yinchuan Zhongke WTE Facility, offset by certain classification into short term borrowings, and (ii) deferred tax liabilities increasing 11.9% by RMB38.9 million from RMB327.3 million as at 31 December 2016 to RMB366.2 million as at 30 June 2017 arising from construction services provided under the BOT concession agreements and tax provision for dividends.

### **Capital and reserves**

As at 30 June 2017, capital and reserves amounted to RMB4,582.3 million, a decrease of approximately RMB9.0 million as compared to total net assets of RMB4,591.3 million as at 31 December 2016, due to the payment of RMB305 million dividends, offset by the retained earnings for 1H2017.

### **Cashflow Review**

Operating cashflow decreased by RMB216.9 million from RMB279.6 million inflow in 2Q2016 to RMB62.7 million inflow in 2Q2017 and decreased by RMB236.0 million from RMB370.6 million inflow in 1H2016 to RMB134.6 million inflow in 1H2017. The decrease is mainly due to slower collection of trade and other receivables and the increase in intangible assets due to construction services under BOT concession agreements.

Investing cash outflow increased by RMB104.3 million from RMB62.7 million outflow in 2Q2016 to RMB167.0 million outflow in 2Q2017 and increased by RMB295.5 million from RMB197.3 million outflow in 1H2016 to RMB492.8 million outflow in 1H2017. The increase is mainly due to more payment for property, plant and equipment and prepaid leases.

Financing cashflow increased by RMB565.4 million from RMB256.0 million outflow in 2Q2016 to RMB309.4 million inflow in 2Q2017 and increased by RMB809.8 million from RMB212.9 million outflow in 1H2016 to RMB596.9 million inflow in 1H2017 due to increased borrowings and obligations under finance leases, offset by payment of dividends.

Bank balances and cash as at 30 June 2017 is RMB779.6 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.**

As of 30 June 2017, the Group has twenty-one WTE facilities in commercial or trial operation, with a total installed waste treatment capacity and installed electricity generation capacity of 29,230 t/d and 533 MW/d, respectively. The Hohhot New Energy WTE Facility and Zibo New Energy WTE Facility are under construction and together with the expansion of the Zhuji Bafang WTE Facility and Yinchuan Zhongke WTE Facility, these four projects are expected to be completed and commence trial operations by end 2017 to early 2018. Upon completion, these four projects under construction are expected to add 4,000 t/d and 131 MW/d to the Group's total installed waste treatment capacity and installed electricity generation capacity, respectively.

In addition, the Group has commenced preparatory work for the construction or expansion of the waste treatment capacity of another 17 projects in the PRC, out of which five projects were secured in 2017, in (i) Lüliang, Shanxi Province, (ii) Yucheng, Shandong Province, (iii) Wudi, Shandong Province, (iv) Tonghe, Heilongjiang Province and (v) Shangzhi, Heilongjiang Province. The relevant preparatory work has been completed, and approvals obtained, for the Shijiazhuang Jiasheng WTE Facility, Tangshan Jiasheng WTE Facility and Wenling Green Energy WTE Facility, for which construction is expected to begin in the second half of 2017. The Henan Linzhou project and Ningxia Zhongwei project are in the process of seeking the relevant governmental approvals. In aggregate, the aforesaid 17 pipeline projects are expected to increase the Group's total installed waste treatment capacity and installed electricity generation capacity by 16,900 t/d and 348 MW/d, respectively.

As of 30 June 2017, the Group has secured two overseas projects in India. The Group had acquired a subsidiary in India, Ecogreen Energy Private Limited, in 1Q2017, which subsequently secured two WTE projects in Lucknow, India and Gwalior, India, with a planned total installed waste treatment capacity and installed electricity generation capacity of 2,106 t/d and 29 MW/d, respectively, in aggregate. As at the date of this report, the Group has secured the concession rights for a third project in Gurgaon, India. In the future, the Group will continue to focus on the Chinese market and expand its pipeline of projects in the PRC through expansion of existing projects and acquisition of new projects, pursue overseas projects concurrently and consolidate our experience arising from the development of India's market. The Group will continue to explore potential mergers and acquisitions opportunities and WTE projects for bidding, focusing on locations such as India and Indonesia where the waste composition is likely to be similar to that in the PRC.

In addition, the Group will continue to focus on the development of its resource recycling projects and expand the scope of its waste treatment services. The Group has commenced construction or preparatory work for seven resource recycling projects in Jiangsu, Shandong, Hebei, Hubei and Inner Mongolia. When completed, the Group's resource recycling projects located in (i) Kunshan, Jiangsu Province, (ii) Wuhan, Hubei Province and (iii) Tuyouqi, Inner Mongolia Autonomous Region will increase the installed waste treatment capacity of the Group by 3,410 t/d. In addition, following the completion of four resource recycling facilities in Shijiazhuang, Hebei Province and Zibo, Shandong Province, the quality of the waste transported to the Group's WTE facilities located in Shijiazhuang and Zibo would be enhanced.

Taking into consideration all the projects under construction, to be constructed or expanded and new potential projects, both in the PRC and overseas, the Group's total installed waste treatment capacity is expected to reach approximately 55,600 t/d upon the completion of these projects, which represents an increase of approximately 8,000 t/d as compared to the estimated total installed waste treatment capacity in the previous quarter.

The Group will continue to explore new markets, expand and grow its WTE business and project technical and management services and EMC business, and strive to maintain its industry-leading position. The Group will continue to research and adopt advanced technologies, concepts and equipment. It will continue to promote the efficient use of waste and recyclable resources and aims to achieve more stringent environmental emissions standards. The Group will continue to strengthen its operational management, including safety and health management, environmental protection management, internal controls and improve overall management efficiency, which would drive the Group to the next level of excellence.

On 27 July 2017, the Company had successfully issued US\$200 million in aggregate principal amount of 6.0% senior unsecured notes due 2020. The Company has also been assigned a rating of “Ba2” with a stable outlook by Moody’s Investors Service, Inc. and “BB” with a stable outlook by Standard & Poor’s Rating Services, which is the first time a PRC WTE operator has been assigned an international credit rating.

**(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 1H2017 (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	RMB'000	RMB'000
<b>Purchases of coal from:</b>		
Linan Huawang Reneng Co., Ltd.	50,839	-
<b>Construction services contracts awarded to:</b>		
Zhejiang Jinxin Construction Engineering Co., Ltd.	-	93,455
<b>Sales of goods to:</b>		
Zhejiang Jinxin Construction Engineering Co., Ltd.	4,714	-
	<b>55,553</b>	<b>93,455</b>
<b>Project technical and management services provided to:</b>		
Shanxi Fusheng Aluminium Industry Co., Ltd.	-	755
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	-	750
Zhejiang Jinxin Construction Engineering Co., Ltd.	3,774	-
Hangzhou Zhenghui Construction Engineering Co., Ltd.	14,151	-
	<b>17,925</b>	<b>1,505</b>
<b>Energy management contracting services provided to:</b>		
Shanxi Xiaoyi Xing'an Chemical Co., Ltd.	-	88,338
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	-	5,871
Guangxi Tiandong Jinsheng Chemical Engineering Co., Ltd.	-	547
	<b>-</b>	<b>94,756</b>
<b>Total</b>	<b>73,478</b>	<b>189,716</b>

**(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 ended 30 June 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

14 August 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.