

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 3Q2021 and 9M2021 Results

- 9M2021 revenue rises 8.7% year-on-year (“y-o-y”) to RMB 2,403.3 million.
- Core revenue contribution from WTE Business increases 16.6 % y-o-y.
- Profit attributable to owners of the Company increases 31.2% y-o-y to RMB259.3 million in 9M2021.

Financial Highlights (RMB'million)	Group					
	3Q2021	3Q2020	Change (%)	9M2021	9M2020	Change (%)
Total Revenue	790.1	755.3	4.6	2,403.3	2,210.8	8.7
- Waste-to-Energy Business	747.4	654.1	14.3	2,090.0	1,793.0	16.6
- BOT Construction	36.5	64.9	(43.8)	194.6	266.9	(27.1)
- Project Technical & Management Service, Equipment Selection and Sale and Energy Management Contracting (“EMC”) business	6.2	36.3	(82.9)	118.7	150.9	(21.3)
PATMI	65.5	96.6	(32.2)	259.3	197.6	31.2
Basic earnings per share (“EPS”) (RMB cents) ^a	4.50	6.64	(32.2)	17.83	13.59	31.2
Net asset value (“NAV”) per share (RMB cents) ^b	N.A	N.A	N.A	438.08 (as at 30 September 2021)	419.73 (as at 31 December 2020)	4.37

a) EPS for the third quarter and nine months ended 30 September 2021 and 30 September 2020 were computed based on the weighted average number of Shares for the period.

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

SINGAPORE, 1 November 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 third quarter (“**3Q2021**”) and nine months ended 30 September 2021 (“**9M2021**”).

In the first three quarters of 2021, in the face of complex and challenging domestic and foreign environments, the Chinese government coordinated scientific pandemic control and economic development strategies, which effectively responded to multiple threats such as the COVID-19 pandemic and floods, leading the national economy to continued recovery and development. Overall, the national economy in the first three quarters has been on a recovery trend, with steady progress in structural changes, promoting high-quality development for growth. The nominal gross domestic product (“**GDP**”) of the PRC has increased 9.8% in 9M2021 year-on-year, and the long-term economic fundamentals of China continue to be positive with resilient growth, as well as great potential and room for significant economic rebound. However, with the uncertainties in the international landscape, and domestic economic recovery being unstable and uneven, it is still necessary to continue promoting a stable economic recovery.

The Group’s growth remains supported by the Chinese government’s stable policy to encourage development of the WTE industry and entire environmental protection industry. In July 2021, the National Development and Reform Commission (“**NDRC**”) issued the "14th Five-Year Plan for Circular Economy Development", which focuses on the overall improvement of resource utilization efficiency and the development of the circular economy. In August 2021, the NDRC had issued the "Notice on Printing and Distributing the Construction Work Plan for Biomass Power Generation Projects in 2021" (Fagai Energy [2021] No. 1190), further clarifying that the central government’s share of the biomass power generation subsidies will be adjusted year on year and reduced in an orderly manner, while the subsidies for competitive allocation will be increased year-on-year.

The Group’s revenue increased 8.7% to RMB2,403.3 million in 9M2021, from RMB2,210.8 million in 9M2020. The Group’s gross profit decreased slightly by 4.0% to RMB732.2 million in 9M2021, while the profit for the period recorded increased from RMB209.6 million in 9M2020 to RMB270.2

million in 9M2021. The profit attributable to owners of the Company increased 31.2% to RMB259.3 million. Earnings per share was approximately RMB17.83 cents, up 31.2% from RMB13.59 cents in the same period last year.

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

In 9M2021, revenue from the Group’s WTE business increased 16.6% from RMB1,793.0 million in 9M2020 to RMB2,090.0 million in 9M2021. This constitutes 87.0% of the Group’s 9M2021 revenue.

