



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 Third Quarter And Nine Months Financial Statements For The Period Ended 30 September 2019

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 third quarter (“3Q”) and nine months (“9M”) ended 30 September 2019.

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 3Q2019 RMB'000	Group 3Q2018 RMB'000	Change + / (-) %	Group 9M2019 RMB'000	Group 9M2018 RMB'000	Change + / (-) %
Revenue	727,260	673,658	8.0	2,360,247	2,108,847	11.9
Cost of sales	(490,580)	(420,207)	16.7	(1,603,599)	(1,308,212)	22.6
Gross profit	236,680	253,451	(6.6)	756,648	800,635	(5.5)
Other income and other losses	(30,157)	84,005	N.M.	26,203	135,668	(80.7)
Share of gain of an associate	-	9	(100.0)	-	9	(100.0)
Share of gain (loss) of a joint venture	98	(583)	N.M.	3,094	(781)	N.M.
Administrative expenses	(64,068)	(63,955)	0.2	(186,255)	(181,333)	2.7
Finance costs	(91,732)	(71,732)	27.9	(223,266)	(196,241)	13.8
Profit before tax	50,821	201,195	(74.7)	376,424	557,957	(32.5)
Income tax expense	(40,428)	(71,165)	(43.2)	(104,909)	(172,983)	(39.4)
Profit for the period	10,393	130,030	(92.0)	271,515	384,974	(29.5)

	Group 3Q2019 RMB'000	Group 3Q2018 RMB'000	Change +/(-) %	Group 9M2019 RMB'000	Group 9M2018 RMB'000	Change +/(-) %
Other comprehensive gain (loss)						
Foreign currency translation	6,513	(785)	N.M.	16,218	(10,590)	N.M.
Total comprehensive income for the period	<u>16,906</u>	<u>129,245</u>	(86.9)	<u>287,733</u>	<u>374,384</u>	(23.1)
Profit for the period attributable to:						
- owners of the Company	5,570	128,482	(95.7)	259,387	378,775	(31.5)
- non-controlling interests	4,823	1,548	211.6	12,128	6,199	95.6
	<u>10,393</u>	<u>130,030</u>	(92.0)	<u>271,515</u>	<u>384,974</u>	(29.5)
Total comprehensive income for the period attributable to:						
- owners of the Company	12,083	127,697	(90.5)	275,605	368,185	(25.1)
- non-controlling interests	4,823	1,548	211.6	12,128	6,199	95.6
	<u>16,906</u>	<u>129,245</u>	(86.9)	<u>287,733</u>	<u>374,384</u>	(23.1)

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

	Group 3Q2019 RMB'000	Group 3Q2018 RMB'000	Change +/(-) %	Group 9M2019 RMB'000	Group 9M2018 RMB'000	Change +/(-) %
Profit before tax has been arrived at after charging (crediting):						
Staff costs (including directors' emoluments)	58,605	41,723	40.5	177,293	156,033	13.6
Cost of inventories recognised as expense	117,943	103,700	13.7	311,481	290,269	7.3
Depreciation of property, plant and equipment	98,222	73,511	33.6	274,162	216,079	26.9
Depreciation of investment property	247	-	N.M.	719	-	N.M.
Amortisation of prepaid leases	2,863	2,772	3.3	8,589	8,316	3.3
Amortisation of intangible assets	16,843	14,866	13.3	50,416	45,224	11.5
Total depreciation and amortisation	<u>118,175</u>	<u>91,149</u>	29.7	<u>333,886</u>	<u>269,619</u>	23.8
Overprovision of tax in the prior years	-	-	N.M.	(28,872)	(13,173)	119.2

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 30 Sep 2019 RMB'000	Group As at 31 Dec 2018 RMB'000	Company As at 30 Sep 2019 RMB'000	Company As at 31 Dec 2018 RMB'000
Assets				
Non-current assets				
Property, plant and equipment	8,193,547	7,054,149	0	0
Prepaid leases	0	328,301	0	0
Intangible assets	2,942,687	2,445,878	0	0
Investment property	27,963	27,258	0	0
Investment in associates	13,700	12,200	0	0
Investment in subsidiaries	0	0	1,790,879	1,790,879
Investment in joint ventures	194,949	191,855	5,039	5,039
Service concession receivables	471,148	474,377	0	0
Other receivables	679,298	435,110	9,692	2,972
Total non-current assets	12,523,292	10,969,128	1,805,610	1,798,890
Current assets				
Inventories	51,923	53,351	0	0
Prepaid leases	0	12,762	0	0
Service concession receivables	49,271	49,271	0	0
Trade and other receivables	1,408,813	1,150,139	0	4,002
Contract assets	619	10,847	0	0
Other tax recoverable	245,989	142,492	0	0
Amounts due from related parties	108,130	306,458	0	0
Amounts due from joint ventures	323,173	453,695	0	0
Amount due from subsidiaries	0	0	3,109,675	2,757,408
Amounts due from non-controlling interests	38,354	74,807	0	0
Pledged bank deposits	560,806	513,737	70,821	318,145
Bank balances and cash	788,565	857,487	79,486	241,992
Total current assets	3,575,643	3,625,046	3,259,982	3,321,547
Total assets	16,098,935	14,594,174	5,065,592	5,120,437
Current liabilities				
Trade and other payables	1,259,753	1,298,966	6,006	6,006
Amounts due to related parties	98,187	125,181	0	0
Amount due to subsidiaries	0	0	56,925	65,389
Income tax liabilities	107,717	135,677	0	0
Other tax liabilities	66,699	60,870	0	0
Dividends payable	1,397	1,397	0	0
Borrowings	1,634,359	1,219,962	281,360	71,159
Current portion of lease liabilities	711,477	393,987	0	0
Deferred grant	13,345	8,420	0	0
Notes payable	1,418,554	40,209	1,418,554	40,209
Total current liabilities	5,311,488	3,284,669	1,762,845	182,763
Net current (liabilities) assets	(1,735,845)	340,377	1,497,137	3,138,784
Total assets less current liabilities	10,787,447	11,309,505	3,302,747	4,937,674
Non-current liabilities				
Borrowings	3,522,626	3,298,568	1,114,306	1,275,778
Notes payable	0	1,347,657	0	1,347,657
Lease liabilities	521,155	455,532	0	0
Deferred tax liabilities	473,046	425,314	0	0
Deferred grant	365,243	161,249	0	0
Provision for major overhauls	17,975	17,975	0	0
Total non-current liabilities	4,900,045	5,706,295	1,114,306	2,623,435
Net assets	5,887,402	5,603,210	2,188,441	2,314,239

	Group As at 30 Sep 2019 RMB'000	Group As at 31 Dec 2018 RMB'000	Company As at 30 Sep 2019 RMB'000	Company As at 31 Dec 2018 RMB'000
Capital and reserves				
Share capital	95	95	95	95
Reserves	5,779,566	5,485,716	2,188,346	2,314,144
Equity attributable to owners of the company	5,779,661	5,485,811	2,188,441	2,314,239
Non-controlling interests	107,741	117,399	0	0
Total equity	5,887,402	5,603,210	2,188,441	2,314,239

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 Sep 2019		As at 31 Dec 2018	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
3,761,745	2,645	1,652,628	1,530

