

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 1H2021 Results

- Achieved stable operational progress, with total revenue rising by 10.8% year-on-year (“y-o-y”) to RMB1,613.3 million
- Core revenue contribution from WTE Business increases 17.9% y-o-y
- Profit attributable to owners of the Company jumps 91.8% y-o-y to RMB193.9 million in 1H2021

Financial Highlights (RMB'million)	Group		
	1H2021	1H2020	Change (%)
Total Revenue	1,613.3	1,455.5	10.8
- Waste-to-Energy Business	1,342.7	1,139.0	17.9
- BOT Construction	158.1	201.9	(21.7)
- Project Technical & Management Service and Energy Management Contracting (“EMC”) business	112.5	114.6	(1.8)
PATMI	193.9	101.0	91.8
Basic earnings per share (“EPS”) (RMB cents) ^a	13.33	6.95	91.8
Net asset value (“NAV”) per share (RMB cents) ^b	432.78 (as at 30 June 2021)	419.73 (as at 31 December 2020)	3.1

a) EPS for the six months ended 30 June 2021 and 30 June 2020 were computed based on the weighted average number of Shares for the period.

b) NAV per Share as at 30 June 2021 and 31 December 2020 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 2021 and 31 December 2020 were 1,454,024,700.

SINGAPORE, 13 August 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 six months ended 30 June 2021 (“**1H2021**”).

China's economy has continued to recover steadily from the COVID-19 pandemic. China's gross domestic product has increased by 12.7% y-o-y in the first half of 2021 and the economic development has shown a steady improvement. However, the global pandemic continues to evolve, and there are many external uncertainties. The domestic economy is recovering unevenly, and the foundation for stable recovery and development still needs to be consolidated.

The Chinese government's policy to encourage development of the WTE industry and entire environmental protection industry remains stable. During the 75th United Nations General Assembly, China announced that it will increase its national independent contributions by adopting more effective policies and measures, targeting peak carbon dioxide emissions by 2030, and to achieve carbon neutrality by 2060. In accordance with the 14th Five-Year Plan of the PRC which entered its first year in 2021, ecological and environmental protection remains a vital part of the plan and longer-term development, which brings new opportunities and challenges for the waste incineration generation industry.

The Group's revenue increased 10.8% to RMB1,613.3 million in 1H2021, from RMB1,455.5 million in 1H2020. The Group's gross profit increased 4.2% to RMB500.4 million in 1H2021, while the profit for the period recorded a total of RMB202.03 million and the profit attributable to owners of the Company jumped 91.8% to RMB193.9 million in 1H2021. Earnings per share was approximately RMB13.33 cents, up 91.8% from RMB6.95 cents in the same period last year.

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

In 1H2021, revenue from the Group's WTE business increased 17.9% from RMB1,139.0 million in 1H2020 to RMB1,342.7 million in 1H2021. This constitutes 83.2% of the Group's 1H2021 revenue.

Besides the commencement of operations of the New Kunming Wuhua WTE Facility in Yunnan Province and Tangshan Jiasheng WTE Facility in Hebei Province, the increase in revenue was also contributed by an increase in contribution per waste treatment unit and increase in waste treatment capacity after the optimisation of power plant management and upgrading of the WTE facilities, an increase in sales of steam due to demand from new customers, and increase in the amount of steam supplied and the volume of waste treated resulting from the full resumption of operation and production in most areas (except for Suihua and certain other areas) which are no longer materially affected by the COVID-19 pandemic situation. In addition, the significant reduction in coal consumption of the WTE generating units after the optimisation of power plant management has increased the Group's gross profit.

BOT construction

Revenue from the Group's BOT construction services provided under concession agreements ("**BOT Construction**") decreased by 21.7% from RMB201.9 million in 1H2020 to RMB158.1 million in 1H2021, representing 9.8% of its 1H2021 revenue.

