

ZHENENG JINJIANG ENVIRONMENT HOLDING COMPANY LIMITED

浙能锦江环境控股有限公司

(Incorporated in the Cayman Islands)

Company Registration Number: 245144

Zheneng Jinjiang Environment Announces 1H2022 Results

- 1H2022 revenue up 14.0% year-on-year (“y-o-y”) to RMB1,839.3 million.
- Core revenue contribution from WTE Business increases 12.9% y-o-y to RMB1,515.9 million.

Financial Highlights (RMB'million)	Group		
	1H2022	1H2021	Change (%)
Total Revenue	1,839.3	1,613.3	14.0
- Waste-to-Energy Business	1,515.9	1,342.7	12.9
- BOT Construction	314.9	158.1	99.1
- Project Technical & Management Service and Energy Management Contracting (“EMC”) business	8.5	112.5	(92.4)
PATMI	93.5	193.9	(51.8)
Basic earnings per share (“EPS”) (RMB cents) ^a	6.43	13.33	(51.8)
Net asset value (“NAV”) per share (RMB cents) ^b	456.98 (as at 30 June 2022)	450.12 (as at 31 December 2021)	1.5

a) EPS for the six months ended 30 June 2022 and 30 June 2021 were computed based on the weighted average number of Shares for the period.

b) NAV per Share as at 30 June 2022 and 31 December 2021 were computed based on the number of Shares in issue at the end of the period. The total number of issued shares as at 30 June 2022 and 31 December 2021 was 1,454,024,700.

SINGAPORE, 5 August 2022 – Zheneng Jinjiang Environment Holding Company Limited (浙能锦江环境控股有限公司) (“**Zheneng Jinjiang Environment**” or the “**Company**” and together with its subsidiaries, the “**Group**”, Stock code: **BWM**), a leading Waste-to-Energy (“**WTE**”) operator in the People’s Republic of China (“**PRC**” or “**China**”), has announced its unaudited results for the second quarter (“**2Q2022**”) and six months ended 30 June 2022 (“**1H2022**”).

Amidst a more complex international environment, coupled with difficulties brought about by frequent domestic COVID-19 outbreaks in the first half of 2022, the Chinese government has placed strong focus in both pandemic control and economic and social development, allowing China’s nominal gross domestic product to increase by 2.5% y-o-y. However, with growing uncertainties including looming global recession risks, and the impact from the pandemic not yet fully eliminated, the Chinese government continues to strengthen the foundation for the recovery to economic stability and ensures that the economy operates within a reasonable range.

2022 marks a milestone for the implementation of the "14th Five-Year Plan". In the context of “Carbon Neutrality and Carbon Peaking”, the government's policy to encourage the development of the WTE industry and the entire environmental protection industry remains unchanged.

In June 2022, nine departments including the National Development and Reform Commission, the National Energy Administration, and the Ministry of Finance promulgated the "14th Five-Year Plan for Renewable Energy Development", which outlines requirements for the optimization of the development landscape for biomass power generation, the steady expansion of urban domestic waste incineration power generation, the orderly development of biomass cogeneration, the carrying out of market-based demonstration of biomass power generation, and the promotion of the diversified development of biomass energy.

The Group’s revenue increased 14.0% to RMB1,839.3 in 1H2022, from RMB1,613.3 in the previous corresponding period (“**1H2021**”). The Group’s gross profit increased by RMB14.6 million from RMB500.4 million in 1H2021 to RMB515.0 million in 1H2022. Profit for 1H2022 decreased 50.0% to RMB101.1 million and profit attributable to owners of the Company decreased 51.8% to RMB93.5 million mainly due to the appreciation of the United States Dollar against the Chinese Renminbi in 1H2022, which resulted in a substantial unrealised foreign exchange loss of RMB117.8 million in respect of the Group's net foreign currency liabilities (being mainly syndicated term loan facility and other borrowings of US\$344 million). The profit for

1H2022, excluding the foreign exchange effects, increased by RMB25.1 million from RMB190 million in 1H2021 to RMB210 million in 1H2022. NAV per share increased 1.5% y-o-y to RMB456.98 cents in 1H2022.