Amount repayable after one year

As at 30 Sep 2019		As at 31 Dec 2018	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
4,043,206	575	5,100,067	1,690

Details of any collateral

The borrowings are secured by the pledge of electricity tariffs receivables, certain property, plant and equipment, investment property, 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 3Q2019 RMB'000	Group 3Q2018 RMB'000	Group 9M2019 RMB'000	Group 9M2018 RMB'000
Operating activities				
Profit before tax	50,821	201,195	376,424	557,957
Adjustments for:				
Finance costs	91,732	71,732	223,266	196,241
Bank interest income	(5,191)	(8,479)	(7,718)	(10,210)
BOT interest income	(11,242)	(7,622)	(33,724)	(22,865)
Depreciation of property, plant and equipment	98,222	73,511	274,162	216,079
Depreciation of investment property	247	-	719	-
Amortisation of prepaid leases	2,863	2,772	8,589	8,316
Amortisation of intangible assets	16,843	14,866	50,416	45,224
Deferred grant recognised	(20,758)	(3,642)	(15,445)	(45,130)
Compensation for closure of plant	-	(103,185)	-	(103,185)
Gain on disposal of subsidiary	-	-	-	(11,940)
Gain on disposal of associate	-	(7,823)	-	(7,823)
Foreign exchange losses	54,838	55,059	62,561	66,576
Share of gain of an associate	-	(9)	-	(9)
Share of (profit) loss of a joint venture	(98)	583	(3,094)	781
Operating cash flows before movements in working capital	278,277	288,958	936,156	890,012
Trade and other receivables	(171,160)	(120,984)	(79,498)	(211,975)
Service concession receivables	1,076	(14,620)	3,229	2,590
Other tax recoverable	(47,840)	(21,151)	(103,497)	(79,396)
Inventories	8,810	(2,331)	1,428	(30,712)
Contract costs	8,225	-	10,228	-
Intangible assets	(92,935)	(60,713)	(547,225)	(391,468)
Trade and other payables	(335,686)	(150,226)	(231,969)	(70,427)
Other tax liabilities	827	23,699	5,829	18,678
Amount due from related parties	71,275	11,675	153,451	(2,779)
Amount due from joint ventures	176,470	-	130,522	-
Amount due from non-controlling interests	19,634	198	28,199	(18,964)
Amount due to related parties	77	(55,118)	14,967	12,410
Deferred grants	67,130	15,030	204,267	28,699
Cash (used in) generated from operations	(15,820)	(85,583)	526,087	146,668

	Group 3Q2019 RMB'000	Group 3Q2018 RMB'000	Group 9M2019 RMB'000	Group 9M2018 RMB'000
Income tax paid	(26,308)	(22,341)	(85,137)	(101,863)
Net cash (used in) from operating activities	(42,128)	(107,924)	440,950	44,805
Investing activities				
Interest received	5,191	8,479	7,718	10,210
Payments for property, plant and equipment	(116,802)	(824,182)	(1,095,114)	(2,112,623)
Payment for acquisition of non-controlling interests	-	-	-	(21,900)
Payment for acquisition of subsidiaries	-	-	-	(7,711)
Payment for prepaid leases	(32,210)	(43,533)	(33,388)	(61,484)
Proceeds from disposal of property, plant and equipment	-	119,001	-	119,001
Proceeds from disposal of subsidiary	-	-	-	25,410
Proceeds from disposal of associate	-	51,627	-	51,627
Investment in associate	(1,500)	(2,200)	(1,500)	(2,200)
Investment in joint ventures	-	-	-	(10,944)
Net cash used in investing activities	(145,321)	(690,808)	(1,122,284)	(2,010,614)
Financing activities				
Proceeds from borrowings	610,071	1,009,859	1,525,202	2,657,152
Repayment of borrowings	(422,859)	(274,574)	(918,000)	(1,062,554)
Proceeds from lease liabilities	210,050	-	861,050	290,254
Repayment of lease liabilities	(92,967)	(139,763)	(572,026)	(329,636)
Payment of finance costs	(123,202)	(51,683)	(309,137)	(216,686)
Pledged bank deposits for borrowings	2,000	27,878	(48,781)	(110,260)
Proceeds from issue of shares	-	-	-	509,780
Dividends paid to owners of the Company	-	-	-	(350,705)
Dividends paid to non-controlling interests	(3,541)	-	(3,541)	-
Prepayment from related parties	23,944	(11,654)	44,877	264,482
Repayment to related parties	-	-	-	(13,227)
Repayment from non-controlling interests	-	-	8,254	-
Net cash from financing activities	203,496	560,063	587,898	1,638,600
Net increase (decrease) in cash and cash equivalents	16,047	(238,669)	(93,436)	(327,209)
Cash and cash equivalents at beginning of the period	729,202	1,196,740	857,487	1,276,453
Effect of exchange rate fluctuations on cash held	43,316	25,458	24,514	34,285
Cash and cash equivalents at the end of the period	788,565	983,529	788,565	983,529

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 RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Merger reserves RMB'000	Statutory surplus reserve RMB'000	Translation reserve RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Subtotal RMB'000		
Group											
At 1 January 2019	95	1,568,197	393,694	(67,642)	118,271	(8,913)	41,838	3,440,271	5,485,811	117,399	5,603,210
Profit for the period	-	-	-	-	-	-	-	104,189	104,189	2,909	107,098
Other comprehensive income for the period	-	-	-	-	-	1,660	-	-	1,660	-	1,660
At 31 March 2019	95	1,568,197	393,694	(67,642)	118,271	(7,253)	41,838	3,544,460	5,591,660	120,308	5,711,968
At 1 April 2019	95	1,568,197	393,694	(67,642)	118,271	(7,253)	41,838	3,544,460	5,591,660	120,308	5,711,968
Profit for the period	-	-	-	-	-	-	-	149,628	149,628	4,396	154,024
Other comprehensive income for the period	-	-	-	-	-	8,045	-	-	8,045	-	8,045
<u>Transactions with owners, recognised directly in equity</u>											
Effect of capital contribution in a subsidiary	-	-	-	-	-	-	18,245	-	18,245	(18,245)	-
At 30 June 2019	95	1,568,197	393,694	(67,642)	118,271	792	60,083	3,694,088	5,767,578	106,459	5,874,037
At 1 July 2019	95	1,568,197	393,694	(67,642)	118,271	792	60,083	3,694,088	5,767,578	106,459	5,874,037
Profit for the period	-	-	-	-	-	-	-	5,570	5,570	4,823	10,393
Other comprehensive income for the period	-	-	-	-	-	6,513	-	-	6,513	-	6,513
<u>Transactions with owners, recognised directly in equity</u>											
Effect of capital contribution in a subsidiary	-	-	-	-	-	-	-	-	-	(3,541)	(3,541)
At 30 September 2019	95	1,568,197	393,694	(67,642)	118,271	7,305	60,083	3,699,658	5,779,661	107,741	5,887,402
At 1 January 2018	81	1,391,627	393,694	(67,642)	103,962	(4,170)	28,152	2,889,591	4,735,295	155,898	4,891,193
Profit for the period	-	-	-	-	-	-	-	100,847	100,847	1,907	102,754