The decrease was primarily due to a decrease in revenue from the provision of construction services under BOT concession agreements, mainly attributable to the New Kunming Wuhua WTE Facility in Yunnan Province which had commenced operations in May 2020. In 1H2021, BOT revenue was recorded for the Linzhou Jiasheng WTE Facility in Henan Province and first phase of the Zhongwei Project (BOT) in Ningxia Hui Autonomous Region.

Project technical and management services and EMC business

Revenue from the Group's project technical and management services and EMC business decreased 1.8% to RMB112.5 million in 1H2021. This is due to the reduction in profit-sharing ratio in the later stages of most of the EMC contracts of the Group's subsidiary Hangzhou Kesheng Energy Technology Co., Ltd, offset by an increase in revenue generated from the technical services and procurement services provided by the Group's subsidiary Hangzhou Zhenghui Construction Engineering Co., Ltd.

Composed response to external challenges, with steady progress in various businesses

In the first half of 2021, some areas where certain of the Group's WTE facilities are located suffered from natural disasters such as small-scale outbreaks of COVID-19, earthquakes, tornadoes, and floods. Leveraging on the Group's emphasis on safety management and emergency response, the disruptions caused by such disasters were minimised, and operations and project construction were not significantly affected.

The Group's project construction continued to proceed in an orderly manner. In the first half of 2021, the Leting Jinhuan New Energy WTE Facility (BOO) in Tangshan, Hebei Province and the Shijiazhuang Wuji Resource Recycling Project (BOO) in Hebei Province were put into trial operation. The one boiler and one turbine of Lianyungang Sunrise WTE Facility Expansion Project (BOO) in Jiangsu Province and one boiler of Wuhu Jinjiang WTE Facility Reconstruction Project (BOO) in Anhui Province were put into operation in July 2021 and August 2021.

In addition, the two boilers and two turbines of Shijiazhuang Jiasheng WTE Facility (BOO) in Hebei Province, Baishan Green Energy WTE Facility (BOO) in Jilin Province, the first phase of Zhongwei Green Energy WTE Facility (BOT) in Ningxia Hui Autonomous Region, the expansion project of Hohhot New Energy WTE Facility (BOO) in Inner Mongolia, Shijiazhuang Jinhuan Resource Recycling Project (BOO) in Hebei Province and Songyuan Xinxiang Resource Recycling Project (BOO) in Jilin Province which are currently under construction are expected to put into operation by the end of 2021. The Group's total waste treatment capacity will increase by 3,450 tons/day and 116MW installed capacity upon completion of the aforesaid projects.

The Group also obtained approval to undertake a reconstruction project for its Tianjin Sunrise WTE Facility, as part of its efforts to continuously upgrade the technology of its existing WTE facilities to meet increasing demand for domestic waste treatment.

As at 30 June 2021, the Group has 23 WTE facilities, one organic waste treatment facility and seven waste recycling facilities in operation in the PRC, with a total installed waste treatment capacity of 38,560 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 63,251 tons/day upon the completion of these projects.

Garnering society-wide recognition on our path towards developing distinctive characteristic

The Group's operating companies have actively secured subsidies in accordance with national policies in 1H2021. In February 2021, the expansion of Yinchuan Zhongke WTE Facility in Ningxia Hui Autonomous Region was included in the National Renewable Energy Subsidy List. Qitaihe Green Energy WTE Facility and Suihua Green Energy WTE Facility in Heilongjiang Province were also included in the same list in May 2021. Four of the Group's newly commissioned WTE facilities (including expansion and reconstruction projects) are also in the process of applying for such subsidy.

In addition, the Group continues to be recognised by the Chinese government for its promotion of environmental protection education and technological innovation. In January 2021, the Yunnan Green Energy WTE Facility in Kunming City, Yunnan Province, successfully passed the certification of the World Bank's Global Environment Fund (GEF). The project effectively demonstrated the application of technology and management models in WTE enterprises, such as advanced automation, digitalisation, and artificial intelligence (AI), to enhance the sustainable development capabilities of WTE facilities. In March 2021, the Zibo Green Energy WTE Facility in Zibo City, Shandong Province was awarded the "Outstanding WTE Facility Open to Public" in the first "Polaris Cup 2020 Awards" for the WTE industry. In July 2021, Zheneng Jinjiang Environment continued to be ranked among the Top 50 Environmental Enterprises in China.

