

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 1H2024 Results

- Revenue from core WTE business increased y-o-y to RMB1.72 billion due to capacity expansion in steam output from the existing power plants and higher electricity supplied following technical transformation and optimization of the power plant management
- In line with revenue growth, gross profit of the WTE business expanded by 3.9% y-o-y to RMB550 million with gross margin rising 1.10 pts y-o-y to 32.0%
- The Group has completed the disposal of its India business

Financial Highlights (RMB' million)	1H2024	1H2023	Δ (%)
Total revenue	1,753.2	1,936.9	(9.5)
▪ Waste-to-Energy business [^]	1,722.4	1,716.8	0.3
▪ Waste-to-Energy: BOT construction and Financial income	24.8	213.3	(88.4)
▪ Others [*]	6.0	6.8	(12.3)
Gross profit	576.7	584.5	(1.3)
Among: Gross profit from WTE business	551.3	530.6	3.9
Gross profit margin	32.9%	30.2%	2.7pts
Profit before tax [∨]	302.5	365.0	(17.1)
Net profit attributable to equity holders [∨]	206.9	266.3	(22.3)
Profit before tax (Excluding the loss associated with the foreign currency translation differences from the disposal of the India business)	347.5	365.0	(4.8)
Net profit attributable to equity holders (Excluding the loss associated with the foreign currency translation differences from the disposal of the India business)	251.9	266.3	(5.4)
Basic and diluted EPS (RMB cents)	14.23	18.32	(22.3)

[^]Sales of electricity, sales of steam, and waste treatment

^{*} Project technical and management service, equipment selection and sale, and EMC business

pts = percentage points

[∨]Profit before tax/Net profit attributable to equity holders

Profit before tax/Net profit attributable to equity holders have deducted the loss of RMB44.96 million associated with the foreign currency translation differences from the disposal of the India business, which were reclassified from other reserves to the profit and loss of the current period in accordance with the relevant accounting standards. The reclassification did not affect the shareholders' equity nor the total comprehensive income for the period.

SINGAPORE, 14 August 2024 – 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**”), a leading Waste-to-Energy (“**WTE**”) operator in the People’s Republic of China (“**PRC**” or “**China**”), has announced its unaudited results for the six months ended 30 June 2024 (“**1H2024**”).

Results Overview

Revenue from its core WTE business recorded a marginal 0.3% year-on-year (“**y-o-y**”) growth in revenue to RMB1.72 billion and gross profit improved by 3.9% y-o-y to RMB550 million for 1H2024. This was mainly attributable to (i) the expansion of steam output from the existing power plants, and (ii) the higher electricity supply following technical transformation and optimization of the power plant management. Notably, the steam supply, electricity supply, and electricity generation volume grew by 18.2% y-o-y, 8.9% y-o-y, and 6.1% y-o-y respectively in 1H2024.

With the Group’s strategic shift towards constructing, expanding, and optimizing its Build-Own-Operate (“**BOO**”) WTE projects, no construction of WTE Build-Operate-Transfer (“**BOT**”) projects were carried out during 1H2024. As a result, revenue from the BOT segment, which was solely from finance income under service concession agreements in 1H2024, dropped from RMB213.3 million to RMB24.8 million. This decline contributed to a 9.5% y-o-y decrease in the Group’s total revenue, which fell to RMB1.8 billion for 1H2024.

During the reporting period, the Group continue to strengthen its core WTE business, which contributed over 95% of the Group’s total revenue and gross profit.

Zheneng Jinjiang Environment recorded gross profit of RMB576.7 million for 1H2024 with gross profit margin growing 2.7 pts y-o-y to 32.9%. The margin expansion aligned with revenue growth and was underpinned by ongoing operational optimization as well as a strategic focus on the steam supply business which typically features higher margins.