	Attributable to owners of the Company										
	Share capital	Share premium	Capital reserve	Merger reserves	Statutory surplus reserve	Translation reserve	Other reserves	Retained earnings	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other comprehensive income for the period	-	-	-	-	-	(10,610)	-	-	(10,610)	-	(10,610)
At 31 March 2018	81	1,391,627	393,694	(67,642)	103,962	(14,780)	28,152	2,990,438	4,825,532	157,805	4,983,337
At 1 April 2018	81	1,391,627	393,694	(67,642)	103,962	(14,780)	28,152	2,990,438	4,825,532	157,805	4,983,337
Profit for the period	-	-	-	-	-	-	-	149,446	149,446	2,744	152,190
Other comprehensive income for the period	-	-	-	-	-	805	-	-	805	-	805
<u>Transactions with owners, recognised directly in equity</u>											
Issue of shares	14	509,766	-	-	-	-	-	-	509,780	-	509,780
Acquisition of non-controlling interests	-	-	-	-	-	-	12,105	-	12,105	(34,005)	(21,900)
Dividends paid	-	(350,705)	-	-	-	-	-	-	(350,705)	-	(350,705)
At 30 June 2018	95	1,550,688	393,694	(67,642)	103,962	(13,975)	40,257	3,139,884	5,146,963	126,544	5,273,507
At 1 July 2018	95	1,550,688	393,694	(67,642)	103,962	(13,975)	40,257	3,139,884	5,146,963	126,544	5,273,507
Profit for the period	-	-	-	-	-	-	-	128,482	128,482	1,548	130,030
Other comprehensive income for the period	-	-	-	-	-	(785)	-	-	(785)	-	(785)
At 30 September 2018	95	1,550,688	393,694	(67,642)	103,962	(14,760)	40,257	3,268,366	5,274,660	128,092	5,402,752
At 1 October 2018	95	1,550,688	393,694	(67,642)	103,962	(14,760)	40,257	3,268,366	5,274,660	128,092	5,402,752
Profit for the period	-	-	-	-	-	-	-	186,214	186,214	3,486	189,700
Other comprehensive income for the period	-	-	-	-	-	5,847	-	-	5,847	-	5,847
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	410	410
<u>Transactions with owners, recognised directly in equity</u>											
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(8,868)	(8,868)
Acquisition of non-controlling interests	-	-	-	-	-	-	1,581	-	1,581	(5,721)	(4,140)

	Attributable to owners of the Company								Subtotal RMB'000	Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Merger reserves RMB'000	Statutory surplus reserve RMB'000	Translation reserve RMB'000	Other reserves RMB'000	Retained earnings RMB'000			
Issue of shares	-	17,509	-	-	-	-	(11,814)	-	5,695	-	5,695
Share award expense	-	-	-	-	-	-	11,814	-	11,814	-	11,814
Appropriation to reserves	-	-	-	-	14,309	-	-	(14,309)	-	-	-
At 31 December 2018	95	1,568,197	393,694	(67,642)	118,271	(8,913)	41,838	3,440,271	5,485,811	117,399	5,603,210

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Company						
At 1 January 2019	95	1,568,197	1,057,112	-	(311,165)	2,314,239
Loss and total comprehensive loss for the period	-	-	-	-	(55,721)	(55,721)
At 31 March 2019	95	1,568,197	1,057,112	-	(366,886)	2,258,518
At 1 April 2019	95	1,568,197	1,057,112	-	(366,886)	2,258,518
Loss and total comprehensive loss for the period	-	-	-	-	(38,115)	(38,115)
At 30 June 2019	95	1,568,197	1,057,112	-	(405,001)	2,220,403
At 1 July 2019	95	1,568,197	1,057,112	-	(405,001)	2,220,403
Loss and total comprehensive loss for the period	-	-	-	-	(31,962)	(31,962)
At 30 September 2019	95	1,568,197	1,057,112	-	(436,963)	2,188,441
At 1 January 2018	81	1,391,627	1,057,112	-	(139,882)	2,308,938
Loss and total comprehensive loss for the period	-	-	-	-	(42,943)	(42,943)
At 31 March 2018	81	1,391,627	1,057,112	-	(182,825)	2,265,995
At 1 April 2018	81	1,391,627	1,057,112	-	(182,825)	2,265,995
Loss and total comprehensive loss for the period	-	-	-	-	(12,302)	(12,302)
<u>Transactions with owners, recognised directly in equity</u>						
Issue of shares	14	509,766	-	-	-	509,780
Dividends paid	-	(350,705)	-	-	-	(350,705)
At 30 June 2018	95	1,550,688	1,057,112	-	(195,127)	2,412,768
At 1 July 2018	95	1,550,688	1,057,112	-	(195,127)	2,412,768
Loss and total comprehensive loss for the period	-	-	-	-	(45,593)	(45,593)
At 30 September 2018	95	1,550,688	1,057,112	-	(240,720)	2,367,175
At 1 October 2018	95	1,550,688	1,057,112	-	(240,720)	2,367,175
Loss and total comprehensive loss for the period	-	-	-	-	(70,445)	(70,445)
<u>Transactions with owners, recognised directly in equity</u>						
Issue of shares	-	17,509	-	(11,814)	-	5,695
Share award expense	-	-	-	11,814	-	11,814
At 31 December 2018	95	1,568,197	1,057,112	-	(311,165)	2,314,239

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.

On 25 September 2019, 10,906,500 share awards were granted under the Jinjiang Environment Performance Share Plan ("Jinjiang Environment PSP"). As at 30 September 2019, there were 10,906,500 (30 September 2018: 7,665,800) ordinary shares which may be issued upon the vesting of share awards under the Jinjiang Environment PSP, and 1,443,246,800 (30 September 2018: 1,435,581,000) issued ordinary shares in the capital of the Company ("Shares").

The Company had no treasury shares or subsidiary holdings as at 30 September 2019 and 30 September 2018.

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 September 2019 and 31 December 2018 was 1,443,246,800. 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 2018.

(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 2019 but the adopted changes have no material effect except for the adoption of IFRS 16 Leases as detailed below.

IFRS 16 introduces a single lease accounting model for lessees on the statement of financial position. The adoption of IFRS 16 results in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Exceptions to this standard are short-term and low-value leases. The accounting for lessors was not changed significantly.

Under the standard, an asset (ROU asset) and a financial liability to pay rentals are recognised in the statement of financial position and depreciation charge on the ROU assets and interest expenses on the lease liabilities are recognised in profit or loss.

Lease liabilities are included as part of net debt and are taken in consideration when deriving the net debt to equity ratio.

The Group applied IFRS 16 on 1 January 2019, using the modified retrospective approach. The Group applied the practical expedient to grandfather the definition of a lease on transition. IFRS 16 will be applied to lease contracts entered before 1 January 2019 and are identified as leases in accordance with IAS 17 and IFRIC 4.

The adoption of IFRS 16 does not result in any adjustment to the opening balance of retained earnings at 1 January 2019 and there is no restatement of comparative information. The prepaid leases previously disclosed as line items on the statement of financial position under current assets and non-current assets are now classified as ROU assets included in property, plant and equipment. In addition, the Group has recognised ROU assets (included as part of property, plant and equipment) with corresponding lease liabilities under the principles of IFRS 16 on a lease-by-lease basis. Straight-line operating lease expenses are replaced with depreciation charges of ROU assets and interest expense on lease liabilities in profit or loss.