The increase in revenue was mainly due to commencement of operations of the Tangshan Jiasheng WTE Facility in Hebei Province and the New Kunming Wuhua WTE Facility in Yunnan Province (“**Kunming Wuhua Reconstruction Project**”) which led to steady increase of waste treatment capacity and power generation. In addition, there was also 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. 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, and recovery from the COVID-19 leading to an increase in customers’ demand and an increase in steam supplied by the Zhengzhou Xingjin WTE Facility in Henan Province and Zhuji Bafang WTE Facility in Zhejiang Province, also contributed positively to the increase in revenue for 9M2021.

BOT construction

Revenue from the Group’s BOT construction services provided under concession agreements (“**BOT Construction**”) decreased 27.1% from RMB266.9 million in 9M2020 to RMB194.7 million in 9M2021, representing 8.1% of its 9M2021 revenue.

In 9M2021, BOT revenue was recorded for first phase of the Zhongwei WTE Project in Ningxia Hui Autonomous Region and the Linzhou Jiasheng WTE Facility in Henan Province. The BOT revenue recorded in 9M2020 was largely in respect of the Kunming Wuhua Reconstruction Project which had commenced operations in May 2020. The BOT revenue in 9M2021, based on the construction progress of the aforesaid two projects, is lower than in 9M2020.

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

Revenue from the Group's project technical and management services and EMC business decreased 21.3% to RMB118.7 million in 9M2021. 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 our subsidiary Hangzhou Zhenghui Construction Engineering Co., Ltd.

Weathered through external challenges steadily, progressing on track in various businesses

In 3Q2021, heavy rain in several places caused severe flooding, especially in Hebei Province where the Tangshan Jiasheng WTE Facility is located and in Henan Province where the Zhengzhou Xingjin WTE Facility and Linzhou Jiasheng WTE Facility are located. This resulted in temporary interruption in the supply of power and water to the Zhengzhou Xingjin WTE Facility, which managed to resume operations after 36 hours following round-the-clock repair works. Typhoon In-fa also made landfall in Zhejiang Province and the Group's three WTE facilities in Zhejiang Province were impacted. The Group took rigorous efforts to mitigate the impact of such unexpected natural disasters on the operations of the aforesaid WTE facilities to ensure the effective treatment of domestic waste in the city.

At the same time, the Group's project construction is proceeding on schedule in an orderly manner. The fourth boiler of Wuhu Jinjiang WTE Facility Reconstruction Project (BOO) in Anhui Province and one boiler and one turbine of Lianyungang Sunrise WTE Facility Expansion Project (BOO) in Jiangsu Province were put into operation in 3Q2021, adding an additional 750 tons/day in operational waste treatment capacity.

In addition, two boilers and two turbines of Shijiazhuang Jiasheng WTE Facility (BOO) in Hebei Province, the Baishan Green Energy WTE Facility (BOO) in Jilin Province, the first phase of Zhongwei WTE Project (BOT) in Ningxia Hui Autonomous Region, the expansion project of Hohhot New Energy WTE Facility (BOO) in Inner Mongolia, the Shijiazhuang Jinhuan Resource

Recycling Project (BOO) in Hebei Province and the Songyuan Xinxiang Resource Recycling Project in Jilin Province which are currently under construction are expected to be put into operation by end 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 fifth boiler of Wuhu Jinjiang WTE Facility Reconstruction Project (BOO) in Anhui Province and Yunnan Green Energy WTE Facility Expansion Project (BOT) are still under construction according to the established construction plan and are expected to successively be put into operation in 2022.

As at 30 September 2021, the Group has 14 WTE projects, 4 kitchen waste projects and 1 Resource Recycling project under preparation in China, which are undertaking preparatory works for construction on schedule.

Solid performance of corporate responsibility and widely recognized by the community

The Group's operating companies have actively secured subsidies in accordance with national policies in 3Q2021. In particular, the second phase of Wenling Green Energy WTE Facility in Zhejiang Province was included in the National Renewable Energy Subsidy Listing in September 2021, and four of the Group's newly commissioned WTE facilities (including expansion and reconstruction project) are in the process of applying for such subsidy.