As of 30 June 2024, the Group had completed the disposal of its India business, recording a net loss of around RMB31.3 million on the disposal. The loss was primarily attributable to the cumulative currency translation differences amounting to approximately RMB44.96 million which were reclassified from other reserves to profit or loss. This was partially offset by a gain of around

RMB13.7 million from the disposal. The reclassification did not affect the shareholders' equity nor the total comprehensive income for the period.

As of 30 June 2024, the Group used a portfolio of foreign exchange options to hedge a US\$120 million loan in order to minimise the uncertainty of exchange gain or loss on the US-dollar denominated loan, and based on the market value of such options reported as at 30 June 2024, a loss of RMB9.3 million on change in fair value of derivative financial instruments was recognised. The fair value of derivative financial instruments will be remeasured upon settlement of the forward exchange contract (on 31 December 2024), and the gain or loss on the change in fair value of derivative financial instruments will be recognised at the end of the year based on the forward and spot rate.

Consequently, net profit attributable to equity holders of the Company decreased by 22.3% y-o-y to RMB206.9 million for the period under review. Excluding the loss of around RMB44.96 million associated with the foreign currency translation differences from the disposal of the India business mentioned above, which were reclassified from other reserves to the profit and loss of the current period in accordance with the relevant accounting standards, the Group's net profit attributable to equity holders of the Company decreased by 5.4% y-o-y.

Outlook

Despite domestic economic headwinds in the near term, the Chinese government continues to encourage more projects in the WTE industry to support more environmentally friendly projects under the "Carbon Neutrality and Carbon Peaking" policy which is currently being implemented. In addition, the government has introduced various supportive incentives for domestic corporations, including upgrades for large-scale equipment, replacement plans for consumer goods, and long-term government bonds. The Group is closely monitoring these initiatives, and is actively seeking to apply and secure corresponding government sponsorships.

In line with China's decarbonisation goals, Zheneng Jinjiang Environment is looking to improve its electricity and steam output, as well as increase its waste treatment capacity through multiple measures and initiatives. The Group continues to explore ways to digitalize its operations, including through the adoption of AI-based technologies, along with technical transformation work to enhance overall efficiency.

Additionally, the Group has a robust pipeline of five (5) projects under construction, and 16 more projects in the preparatory stage. Upon completion of these projects, Zheneng Jinjiang Environment will have a total waste treatment capacity of 60,605 tonnes per day and an installed capacity of 1,300 Megawatt (“**MW**”) in total.

Going forward, Zheneng Jinjiang Environment is also conducting studies to expand its capabilities within the WTE ecosystem to become a more diversified player capable of handling a wider array of waste resources including sludge, bottom ash, animal carcasses, fly ash, and more.

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

“We are encouraged by the positive operational results for 1H2024 following our early efforts to increase overall output. Going forward, the Group will continue to focus on improving the operational efficiency of our WTE facilities with ongoing efforts to strengthen the technological capabilities and efficient management processes.

We are also looking to transform our business and increase our capabilities to treat different types of waste and expand within the WTE value chain. This is consistent with our vision of building urban ecological complexes across China where residents can reap the environmental, social, and economic benefits from these integrated cities.”

– End –

IMPORTANT NOTICE

This press release should be read in conjunction with the financial statements announced on SGXNET on 14 August 2024. 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) (Stock code: BWM) 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 Indonesia, Germany and Singapore. As of 30 June 2024, it operates 27 WTE facilities, 3 kitchen waste treatment facilities and 8 waste resource recycling facilities in the PRC. It has an additional (i) 5 projects under construction and (ii) 16 projects in the preparatory stage within the PRC and overseas. The facilities in operation have a total installed waste treatment capacity of 44,405 tonnes/day and an installed capacity of 921MW. Upon completion of all the facilities, the estimated total installed waste treatment capacity will reach 60,605 tonnes/day with an installed capacity of 1,300 MW.

Issued for and on behalf of **Zheneng Jinjiang Environment Holding Company Limited**
By **Financial PR**

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