(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	
	3Q2019	3Q2018	9M2019	9M2018
Basic earnings per Share (RMB cents)	0.39	8.95	17.97	28.69
Weighted average number of Shares	1,443,246,800	1,435,581,000	1,443,246,800	1,320,350,231
Fully diluted earnings per Share (RMB cents)	0.39	8.95	17.97	28.69
Weighted average number of Shares	1,443,246,800	1,435,581,000	1,443,246,800	1,320,350,231

The earnings per Share was computed based on the weighted average number of Shares for the period.

The total number of issued Shares as at 30 September 2019 and 31 December 2018 was 1,443,246,800.

(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 Sep 2019	As at 31 Dec 2018	As at 30 Sep 2019	As at 31 Dec 2018
Net asset value per Share (RMB cents)	400.46	380.10	151.63	160.35
Number of Shares in issue at the end of the period	1,443,246,800	1,443,246,800	1,443,246,800	1,443,246,800

The net asset value per Share as at 30 September 2019 and 31 December 2018 was computed based on the number of Shares in issue at the end of the period.

The total number of issued Shares as at 30 September 2019 and 31 December 2018 was 1,443,246,800.

(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

3Q2019 vs 3Q2018

Revenue

	3Q2019		3Q2018		Change
	RMB'000	%	RMB'000	%	%
Sales of electricity	281,475	38.7	211,753	31.4	32.9
Sales of steam	87,989	12.1	94,080	14.0	(6.5)
Revenue from waste treatment fees	217,554	29.9	135,247	20.1	60.9
Waste-to-energy business	587,018	80.7	441,080	65.5	33.1
Revenue from construction services provided under service concession agreements	92,067	12.7	104,561	15.5	(11.9)
Financial income under service concession agreements	11,242	1.5	7,622	1.1	47.5
Construction services	103,309	14.2	112,183	16.6	(7.9)
Project technical and management service and EMC business	36,933	5.1	120,395	17.9	(69.3)
Total	727,260	100.0	673,658	100.0	8.0

Revenue increased 8.0% from RMB673.7 million in 3Q2018 to RMB727.3 million in 3Q2019, primarily due to an increase in revenue from the waste-to-energy (“WTE”) business (excluding revenue from construction services provided under build-operate-transfer (“BOT”) concession agreements), offset by a decrease in revenue from construction services provided under BOT concession agreements and from project technical and management services and energy management contracting (“EMC”) business.

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

Revenue from the WTE business (excluding revenue from construction services provided under BOT concession agreements) increased 33.1% from RMB441.1 million in 3Q2018 to RMB587.0 million in 3Q2019. The increase was attributable to (i) the expansion and upgrading of the waste incineration boilers for five of the eight WTE facilities being completed by the end of 3Q2019 which markedly increased waste treatment capacity and boiler operation efficiency and resulted in a higher amount of waste treated and electricity generated and an increase of RMB75.3 million in revenue. As for the remaining three WTE facilities, the waste resource recycling systems and upgrading of the waste storage pits for Xiaoshan Jinjiang and Hankou Jinjiang WTE facilities are expected to be completed in the fourth quarter of 2019, and the approval for upgrading works at Lianyungang Sunrise WTE Facility is expected to be obtained in the fourth quarter of 2019 and the upgraded boilers will be completed and put into operation in 2020. The upgraded equipment that has been put into operation has resulted in a marked increase in waste treatment capacity and higher boiler operation efficiency, (ii) an increase in revenue of RMB33.0 million from the Group's other WTE facilities, which was partially offset by the effects of the cessation of operations of the Zibo Jinjiang WTE Facility in July 2018, (iii) a steady increase in output from Zhuji Bafang WTE Facility, which generated more electricity and steam after its upgrading resulting in a corresponding increase in revenue by RMB26.0 million, (iv) an increase in electricity tariffs for Hangzhou Xiaoshan and Zhengzhou Xingjin WTE Facilities by RMB7.3 million and (v) an increase of RMB4.6 million in revenue from waste collection and transportation operations in India.

Details of the electricity generated and supplied, steam supplied and waste treated for 3Q2019 and 3Q2018 are as follows:

	Group 3Q2019	Group 3Q2018	Change %
Electricity generated ('000 KWh)	722,520	557,994	29.5
On-grid electricity supplied ('000 KWh)	522,757	391,167	33.6
Steam supplied ('000 tonnes)	637	674	(5.5)
Waste treated ('000 tonnes)	2,613	2,034	28.5

On-grid electricity supplied and waste treated (including waste collection and transportation operations in India) increased 33.6% and 28.5% in 3Q2019 as compared to 3Q2018, due to the expansion and upgrading of the waste incineration boilers for five of the eight WTE facilities being completed by the end of 3Q2019 which resulted in a higher amount of waste treated and electricity generated and the steady increase in output from Zhuji Bafang WTE Facility. The decrease in steam supplied is due to cessation of operations of the Zibo Jinjiang WTE Facility in July 2018 and a reduction in the number of customers for Tianjin Sunrise and Zibo Green Energy WTE Facilities.

Construction services provided under BOT concession agreements

Revenue from construction services provided under BOT concession agreements decreased by 7.9% from RMB112.2 million in 3Q2018 to RMB103.3 million in 3Q2019 due to a decrease in revenue from the provision of construction services under BOT concession agreements from RMB104.6 million in 3Q2018 to RMB92.1 million in 3Q2019. In 3Q2019, BOT revenue was recorded for the Kunming Wuhua reconstruction project and the expansion of Wenling Green Energy WTE Facility. Financial income increased from RMB7.6 million in 3Q2018 to RMB11.2 million in 3Q2019.

Project technical and management services and our EMC business

Revenue from project technical and management services and our EMC business decreased 69.3% from RMB120.4 million in 3Q2018 to RMB36.9 million in 3Q2019 due to (i) the reduction in the profit-sharing ratio in the later stages of the EMC contracts despite the number of EMC contracts having increased and (ii) the reduction in equipment selection and sales services provided by Hangzhou Kesheng.

Cost of sales

Cost of sales increased 16.7% from RMB420.2 million in 3Q2018 to RMB490.6 million in 3Q2019, due to an increase in the cost of sales from our WTE business (excluding cost of sales from construction services provided under BOT concession agreements), offset by a decrease in the cost of sales from construction services provided under BOT concession agreements and from project technical and management services and our EMC business.

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 31.1% from RMB301.0 million in 3Q2018 to RMB394.7 million in 3Q2019. The increase is due to (i) an increase of RMB27.0 million in operating costs, including depreciation, following the commencement of operations of upgraded facilities, (ii) an increase of RMB60.0 million in repair and maintenance costs, environmental protection auxiliary materials and other charges arising from the higher volume of waste treated, (iii) an increase of RMB3.5 million in the costs of additional coal used following the commencement of operations of the additional coal-fired generation units of Zhuji Bafang WTE Facility, offset by a decrease of RMB1.0 million in coal costs due to lower coal usage in certain other WTE facilities, considering an increased volume of waste treated and (iv) an increase of RMB4.1 million in costs arising from the waste collection and transportation operations in India.

