

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 FY2020 Results

- Core revenue contribution from WTE Business increases 10.6% y-o-y, with stable operating conditions despite COVID-19 in FY2020
- Profit attributable to owners of the Company rises 113.2% y-o-y
- Total installed waste treatment capacity of 38,060 tons/day in operation

Financial Highlights (RMB'million)	Group		
	FY2020	FY2019	Change (%)
Total Revenue	3,084.7	3,877.5	(20.4)
- Waste-to-Energy Business	2,443.1	2,209.2	10.6
- BOT Construction	429.2	1,353.4	(68.3)
- Project Technical & Management Service and EMC business	212.4	315.0	(32.6)
PATMI	326.9	153.3	113.2
Basic earnings per share ("EPS") (RMB cents)^a	22.48	10.61	111.9
Net asset value ("NAV") per share (RMB cents)^b	419.73 (as at 31 December 2020)	399.90 (as at 31 December 2019)	5.0

a) EPS for the full year ended 31 December 2020 and 31 December 2019 were computed based on the weighted average number of Shares for the period.

b) NAV per Share as at 31 December 2020 and 31 December 2019 were computed based on the number of Shares in issue at the end of the period. The total number of issued Shares as at 31 December 2020 and 31 December 2019 was 1,454,024,700 and 1,454,024,700 respectively.

SINGAPORE, 1 March 2021 – 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 financial year ended 31 December 2020 (“**FY2020**”).

The COVID-19 pandemic presented unprecedented challenges both domestically and globally in 2020. Despite the adverse impact, China implemented and coordinated prevention and control measures in relation to the COVID-19 pandemic, attained a 2.3% increase in its Gross Domestic Product (“**GDP**”) year-on-year (“**y-o-y**”), and was the only major economy to achieve positive economic growth in 2020.

Amidst the challenging operating environment in 2020, the Group’s revenue decreased by 20.4% to RMB3,084.7 million in FY2020, from RMB3,877.5 million in the previous corresponding period (“**FY2019**”). The Group’s gross profit fell 6.0% to RMB892.5 million in FY2020 as compared to RMB949.8 million in FY2019. Although gross profit for the Group’s WTE business (excluding gross profit from construction services provided under BOT concession agreements) increased 15.6% (RMB96.1 million), gross profit from construction services provided under BOT concession agreements and the project technical and management services and EMC business decreased 53.4% (RMB113.6 million) and 33.6% (RMB42.0 million) respectively.

Other income and other losses recorded a loss of RMB53.1 million in FY2019 and a gain of RMB192.5 million in FY2020. This is mainly due to an increase in government grants and tax refund, and a decrease in other non-operating expenses.

The Group’s profit attributable to owners of the Company increased 113.2% to RMB326.9 million in FY2020.

Accordingly, earnings per share increased 111.9% to approximately RMB 22.48 cents in FY2020 from RMB 10.61 cents in FY2019.

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

In FY2020, the Group’s WTE business revenue increased by 10.6% y-o-y, RMB2,209.2 million in FY2019 to RMB2,443.1 million in FY2020. This constitutes 79.2% of the Group’s FY2020 revenue.

This was mainly attributed to the commencement of operations for the Tangshan Jiasheng WTE Facility and the New Kunming Wuhua WTE Facility, which markedly increased the waste treatment capacity of the Group. The upgrading and expansion of the Jilin Xinxiang WTE Facility and Wenling Green Energy WTE Facility, the optimisation of power plant equipment management and some technological improvements also contributed to the revenue growth.

Accordingly, as a result of the increase in waste treatment capacity and higher boiler operation efficiency following the completion of the expansion and upgrading works and the operation of new and expanded WTE facilities, on-grid electricity supplied and waste treated (including waste collection and transportation operations in India) increased 15.7% and 9.2%, respectively, in FY2020 as compared to FY2019. Excluding waste collection and transportation operations in India, waste treated increased by 11.0% in FY2020 as compared to FY2019. The revenue increase was partially offset by the decrease in revenue from the decrease in demand in steam experienced by the Zhuji Bafang WTE Facility in 1H2020 due to the COVID-19 pandemic.

BOT construction

Revenue from the Group’s BOT construction services provided under concession agreements (“**BOT Construction**”) decreased by 68.3% to RMB429.2 million in FY2020, representing 13.9% of its FY2020 revenue. The decrease was mainly attributable to a substantial portion of the construction of the New Kunming Wuhua WTE Facility (which was put into operation in the first half of FY2020) having been carried out in FY2019. Therefore, the investment in the New Kunming Wuhua WTE Facility and Linzhou Jiasheng WTE Facility decreased in FY2020 as compared to FY2019.

Project technical and management services and EMC business

In FY2020, revenue for the Group's project technical and management services and EMC business decreased 32.6% to RMB212.4 million. This is primarily due to the reduction in the profit-sharing ratio in the later stages of most of the Hangzhou Kesheng's EMC contracts and the decrease in revenue generated from the technical services and procurement services.

Waste treatment capacity expansion with project construction on schedule in an orderly manner

Despite the pandemic, the Group continues to proceed with its project construction on schedule in an orderly manner.

The Group's waste treatment capacity increased by 1,000 tons/day, due to the first phase of the Linzhou Jiasheng WTE Facility in Henan Province, the second phase of the Tangshan Jiasheng WTE Facility in Hebei Province and the Qianxi Resource Recycling Project in Hebei Province being put into trial operation in the fourth quarter of 2020.

In addition, the expansion project of the Xishan WTE Facility (BOT) in Yunnan Province officially started construction in the fourth quarter of 2020.