WTE business (excluding revenue from construction services provided under Build-Operate-Transfer (“BOT”) concession agreements)

In 1H2022, revenue from the Group’s WTE business increased 12.9% from RMB1,342.6 million in 1H2021 to RMB1,515.9 million in 1H2022. This constitutes 82.4% of the Group’s 1H2022 revenue. The gross profit of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) increased by RMB24.76 million or 5.8% from RMB426 million in 1H2021 to RMB450 million in 1H2022.

The increase was mainly attributable to waste treated (including waste collection and transportation operations in India) increasing by 3.2% in 1H2022 compared to 1H2021, which was due to commencement of operations of the Linzhou Jiasheng WTE Facility in Henan Province and Leting Jinhuan New Energy WTE Facility in Hebei Province and after the technical transformation and optimization of the power plant management, resulted in revenue from waste treatment and sales of electricity increasing by RMB56.9 million. In addition, the unit price of heat supply at Zhuji Bafang WTE Facility in Zhejiang Province was increased due to higher coal prices and the increase in steam supplied in 1H2022 as compared to 1H2021, which resulted the increase in sales of steam by a total of RMB116.4 million.

Construction services provided under BOT concession agreements

In 1H2022, revenue from the Group’s construction services provided under BOT concession agreements increased 99.1% from RMB158.1 million in 1H2021 to RMB314.9 million in 1H2022, constituting 17.1% of the Group’s 1H2022 revenue.

The gross profit from construction services provided under BOT concession agreements (includes financial income) increased RMB19.8 million from RMB41.6 million in 1H2021 to RMB61.4 million in 1H2022. The gross profit from the construction services provided under BOT concession agreements increased RMB21.6 million in 1H2022 as compared to 1H2021 and the gross profit from financial income under service concession agreements decreased by RMB1.9 million. Due

to the decrease in the proportion of financial income, the gross profit margin including financial income has decreased from 26.3% in 1H2021 to 19.5% in 1H2022. In 1H2022, BOT revenue was recorded for Songyuan Xinxiang Resource Recycling Project in Jilin Province, Expansion Project of Yunnan Green Energy WTE Facility and Jinghong Jiasheng WTE Project in Xishuangbanna Dai Autonomous Prefecture, Yunnan Province and others. The BOT revenue in 1H2022, based on the construction investment amount and progress of the aforesaid projects, is higher than in 1H2021.

Project technical and management services, equipment selection and sale and EMC business

In 1H2022, revenue from the Group's project technical and management services, equipment selection and sale and EMC business decreased 92.4% from RMB112.5 million in 1H2021 to RMB8.5 million in 1H2022, constituting 0.5% of the Group's 1H2022 revenue.

The gross profit from project technical and management services, equipment selection and sale and EMC business decreased 91.4% or RMB29.9 million from RMB32.7 million in 1H2021 to RMB2.8 million in 1H2022. This was mainly due to the Company having agreed a one-time buyout settlement of the future service benefits in 4Q2021 and the reduction in profit-sharing ratio in the later stages of most of the EMC contracts.

Increasing operational capacity and promoting development with technology

In 1H2022, the Group's operating companies have maintained normal operations and project construction has proceeded on schedule in an orderly manner. The boiler of the expansion project of Hohhot Jiasheng WTE Facility in Inner Mongolia, in which the Group has a stake, has been put into operation, increasing the Group's waste treatment capacity by 750 tonnes per day. The turbine of the Hohhot Jiasheng WTE Facility is expected to be put into operation in November 2022, which will contribute to more environmentally friendly and energy-efficient waste treatment in the urban area of Hohhot and surrounding counties, promote greener initiatives within Hohhot City and improve residents' living environment at large.

The Linzhou Kitchen Waste Project in Henan Province started construction in 2Q2022. As of 30 June 2022, the Group has 4 WTE projects, 1 kitchen waste project and 1 Resource Recycling

project under construction in China, which are expected to be put into operation successively in the second half of 2022 and 2023. The Group's total waste treatment capacity is expected to increase by 3,145 tonnes/day and 125MW installed capacity upon completion of the aforesaid projects. Besides, the Group has 15 WTE projects, 3 kitchen waste projects and 1 Resource Recycling project in the planning phase in China, which are undertaking preparatory works ahead of scheduled construction.