Construction services provided under BOT concession agreements

The cost of sales from construction services provided under BOT concession agreements decreased 9.8% from RMB88.2 million in 3Q2018 to RMB79.5 million in 3Q2019 due to less construction services under BOT concession agreements in 3Q2019 for the Kunming Wuhua reconstruction project and the expansion of Wenling Green Energy WTE Facility.

Project technical and management services and our EMC business

The cost of sales from project technical and management services and our EMC business decreased 47.2% from RMB31.0 million in 3Q2018 to RMB16.4 million in 3Q2019, due to a decrease in revenue from technical and management services including equipment selection and sales.

Gross profit and gross profit margin

	Gross Profit (RMB '000)		Gross Profit Margin	
	3Q2019	3Q2018	3Q2019	3Q2018
WTE business (excluding gross profit from construction services provided under BOT concession agreements)	192,334	140,089	32.8%	31.8%
Construction services provided under BOT concession agreements	12,558	16,388	13.6%	15.7%
Project technical and management service and EMC business	20,546	89,352	55.6%	74.2%
Financial income under service concession agreements	11,242	7,622	N.A.	N.A.
Total	<u>236,680</u>	<u>253,451</u>	32.5%	37.6%

As a result of the foregoing, the gross profit decreased 6.6% from RMB253.5 million in 3Q2018 to RMB236.7 million in 3Q2019.

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 37.3% from RMB140.1 million in 3Q2018 to RMB192.3 million in 3Q2019. The gross profit margin of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) increased from 31.8% in 3Q2018 to 32.8% in 3Q2019. The increase in depreciation charges accounted for a 4.6% drop in gross profit margin.

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 from RMB24.0 million in 3Q2018 to RMB23.8 million in 3Q2019, due to a decrease in gross profit from construction services by RMB3.8 million, partially offset by an increase in finance income by RMB3.6 million from RMB7.6 million in 3Q2018 to RMB11.2 million in 3Q2019. The gross profit margin increased from 21.4% in 3Q2018 to 23.0% in 3Q2019.

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 77.0% from RMB89.4 million in 3Q2018 to RMB20.5 million in 3Q2019. The gross profit margin of project technical and management services and our EMC business decreased from 74.2% in 3Q2018 to 55.6% in 3Q2019.

Other income and other losses

	Group 3Q2019 RMB'000	Group 3Q2018 RMB'000	Increase / (Decrease) RMB'000	Change +/(-) %
Compensation for closure of plant	-	103,185	(103,185)	(100.0)
Gain on disposal of associate	-	7,823	(7,823)	(100.0)
Government grants and tax refund	(78)	8,357	(8,435)	N.M.
Bank interest income	5,191	8,479	(3,288)	(38.8)
Gain on sales of scrap materials	19,568	9,831	9,737	99.0
Foreign exchange losses	(54,838)	(55,059)	221	(0.4)
Sludge outsourcing fee	-	1,389	(1,389)	(100.0)
Other income and other losses	(30,157)	84,005	(114,162)	N.M.

Other income and other losses decreased from a gain of RMB84.0 million in 3Q2018 to a loss of RMB30.2 million in 3Q2019, due primarily to (i) the receipt of government compensation in 3Q2018 for the closure of Hangzhou Yuhang WTE Facility, with a gain on disposal amounting to approximately RMB103.2 million, (ii) gain on disposal of an associate in 3Q2018 amounting to RMB 7.8 million, (iii) a decrease in government grants and tax refund by RMB8.4 million, offset by an increase in sales of scrap materials and interest income of RMB6.4 million.

Administrative expenses

Administrative expenses remained stable and increased marginally by 0.2% from RMB64.0 million in 3Q2018 to RMB64.1 million in 3Q2019.

Finance costs

Finance costs increased 27.9% from RMB71.7 million in 3Q2018 to RMB91.7 million in 3Q2019, primarily due to an increase in bank borrowings and more finance costs for the project bank borrowings relating to the upgraded facilities that were put into operations being expensed off.

Profit before tax

As a result of the foregoing, profit before tax decreased 74.7% from RMB201.2 million in 3Q2018 to RMB50.8 million in 3Q2019.

Income tax expense

Income tax expense decreased 43.2% from RMB71.2 million in 3Q2018 to RMB40.4 million in 3Q2019. The high effective tax rate is due mainly to the operating losses of overseas subsidiaries and foreign exchange losses which cannot be offset against the profit of China subsidiaries in the computation of income tax expenses.

Total comprehensive income for the period

As a result of the foregoing, profit for the period decreased 86.9% from RMB129.2 million in 3Q2018 to RMB16.9 million in 3Q2019.

9M2019 vs 9M2018

Revenue

	9M2019		9M2018		Change
	RMB'000	%	RMB'000	%	%
Sales of electricity	826,155	35.0	625,676	29.7	32.0
Sales of steam	280,677	11.9	300,480	14.2	(6.6)
Revenue from waste treatment fees	542,546	23.0	411,885	19.5	31.7
Waste-to-energy business	1,649,378	69.9	1,338,041	63.4	23.3
Revenue from construction services provided under service concession agreements	553,945	23.5	392,320	18.6	41.2
Financial income under service concession agreements	33,724	1.4	22,865	1.1	47.5
Construction services	587,669	24.9	415,185	19.7	41.5
Project technical and management service and EMC business	123,200	5.2	355,621	16.9	(65.4)
Total	2,360,247	100.0	2,108,847	100.0	11.9

Revenue increased 11.9% from RMB2,108.8 million in 9M2018 to RMB2,360.2 million in 9M2019, due to an increase in revenue from the WTE business (excluding revenue from construction services provided under BOT concession agreements) and an increase in revenue from construction services provided under BOT concession agreements, offset by a decrease in revenue from project technical and management services and our EMC business.

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 23.3% from RMB1,338.0 million in 9M2018 to RMB1,649.4 million in 9M2019. The increase was attributable to (i) the expansion and upgrading of the waste incineration boilers for five of the eight WTE facilities being completed by the end of 9M2019 which markedly increased waste treatment capacity and boiler operation efficiency and resulted in a higher amount of waste treated and electricity generated and an increase of RMB155.3 million in revenue, net of lower revenue from sales of steam. As for the remaining three WTE facilities, the waste resource recycling systems and upgrading of the waste storage pits for Xiaoshan Jinjiang and Hankou Jinjiang WTE facilities are expected to be completed in the fourth quarter of 2019, and the approval for upgrading works at Lianyungang Sunrise WTE Facility is expected to be obtained in the fourth quarter of 2019 and the upgraded boilers will be completed and put into operation in 2020. The upgraded equipment that has been put into operation has resulted in a marked increase in waste treatment capacity and higher boiler operation efficiency, (ii) operational revenue increasing by RMB31.9 million after the phase two completion of Wenling Green Energy WTE Facility, (iii) an increase of RMB26.4 million in revenue from the Group's other WTE Facilities, which was partially offset by the effects of the cessation of operations of the Zibo Jinjiang WTE Facility in July 2018, (iv) a steady increase in output from Zhuji Bafang WTE Facility, which generated more electricity and steam after its upgrading resulting in a corresponding increase in revenue by RMB57.7 million, (v) an increase in electricity tariffs for Hangzhou Xiaoshan and Zhengzhou Xingjin WTE Facilities and retrospective payments by the relevant government authorities in respect of waste treatment fees for prior years for Kunming Wuhua WTE Facility by RMB33.3 million and (vi) an increase of RMB6.8 million in revenue from waste collection and transportation operations in India.