The Shijiazhuang Jiasheng WTE Facility (BOT) in Hebei Province, Baishan Green Energy WTE Facility (BOO) in Jilin Province, Leting WTE Facility (BOO) in Hebei Province, Wuhu Luzhou WTE Facility Reconstruction Project in Anhui Province, Lianyungang Sunrise WTE Facility in Jiangsu Province, first phase of the Zhongwei Project (BOT) in Ningxia Province, Wuji Municipal Solid Waste Resource Treatment Project (BOO) in Hebei Province, Gaocheng Municipal Solid Waste Resource Treatment Project (BOO) in Hebei province and Songyuan Resource Recycling Project (BOO) in Jilin Province are expected to be completed and put into operation in 2021. The Jinghong WTE Facility (BOT) in Yunnan Province and the Wuchang WTE Facility (BOO) in Hubei Province are expected to start construction in 2021.

Overseas in India, the Gurgaon WTE Project (BOT) and the Lucknow WTE Project (BOT) are still under preparation.

In addition, the Group is also continuing to follow up on the progress of the compensation work 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. 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.

As disclosed in the Company's announcement in relation to its results for the half-year ended 30 June 2020, according to the signed compensation agreement, the Group will receive a total of RMB 19,997,000 in compensation for the closure of the Kunshan Jinkangrui Resource Recycling Project in Jiangsu Province. Compensation payments of RMB10 million were received in October 2020, and the remaining portion is expected to be received before the end of the first half of 2021.

As at 31 December 2020, the Group has 22 operational WTE facilities and 1 Organic Waste Treatment Facility in the PRC with a total installed waste treatment capacity of 38,060 tons/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 63,206 tons/day upon the completion of these projects.

Supported by favourable government policies

With the conclusion of China's "13th Five Year Plan" in 2020, the start of the "14th Five Year Plan" for the period of 2021-2025 and long-range goals for 2035 outlines a new goal of ecological environment protection. The Chinese government's policy to encourage the development of waste incineration power generation and environmental protection remains in force. The PRC government initiatives such as the issuance of a notice on "Several Opinions on Further Promoting the Classification of Domestic Waste" by the Ministry of Housing and Urban-Rural Development in November 2020, and the approval of the "Regulations on the Management of Pollution Discharge Permits (Draft)" at the State Council Executive Meeting in December 2020 demonstrates the PRC government's commitment to a green future, supporting the Group's development.

The Group's operating companies maintain stable operations and strive for subsidies in accordance with national policies, with several WTE Facilities being officially included in the National Renewable Energy Subsidy listing as follows:

WTE Facilities	Location	Date of inclusion
Hohhot New Energy WTE Facility	Inner Mongolia	September 2020
Jilin Xinxiang WTE Facility	Jilin Province	October 2020
Songyuan Xinxiang WTE Facility	Jilin Province	
Gaomi Liliangmingde WTE Facility	Shandong Province	
Wuhu Jinjiang WTE Facility	Anhui Province	November 2020
New Kunming Wuhua WTE Facility*	Yunnan Province	
Zibo New Energy WTE Facility*	Shandong Province	
Yinchuan Zhongke WTE Facility	Ningxia Hui Autonomous Region	
		February 2021

**The New Kunming Wuhua WTE Facility in Yunnan Province and Zibo New Energy WTE Facility in Shandong Province were new projects in FY2020 and were included in the 2020 National Renewable Energy Development Fund's 1.5 billion biomass power generation subsidy budget.*

In addition, Zhuji Bafang WTE Facility in Zhejiang Province, Songyuan Xinxiang WTE Facility in Jilin Province, Qitaihe Green Energy WTE Facility and Suihua Green Energy WTE Facility in Heilongjiang Province were included in the fourth batch of national environmental protection facilities and municipal sewage treatment facilities open to the public in early 2021. To-date, there are a total of 12 WTE facilities of the Group that are listed as publicly open units of China's national environmental protection facilities.

In recognition of the Group's technological innovation, transformation of technological achievements and core independent intellectual property rights, four of the Group's WTE plants and a testing company located in Zhejiang, Anhui and Heilongjiang provinces were recognised as "National High-tech Enterprises" (国家高新技术企业) in 2020. At present, a total of 10 of the Group's enterprises have been accorded the "National High-Tech Enterprise" certification.

Mr. Wei Dongliang (韦东良), Executive Chairman of Zheneng Jinjiang Environment, said: “In 2020, COVID-19 swept the world and accelerated structural reforms on an unprecedented scale. China's economy took the lead and powered ahead against all odds to become the first major economy to emerge from the crisis globally, achieving positive economic growth. While ensuring pandemic control measures are incorporated in its operations, the Group has focused on a ‘technology first and improved management’ approach encompassing a ‘one-on-one’ targeted approach, artificial intelligence technology and lean management, amongst others, to comprehensively improve its operations and management levels. China’s ‘14th Five Year Plan’ and its Long-Range Objectives Through the Year 2035 emphasise the promotion of green development. Zheneng Jinjiang Environment will closely monitor the situation, consider the people’s need for a better ecological environment as its own responsibility, while adhering to green development. We will work on developing targeted and systematic plans to actively explore new ways of circular collaboration, as well as strive and develop the urban ecosystem!”

– End –

IMPORTANT NOTICE

This press release should be read in conjunction with the financial statements announced on SGXNET on 1 March 2021. This press release is for information only.

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, Brazil, Singapore, Indonesia and Germany. As at 31 December 2020, it operates 23 WTE facilities and six resource recycling projects in the PRC. It has an additional (i) 11 WTE facilities and resource recycling projects under construction and (ii) 20 WTE facilities in the preparatory stage within the PRC and overseas. The facilities in operation have a total installed waste treatment capacity of 38,060 tons/day. The estimated total installed waste treatment capacity of all the facilities, when fully completed will be 63,206 tons/day.

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