Zheneng Jinjiang Environment is committed to establishing an integrated ecological system, transform from an operational model focused on municipal solid waste to the integrated processing of all urban wastes such as sludge and kitchen waste, actively pursue high-quality projects and realize the development of Group's competitive strengths. In June 2021, Linzhou Jiasheng New Energy Co., Ltd., a subsidiary of the Group, won the bid for a concession project for the resource utilization of kitchen waste in Linzhou City, Henan Province which will add an additional 45 tons/day of waste treatment capacity to the Group upon completion. In addition, the Wenling Jinhuan Kitchen Waste Treatment Facility in Zhejiang Province was put into operation in 2020 and added an additional 220 tons/day to the Group's waste treatment capacity. In the same year, the Group acquired Zhongwei Kitchen Waste Project in Ningxia Hui Autonomous Region, Wuchang Kitchen Waste Project in Hubei Province and Songyuan Kitchen Waste Project in Jilin Province which will add an additional 750 tons/day waste treatment capacity to the Group upon

completion. This will effectively utilise the advantages of collaborative processing and explore the extension of the industry chain.

Exploring issuance of asset-backed securities to strengthen the Group's financial position

In June 2021, the Group had repaid the remaining outstanding amount of US\$140 million under the 3-year syndicated term loan facility of US\$200 million and RMB100 million, which is partially funded by the working capital loan of RMB540 million drawn down from the credit line of 900 million obtained from Zhejiang Provincial Energy Group Finance Co., Ltd..

The Group will continue to actively seek the support of the Group's largest controlling shareholder Zhejiang Provincial Energy Group Co., Ltd, a state-owned provincial energy enterprise with great financial strength and good credit standing that can enhance the stability of the Group's capital structure. This will help to improve the Group's financing channels and reduce financing costs in relation to the Group's future fund-raising plans, and strengthen the working capital position of the Group.

The management is also actively pursuing various proposals including but not limited to, issuing asset-backed securities to qualified investors in the PRC and introduction of strategic investors at the company project level.

The Group will continue to prudently monitor its cashflow to meet its operational needs as well as to service its debt obligations as and when they fall due.

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

"China has entered the new development period of the 14th Five-Year Plan. 'Peaking Carbon Dioxide Emissions' and 'Achieving Carbon Neutrality' targets are guiding China's economic and social development towards green transformation. With the upgrade in capabilities of our core WTE business, the Group continued to deliver a resilient financial performance for 1H2021. Zheneng Jinjiang Environment is in the circular economy industry, and we are committed to uphold the strategy of "Clear water and green mountains are as valuable as gold and silver". We will continue to strengthen technological innovation and lean management, as well as optimise storage resources and increase capacity with artificial intelligence, to promote the Group's

environmental, high-quality and sustainable development. Moving forward, Zheneng Jinjiang Environment will plan for the normalised prevention and control of the pandemic and the Group's sustainable development. Based on the five development concepts of compliance, innovation, scaling up, synergy and circularity, the Group will focus on operational improvements, digital reformation and market development and strive to become an excellent guardian of the environment.”

– End –

IMPORTANT NOTICE

This press release should be read in conjunction with the financial statements announced on SGXNET on 13 August 2021. 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, Brazil, Singapore, Indonesia and Germany. As at 30 June 2021, it operates 23 WTE facilities, 1 organic waste treatment facility and 7 resource recycling facilities in the PRC. It has an additional (i) 10 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 38,560 tons/day. The estimated total installed waste treatment capacity of all the facilities, when fully completed and acquired, will be 63,251 tons/day.

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