Details of the electricity generated and supplied, steam supplied and waste treated for 9M2019 and 9M2018 are as follows:

	Group 9M2019	Group 9M2018	Change %
Electricity generated ('000 KWh)	2,015,212	1,627,022	23.9
On-grid electricity supplied ('000 KWh)	1,448,527	1,136,699	27.4
Steam supplied ('000 tonnes)	2,040	2,169	(5.9)
Waste treated ('000 tonnes)	7,278	6,082	19.7

On-grid electricity supplied and waste treated (including waste collection and transportation operations in India) increased 27.4% and 19.7% in 9M2019 as compared to 9M2018, due to the expansion and upgrading of the waste incineration boilers for five of the eight WTE facilities being completed by the end of 9M2019 which resulted in a higher amount of waste treated and electricity generated and the steady increase in output from Zhuji Bafang WTE Facility. Excluding waste collection and transportation operations in India, waste treated increased by 19.5% in 9M2019 as compared to 9M2018. The decrease in steam supplied is due to cessation of operations of the Zibo Jinjiang WTE Facility in July 2018 and a reduction in the number of customers for Tianjin Sunrise and Zibo Green Energy WTE Facilities.

Construction services provided under BOT concession agreements

Revenue from construction services provided under BOT concession agreements increased 41.5% from RMB415.2 million in 9M2018 to RMB587.7 million in 9M2019 due to an increase in revenue from the provision of construction services under BOT concession agreements from RMB392.3 million in 9M2018 to RMB553.9 million in 9M2019. In 9M2019, BOT revenue was recorded for the Kunming Wuhua reconstruction project and the expansion of Wenling Green Energy WTE Facility whereas in 9M2018, BOT revenue was recorded for Yinchuan Zhongke and Gaomi Lilangmingde WTE Facilities and the WTE projects in India. Financial income increased from RMB22.9 million in 9M2018 to RMB33.7 million in 9M2019.

Project technical and management services and our EMC business

Revenue from project technical and management services and our EMC business decreased 65.4% from RMB355.6 million in 9M2018 to RMB123.2 million in 9M2019 due to the reduction in the profit-sharing ratio in the later stages of the EMC contracts and the reduction in revenue from equipment selection and sales.

Cost of sales

Cost of sales increased 22.6% from RMB1,308.2 million in 9M2018 to RMB1,603.6 million in 9M2019, 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 22.8% from RMB863.9 million 9M2018 to RMB1,060.6 million in 9M2019. The increase is due to (i) an increase of RMB64.0 million in operating costs, including depreciation, following the commencement of operations of upgraded facilities, (ii) an increase of RMB125.3 million in repair and maintenance costs, environmental protection auxiliary materials, labour costs and other charges arising from the higher volume of waste treated, (iii) an increase of RMB16.0 million in the costs of additional coal used following the commencement of operations of the additional coal-fired generation units of Zhuji Bafang WTE Facility and (iv) an increase of approximately RMB9.5 million in costs due to the increased geographical coverage of the waste collection and transportation operations in India, offset by a decrease of RMB18.0 million in coal costs due to lower coal usage in certain other WTE facilities as a result of waste having a higher calorific value through the usage of waste dehydrating equipment.

Construction services provided under BOT concession agreements

The cost of sales from construction services provided under BOT concession agreements increased 46.3% from RMB327.1 million in 9M2018 to RMB478.4 million in 9M2019 due to more construction services provided under BOT concession agreements in 9M2019, and hence higher costs were recorded. In 9M2019, BOT revenue was recorded for the Kunming Wuhua reconstruction project and the expansion of Wenling Green Energy WTE Facility whereas in 9M2018, BOT revenue was recorded for Yinchuan Zhongke and Gaomi Lilangmingde WTE Facilities and the WTE projects in India.

Project technical and management services and EMC business

The cost of sales from project technical and management services and our EMC business decreased 44.9% from RMB117.2 million in 9M2018 to RMB64.6 million in 9M2019, due to a decrease in cost of sales from technical and management services including equipment selection and sales.

Gross profit and gross profit margin

	Gross Profit (RMB'000)		Gross Profit Margin	
	9M2019	9M2018	9M2019	9M2018
WTE business (excluding gross profit from construction services provided under BOT concession agreements)	588,724	474,155	35.7%	35.4%
Construction services provided under BOT concession agreements	75,558	65,210	13.6%	16.6%
Project technical and management service and EMC business	58,642	238,405	47.6%	67.0%
Financial income under service concession agreements	33,724	22,865	N.A.	N.A.
Total	<u>756,648</u>	<u>800,635</u>	32.1%	38.0%

As a result of the foregoing, the gross profit decreased 5.5% from RMB800.6 million in 9M2018 to RMB756.6 million in 9M2019.

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 24.2% from RMB474.2 million in 9M2018 to RMB588.7 million in 9M2019. The gross profit margin of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) increased from 35.4% in 9M2018 to 35.7% in 9M2019. The increase in depreciation charges accounted for a 4.8% drop in gross profit margin.

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 from RMB88.1 million in 9M2018 to RMB109.3 million in 9M2019. Finance income increased from RMB22.9 million in 9M2018 to RMB33.7 million in 9M2019. The gross profit margin decreased from 21.2% in 9M2018 to 18.6% in 9M2019.

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 75.4% from RMB238.4 million in 9M2018 to RMB58.6 million in 9M2019. The gross profit margin of project technical and management services and our EMC business decreased from 67.0% in 9M2018 to 47.6% in 9M2019.

Other income and other losses

	Group 9M2019 RMB'000	Group 9M2018 RMB'000	Increase / (Decrease) RMB'000	Change + / (-) %
Compensation for closure of plant	-	103,185	(103,185)	(100.0)
Gain on disposal of subsidiary	-	11,940	(11,940)	(100.0)
Gain on disposal of associate	-	7,823	(7,823)	(100.0)
Government grants and tax refund	28,187	32,655	(4,468)	(13.7)
Bank interest income	7,718	10,210	(2,492)	(24.4)
Gain on sales of scrap materials	49,293	30,203	19,090	63.2
Foreign exchange losses	(62,561)	(66,576)	4,015	(6.0)
Sludge outsourcing fee	3,566	6,228	(2,662)	(42.7)
Other income and other losses	26,203	135,668	(109,465)	(80.7)

Other income and other losses decreased 80.7% from RMB135.7 million in 9M2018 to RMB26.2 million in 9M2019, due primarily to (i) the receipt of government compensation in 9M2018 for the closure of Hangzhou Yuhang WTE Facility, with a gain on disposal amounting to approximately RMB103.2 million, (ii) gain on disposals of an associate and a subsidiary in 9M2018 amounting to RMB19.8 million, (iii) a decrease in government grants and tax refund by RMB4.5 million, offset by a decrease in foreign exchange losses by RMB4.0 million, arising mainly from the depreciation of the Chinese Renminbi against the United States Dollar and an increase in sales of scrap materials and interest income of RMB16.6 million.

Administrative expenses

Administrative expenses increased 2.7% from RMB181.3 million in 9M2018 to RMB186.3 million in 9M2019. The increase in 9M2019 is less than 5% as compared to 9M2018.