In addition, Zheneng Jinjiang Environment continued to be awarded the "2021 Global Top 500 New Energy Companies¹" and "2021 China Top 50 Environmental Companies²" in 3Q2021. The Group will fulfill its corporate social responsibilities as an environmental protection enterprise against the backdrop of our commitment to do a good job in "carbon peaking and carbon neutrality", and contribute further to the construction of a beautiful China.

Despite the COVID-19 pandemic overseas, the Group's waste collection and transportation work in India is still operating as usual, while adhering strictly to pandemic prevention and control rules and regulations. Besides the daily waste collection and transportation, special vehicles are also arranged to transport medical and domestic waste generated in high-risk areas such as isolation points and hospitals, with collected waste classified and processed according to the risk level. In

¹ By China Energy News and the China Energy Economic Research Institute

² By China Environment Chamber of Commerce of the All-China Federation of Industry and Commerce

September 2021, Ecogreen Energy, the Group's subsidiary in India, was awarded the "Beautiful City" award by the government of Haryana State of India for its contributions to the city cleaning campaign, especially during the pandemic period.

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

On 20 October 2021, Zheneng Jinjiang Environment also announced that its wholly-owned subsidiary Hangzhou Jinhuan Investment Co., Ltd. ("**Hangzhou Jinhuan**"), intends to establish an asset-backed securities ("**ABS**") scheme in the PRC, with an aggregate principal amount up to RMB1,000,000,000 ("**Proposed ABS Issuance**"). The ABS are expected to comprise: (a) a senior ABS tranche of up to RMB950,000,000 which will be subscribed for by qualified investors in the PRC and will be listed and traded on the Shenzhen Stock Exchange ("**SZSE**"); and (b) a subordinated ABS tranche of up to RMB50,000,000 which will be subscribed for by Hangzhou Jinhuan. The Scheme is the Group's first asset securitisation project in the PRC. The Company has submitted an application to the SZSE for the proposed issuance of the ABS. The application has been accepted by, and is currently under the review of the SZSE.

The Company plans to use the proceeds from the Proposed ABS Issuance for the repayment of borrowings and other debt obligations, working capital and construction and expansion of new projects.

The Group will also continue to actively seek an even greater degree of support from 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.

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

"In 3Q2021, the Group has continued to show resilient growth in our financial performance. Looking ahead, the Group's growth will continue to be supported by the favourable policies by the Chinese government which encourages the development of the WTE industry. As we are in the field of new energy and circular economy industry, we will continue to strengthen our operational

capabilities through the upgrading our core WTE business, as well as optimising technological innovation and artificial intelligence, to promote the Group's environmental, high-quality and sustainable development. In addition, we will also strive to strengthen the capital position of the Group through diversifying the financing channels such as the issuance of the ABS. Moving forward, the Group will tap on the synergies of the circular economy industry and remains committed to the corporate mission of 'making the city more beautiful and making the environment more natural', as we strive to be an outstanding environmental guardian with the strategy of 'clear water and green mountains are as valuable as gold and silver'."

– End –

IMPORTANT NOTICE

This press release should be read in conjunction with the financial statements announced on SGXNET on 1 November 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 September 2021, it operates 23 WTE facilities, 1 organic waste treatment facility and 7 resource recycling facilities in the PRC. It has an additional 9 projects under construction and 23 projects in the preparatory stage within the PRC and overseas. The facilities in operation have a total installed waste treatment capacity of 39,310 tons/day. The estimated total installed waste treatment capacity of all the facilities, when fully completed and acquired, will be 63,251 tons/day.

ISSUED FOR AND ON BEHALF OF	:	Zheneng Jinjiang Environment Holding Company Limited
BY	:	Citigate Dewe Rogerson Singapore Pte Ltd 105 Cecil Street #09-01 The Octagon Singapore 069534
CONTACT	:	Ms Chia Hui Kheng / Ms Samantha Lee at +65 6534 5122
EMAIL	:	zhenengjinjiang@citigatedewerogerson.com