The Group continues to strengthen its core operational capabilities and emphasises management improvement and technological innovation. In 2Q2022, the Group's Jilin Xinxiang WTE Facility in Jilin Province and Tangshan Jiasheng WTE Facility in Hebei Province were certified as "National High-tech Enterprises", and Hangzhou Kesheng Energy Technology Co., Ltd. successfully passed the second round of review for "National High-tech Enterprise". At present, a total of 12 enterprises under Zheneng Jinjiang Environment Company Limited have been certified as "National High-tech Enterprises".

Meanwhile the Group is also continuing to follow up on the progress of compensation for the closure of the Old Kunming Wuhua WTE Facility in Kunming, Yunnan Province. The local government has engaged a third-party asset appraisal company to conduct an overall appraisal of the assets of the Old Kunming Wuhua WTE Facility. At present, the Group has communicated with the local government on the status of the closure of the Old Kunming Wuhua WTE Facility. The land repurchase and reserve and execution of the compensation agreement is expected to complete by the end of 2022. The Group has separately engaged another third-party asset appraisal company to provide a valuation report on the assets. Based on the valuation report, the Group does not expect any impairment arising from the closure of the Old Kunming Wuhua WTE Facility.

Currently, the Group invests in 25 operational WTE facilities, 1 organic waste treatment facility and 8 waste recycling facilities in the PRC with a total installed waste treatment capacity of 41,160 tonnes/day. 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 63,020 tonnes/day upon the completion of these projects.

Adhering to epidemic prevention and control

In 2Q2022, there were a series of localised COVID-19 outbreaks in several areas of China. In the face of severe challenges of epidemic prevention and control, the Group has adhered to pandemic prevention and control rules, made active deployments according to the development of the pandemic and adapted swiftly to changing policies. Meanwhile, in accordance with national pandemic relief policies, the Group applied for various special subsidy funds, and has now received more than RMB27.8 million in subsidy. As of 30 June 2022, the Group's domestic facilities have maintained normal and stable operations, processing the local waste in a timely manner and in accordance with the disposal standards.

The Group's waste collection and transportation in India is still operating normally while adhering strictly to the relevant pandemic prevention and control rules and regulations.

The Group will continue to closely monitor the COVID-19 situation and take preventive and control measures to ensure the safety of Group's employees. The Company will announce any material developments regarding its business and operations in a timely manner in compliance with Rule 703 of the Listing Manual.

Mr. Wei Dongliang (韦东良), Executive Chairman of Zheneng Jinjiang Environment, said:

“With the introduction of circular economy development, “carbon peaking” and “carbon neutrality” and other policies, the development of Zheneng Jinjiang Environment has ushered in new opportunities and challenges. The Group will seize opportunities and overcome difficulties, focus on refined management internally and resources and product externally, systematically plan and actively explore new ways of synergistic circulation, and strive to build an urban ecological complex. The Group is fully committed to anchoring its goals, strengthening its determination, relying on the expansion of the capacity and taking advantage of the wave of digital transformation to lay the foundation for the Group to leapfrog in its development.”

– End –

IMPORTANT NOTICE

This press release should be read in conjunction with the financial statements announced on SGXNET on 5 August 2022. This press release is for information only and may contain forward-looking statements that involve assumptions, risks and uncertainties.

ABOUT ZHENENG JINJIANG ENVIRONMENT

Zheneng Jinjiang Environment Holding Company Limited (浙能锦江环境控股有限公司) is one of the first and leading WTE operators in the PRC in terms of waste treatment capacity in operation. The Group's business primarily focuses on the planning, development, construction, operation and management of WTE facilities in the PRC and has also established a presence in India, Singapore, Indonesia and Germany. As at 30 June 2022, it invests in 25 operational WTE facilities, 1 organic waste treatment facility and 8 resource recycling facilities in the PRC. It has an additional (i) 7 projects under construction and (ii) 21 projects in the preparatory stage within the PRC and overseas. The facilities in operation have a total installed waste treatment capacity of 41,160 tonnes/day. Taking into consideration all its projects in operation, under construction and in the planning phase, both in the PRC and overseas, the estimated total installed waste treatment capacity of all the facilities, when fully completed and acquired, will be 63,020 tonnes/day.

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