Finance costs

Finance costs increased 13.8% from RMB196.2 million in 9M2018 to RMB223.3 million in 9M2019, due to increase in bank borrowings and less finance costs being capitalised.

Profit before tax

As a result of the foregoing, profit before tax decreased 32.5% from RMB558.0 million in 9M2018 to RMB376.4 million in 9M2019.

Income tax expense

Income tax expense decreased 39.4% from RMB173.0 million in 9M2018 to RMB104.9 million in 9M2019 due to a decrease in taxable profit and various preferential tax treatments and refunds. The effective tax rate was slightly higher than the statutory tax rate of 25%, due to the operating losses of overseas subsidiaries and foreign exchange losses which cannot be offset against the profit of China subsidiaries in the computation of income tax expenses for 3Q2019.

Total comprehensive income for the period

As a result of the foregoing, profit for the period decreased 23.1% from RMB374.4 million in 9M2018 to RMB287.7 million in 9M2019.

(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

	30 September 2019 RMB Million	31 December 2018 RMB Million	Increase / (Decrease) RMB Million	Increase / (Decrease) %
Current assets	3,575.6	3,625.0	(49.4)	(1.4)
Non-current assets	12,523.3	10,969.2	1,554.1	14.2
Total assets	16,098.9	14,594.2	1,504.7	10.3
Current liabilities	5,311.5	3,284.7	2,026.8	61.7
Non-current liabilities	4,900.0	5,706.3	(806.3)	(14.1)
Total liabilities	10,211.5	8,991.0	1,220.5	13.6
Capital and reserves	5,887.4	5,603.2	284.2	5.1

Current assets

The decrease is due to (i) bank balances decreasing 8.0% by RMB68.9 million from RMB857.5 million as at 31 December 2018 to RMB788.6 million as at 30 September 2019 and (ii) the amount due from related parties and joint ventures, which includes interest-bearing advances made to joint ventures for the construction of WTE facilities, decreasing 43.3% by RMB328.9 million from RMB760.2 million as at 31 December 2018 to RMB431.3 million as at 30 September 2019. This is offset by (i) pledged deposits increasing 9.2% by RMB47.1 million from RMB513.7 million as at 31 December 2018 to RMB560.8 million as at 30 September 2019 due to bank guarantees issued for local and overseas projects and (ii) trade and other receivables increasing 22.5% by RMB258.7 million from RMB1,150.1 million as at 31 December 2018 to RMB1,408.8 million as at 30 September 2019 due mainly to the increase in revenue from our WTE business and more prepayments made.

Non-current assets

The increase is attributable to new and BOT projects being constructed which resulted in increases in property, plant and equipment and intangible assets. Property, plant and equipment increased 16.2% by RMB1,139.4 million from RMB7,054.1 million as at 31 December 2018 to RMB8,193.5 million as at 30 September 2019 due to upgrading and expansion of facilities. Intangible assets increased 20.3% by RMB496.8 million from RMB2,445.9 million as at 31 December 2018 to RMB2,942.7 million as at 30 September 2019, arising from the Kunming Wuhua reconstruction project and the expansion of the Wenling Green Energy WTE Facility. Other receivables increased from RMB435.1 million as at 31 December 2018 to RMB679.3 million as at 30 September 2019, as a result of the increase in advances and prepayment for equipment for the upgrading of existing facilities and construction of new facilities.

Current liabilities

The increase is mainly due to (i) current borrowings increasing 34.0% by RMB414.4 million from RMB1,220.0 million as at 31 December 2018 to RMB1,634.4 million as at 30 September 2019, (ii) current portion of lease liabilities increasing 80.6% by RMB317.5 million from RMB394.0 million as at 31 December 2018 to RMB711.5 million as at 30 September 2019, due to reclassification of borrowings and lease liabilities between current and non-current liabilities and (iii) notes payable increasing by RMB1,378.3 million from RMB40.2 million as at 31 December 2018 to RMB1,418.6 million as at 30 September 2019 due to reclassification and exchange rate fluctuations, given that the USD200 million 3 years 6% senior unsecured notes which was issued in July 2017 are due and payable in July 2020. This is offset by (i) trade and other payables decreasing 3.0% by RMB39.2 million from RMB1,299.0 million as at 31 December 2018 to RMB1,259.8 million as at 30 September 2019 due to lower payables recorded in accordance with contractual payment terms and advance project payments and (ii) amounts due to related parties decreasing 21.6% by RMB27.0 million from RMB125.2 million as at 31 December 2018 to RMB98.2 million as at 30 September 2019 due to repayments of the amounts due to related parties.

Non-current liabilities

The decrease is mainly due to notes payable decreasing by RMB1,347.7 million from RMB1,347.7 million as at 31 December 2018 to nil as at 30 September 2019 given that the USD200 million 3 years 6% senior unsecured notes which was issued in July 2017 are due and payable in July 2020 and classified under current liabilities. This is offset by (i) non-current borrowings increasing 6.8% by RMB224.1 million from RMB3,298.6 million as at 31 December 2018 to RMB3,522.6 million as at 30 September 2019 due to new borrowings for the Kunming Wuhua reconstruction project and Wenling Green Energy, Tangshan Jiasheng and Shijiazhuang Jiasheng WTE Facilities, offset by reclassification into short term borrowings, (ii) deferred tax liabilities increasing 11.2% by RMB47.7 million from RMB425.3 million as at 31 December 2018 to RMB473.0 million as at 30 September 2019 arising from construction services provided under the BOT concession agreements, (iii) deferred grant increasing 126.5% by RMB204.0 million from RMB161.3 million as at 31 December 2018 to RMB365.2 million as at 30 September 2019, arising mainly from the receipts of RMB135.0 million government grant by the Kunming Wuhua reconstruction project, RMB8.0 million grant by Tangshan Jiasheng WTE Facility and RMB3.7 million by Linzhou Jiasheng WTE Facility and (iv) non-current lease liabilities increasing 14.4% by RMB65.6 million from RMB455.5 million as at 31 December 2018 to RMB521.2 million as at 30 September 2019 due to new leases for the Zhengzhou Xingjin, Xiaoshan Jinjiang, Wuhan Jinjiang and Lianyungang Sunrise WTE Facilities, offset by reclassification into short term lease liabilities.

Capital and reserves

The increase from RMB5,603.2 million as at 31 December 2018 to RMB5,887.4 million as at 30 September 2019 is due to the retained earnings for 9M2019.

Cashflow Review

	Group 3Q2019 RMB Million	Group 9M2019 RMB Million	Increase / (Decrease) RMB Million
Net cash (used in) from operating activities	(42.1)	441.0	(483.1)
Net cash used in investing activities	(145.3)	(1,122.3)	977.0
Net cash from financing activities	203.5	587.9	(384.4)
Cash and cash equivalents at beginning of the period	729.2	857.5	(128.3)
Effect of exchange rate fluctuations on cash held	43.3	24.5	18.8
Cash and cash equivalents at the end of the period	<u>788.6</u>	<u>788.6</u>	-

In 3Q2019, operating cash outflow was RMB42.1 million. This is due to (i) collections arising from trade and other receivables and payables and related parties and (ii) increased investment in BOT projects, offset by profit before tax before movements in working capital for 3Q2019.

In 9M2019, operating cash inflow was RMB441.0 million. This is due to (i) collections arising from trade and other receivables and payables and related parties and (ii) profit before tax before movements in working capital for 9M2019, offset by increased investment in BOT projects and payment of income tax.

In 3Q2019, investing cash outflow was RMB145.3 million. This is due to investments in both fixed assets and intangible assets including (i) the upgrading of eight existing operational WTE facilities, (ii) prepayment for equipment and construction for Shijiazhuang Jiasheng and Tangshan Jiasheng WTE Facilities and (iii) preparatory and project costs for both local and overseas projects.

In 9M2019, investing cash outflow was RMB1,122.3 million. This is due to investments in both fixed assets and intangible assets including (i) the upgrading of eight existing operational WTE facilities, (ii) prepayment for equipment and construction for the Kunming Wuhua reconstruction project, Shijiazhuang Jiasheng and Tangshan Jiasheng WTE Facilities and (iii) preparatory and project costs for both local and overseas projects.

In 3Q2019, operating cash inflow was RMB203.5 million. This is due to new borrowings for the Kunming Wuhua reconstruction project and Wenling Green Energy and leases for the Lianyungang Sunrise

WTE Facility and prepayments from related parties, offset by repayment of borrowings and interest.

In 9M2019, operating cash inflow was RMB587.9 million. This is due to new borrowings for the Kunming Wuhua reconstruction project and Wenling Green Energy, Shijiazhuang Jiasheng and Tangshan Jiasheng WTE Facilities and leases for the Xiaoshan Jinjiang and Wuhan Jinjiang WTE Facilities, offset by repayment of borrowings and interest.

Bank balances and cash as at 30 September 2019 was RMB788.6 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.

(A) Economic Outlook and Environmental Policies in the PRC

In the first three quarters of 2019, the PRC's economy experienced stable growth, with its gross domestic product growing by 6.0% year-on-year in the third quarter of 2019, as compared to 6.5% growth during same period in 2018.

Nevertheless, with the current complex domestic and global economic situation, reduced momentum of global economic growth, increased external uncertainties and the downward pressure on the PRC domestic economy, the business environment is expected to be challenging. The volatility of the Chinese Renminbi may also impact on the Group's financial performance.

The Group continues to operate in a stable regulatory environment where the PRC government encourages the development of the WTE industry. For example, the 13th Five-Year Plan of the PRC (i) targets the harmless treatment of over 95% of municipal solid waste and effectively disposing over 90% waste in rural areas, (ii) targets for more than 50% and 60% of harmless waste treatment in certain cities and the eastern region respectively, to be by way of incineration, (iii) seeks to achieve zero use of landfills for the disposal of municipal solid waste in certain municipalities, cities and the built-up area of provincial capital cities by end-2020 and (iv) makes clean energy projects a priority.

(B) Operational Matters

As at 30 September 2019, the Group has completed the upgrading works for five out of eight WTE facilities under its ongoing upgrading project ("Upgrading Project"), which commenced in the third quarter of 2017 and when all are completed, is expected to expand the waste treatment capacity of the Group by approximately 5,000 t/d, whilst also reducing emission levels and the proportion of coal used at the Group's WTE facilities. As for the remaining three WTE facilities, the waste resource recycling systems and upgrading of the waste storage pits for Xiaoshan Jinjiang and Hankou Jinjiang WTE facilities are expected to be completed in the fourth quarter of 2019, and the approval for upgrading works at Lianyungang Sunrise WTE Facility is expected to be obtained in the fourth quarter of 2019 and the upgraded boilers will be completed and put into operation in 2020. In order to ensure that the demand for heating is met as well as to achieve stability in production, a new boiler was first constructed in the Lianyungang Sunrise WTE Facility before the upgrading of boilers under the Upgrading Project. Currently, the upgraded equipment that has been put into operation has resulted in a marked increase in waste treatment capacity and higher boiler operation efficiency. As compared to the third quarter of 2018, in the third quarter of 2019, there has been a significant improvement in the amount of waste treated (28.5%), the amount of electricity generated (29.5%) and supplied (33.6%), and the revenue from the WTE business (excluding BOT construction revenue) (33.1%).

The Group is actively following up with the relevant local authorities on the closure or cessation of operations of the Zibo Jinjiang WTE Facility and the Kunming Jinjiang WTE Facility. The Zibo Jinjiang

WTE Facility had ceased incineration in July 2018. The waste previously treated by the Zibo Jinjiang WTE Facility is now treated by the Zibo New Energy WTE Facility which commenced trial operations in July 2018. The municipal government in Zibo City, Shandong Province has determined the compensation amount for the closure of the Zibo Jinjiang WTE Facility based on a third-party asset evaluation report. The compensation agreement will be signed by the parties in due course and the Company will issue an announcement at the appropriate time. The Kunming Jinjiang WTE Facility is currently operating as per normal, and the timeline for any closure or cessation of operations will be determined based on the progress of completion of the Kunming Wuhua reconstruction project.

Taking into consideration all its projects in operation, under construction and in the planning phase, both in the PRC and overseas, the Group's total installed waste treatment capacity is expected to reach 64,406 t/d upon the completion of these projects.

(C) New Controlling Shareholder

Following the completion of the sale of 430,000,000 ordinary shares in the Company by Jinjiang Green Energy Limited (formerly known as China Green Energy Limited) to a wholly-owned subsidiary of Zhejiang Energy Group Co., Ltd. (浙江省能源集团有限公司) ("Zheneng Group") on 21 August 2019, Zheneng Group's good credit standing as the Company's largest controlling shareholder will enhance the stability of the Group's capital structure, diversify its financing channels and reduce financing costs, and is expected to improve the Group's credit standing. S&P Global Ratings had on 3 September 2019 revised its outlook on the Company from negative to positive, and affirmed the Company's issuer rating of "BB -" and the long-term issue rating on the Company's senior unsecured notes of "B+".

(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 and the reason(s) for that decision.

No dividend has been recommended for the current reporting period. Dividends, if any, will usually be recommended in the announcement of the full year financial statements.

(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:		
Hangzhou Huawang Shiye Group Co., Ltd.	-	18,870
Project technical and management services provided to:		
Xiaoyi Xing'an Chemical Co., Ltd.	-	1,312
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	-	2,302
Guangxi Tiandong Jinsheng Chemical Engineering Co., Ltd.	-	900
Cayman Lvye (Sanmenxia) Co., Ltd.	-	13,000
Energy management contracting services provided to:		
Xiaoyi Xing'an Chemical Co., Ltd.	-	53,887
Cayman Shanxian Energy Comprehensive Utilisation Co., Ltd.	-	3,565
Guangxi Tiandong Jinsheng Chemical Engineering Co., Ltd.	-	79
Interest paid to:		
Zhejiang Zheneng Finance Leasing Co., Ltd.	3,810	-
Total	3,810	93,915

Note: For purchases of coal, the framework agreement signed between the parties only indicates the unit price of coal and the value of each transaction is determined only when orders are placed. For energy management contracting services, the aggregate value of each project can be determined only after the service has been provided and the Group's share of the energy savings for that particular project has been computed. Accordingly, for these categories of transactions, disclosure of the aggregate value is based on the actual amount incurred for the period.

(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 third quarter and nine months ended 30 September 2019 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

Wei Dongliang
Executive Chairman
14 November 2019