

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 1Q2022 Results

- 1Q2022 revenue rises 15.8% year-on-year (“y-o-y”) to RMB867.8 million.
- Revenue contribution from WTE Business increases 13.7% y-o-y while revenue of BOT Construction increases 38.6% y-o-y.
- Profit attributable to owners of the Company increases 36.9% y-o-y to RMB105.5 million in 1Q2022.

Financial Highlights (RMB'million)	Group		
	1Q2022	1Q2021	Change (%)
Total Revenue	867.8	749.1	15.8
- Waste-to-Energy Business	708.1	622.6	13.7
- BOT Construction	154.0	111.1	38.6
- Project Technical & Management Service, Equipment Selection and Sale and Energy Management Contracting (“EMC”) business	5.7	15.4	(63.0)
PATMI	105.5	77.0	36.9
Basic earnings per share (“EPS”) (RMB cents) ^a	7.25	5.30	36.9
Net asset value (“NAV”) per share (RMB cents) ^b	457.4 (as at 31 March 2022)	450.1 (as at 31 December 2021)	1.6

a) EPS for the first quarter ended 31 March 2022 and 31 March 2021 were computed based on the weighted average number of Shares for the period.

b) The net asset value per share as at 31 March 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 31 March 2022 and 31 December 2021 was 1,454,024,700.

SINGAPORE, 11 May 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 first quarter ended 31 March 2022 (“**1Q2022**”).

In 1Q2022, China’s momentum of recovery and development continued despite a more complex and severe international environment and frequent domestic outbreaks of COVID-19 in China. China’s nominal gross domestic product increased by 4.8% y-o-y as long-term economic fundamentals continue to be positive. However, as economic development remains challenging in the face of increasing uncertainties both domestically and internationally, China continues to place greater emphasis on stability and ensuring that economic activity remains at a reasonable level.

The Group’s growth remains supported by the Chinese government’s stable policy to increase its focus on green energy and encourage development of the WTE industry. During the 75th Session of the United Nations General Assembly, China commented that it will increase its national independent contributions by adopting more effective policies and measures, strive to reach the carbon dioxide emissions peak by 2030 and achieve carbon neutrality by 2060.

2022 is a key year for the implementation of China’s “14th Five-year Plan”. The 2022 National Ecological Environmental Protection Work Conference proposed that ecological environmental protection will primarily focus on the orderly promotion of green and low-carbon development, through coordinated efforts to reduce pollution and carbon emissions.

In March 2022, the National Development and Reform Commission and the National Energy Administration issued the Modern Energy System Plan within “14th Five-Year Plan” to promote the construction of a modern energy system. This plan proposes to develop other renewable energy sources according to local conditions, promote diversified utilization of biomass energy, steadily develop urban waste incineration power generation, amongst others.

The Group's 1Q2022 revenue increased 15.8% y-o-y from RMB749.1 million in the previous corresponding period ("1Q2021") to RMB867.8 million in 1Q2022. The Group's gross profit increased 4.1% to RMB244.7 million in 1Q2022, while profit for the period increased from RMB80.4 million in 1Q2021 to RMB108.2 million in 1Q2022. Profit attributable to owners of the Company increased 36.9% to RMB105.5 million. Earnings per share was approximately RMB7.25 cents in 1Q2022, up 36.9% from 1Q2021.

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

In 1Q2022, revenue from the Group's WTE business increased 13.7% from RMB622.6 million in 1Q2021 to RMB708.1 million in 1Q2022, constituting 81.6% of the Group's 1Q2022 revenue. The gross profit of our WTE business (excluding gross profit from construction services provided under BOT concession agreements) increased by RMB10.3 million or 5.1% from RMB201.5 million in 1Q2021 to RMB211.8 million in 1Q2022.

The increase in the revenue from the Group's WTE business was mainly attributable to (i) waste treated (including waste collection and transportation operations in India) increasing by 2.7% and excluding waste collection and transportation operations in India, waste treated increasing by 0.8% in 1Q2022 as compared to 1Q2021, 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 RMB28.8 million, and (ii) 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 1Q2022 as compared to 1Q2021, which resulted the increase in sales of steam by a total of RMB50.6 million.

Construction services provided under BOT concession agreements

In 1Q2022, revenue from the construction services provided under BOT concession agreements increased 38.6% from RMB111.1 million in 1Q2021 to RMB154.0 million in 1Q2022, constituting 17.7% of the Group's 1Q2022 revenue. Gross profit from construction services provided under BOT concession agreements (including financial income) increased 22.3% or RMB5.5 million

from RMB24.7 million in 1Q2021 to RMB30.2 million in 1Q2022. The gross profit from the construction services provided under BOT concession agreements increased RMB5.9 million in 1Q2022 as compared to 1Q2021 and the gross profit from financial income under service concession agreements decreased by RMB0.4 million. Due to the decrease in financial income, the gross profit margin including financial income decreased from 22.3% in 1Q2021 to 19.6% in 1Q2022. In 1Q2022, BOT revenue was recorded for the 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 1Q2022, based on the construction investment amount and progress of the aforesaid projects, was higher than in 1Q2021.

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

In 1Q2022, revenue from project technical and management services, equipment selection and sale and EMC business decreased 63% from RMB15.4 million in 1Q2021 to RMB5.7 million in 1Q2022. The gross profit from project technical and management services, equipment selection and sale and EMC business decreased 69.5% or RMB6.2 million from RMB8.9 million in 1Q2021 to RMB2.7 million in 1Q2022. Gross profit margin decreased from 57.8% to 47.7% 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.

Steady operational progress with strong resilience

The Group's operating companies have maintained normal operations and its project construction has proceeded on schedule in an orderly manner in 1Q2022.

The first phase of Jinghong Jiasheng WTE Facility in Xishuangbanna Dai Autonomous Prefecture, Yunnan Province (BOT) officially started construction in 1Q2022. As of 31 March 2022, the Group has four WTE projects and one Resource Recycling project under construction in China, which is expected to bring the Group's total waste treatment capacity up by 3,850 tonnes/day and 125MW installed capacity upon the successive commencement of operations of these projects which is expected in 2022 and 2023.

The Group successfully secured the Baoding Jinhuan WTE Project in Baoding City, Hebei Province in the first quarter of 2022, with a daily waste treatment capacity of 1,200 tonnes. This will jointly contribute to the “harmless, reduction and recycling” of local waste treatment together with the Gaobeidian Resource Recycling Project upon completion. As of 31 March 2022, the Group has 15 WTE projects, 4 kitchen waste projects and 1 Resource Recycling project under preparation in China, which are undertaking preparatory works for construction on schedule.

In addition, the Group actively promotes the development of overseas projects with a view towards achieving sustainable and long-term growth of its business. In 1Q2022, the Group signed a supplementary agreement to the concession agreement with the government of Palembang, Indonesia. The waste treatment fee has been increased from about US\$22/tonne to about US\$28/tonne, which will be further increased yearly from its second year of operations after the project is put into operation, laying a solid foundation for the subsequent development of the Palembang Project in Indonesia.

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 40,410 tonnes/day. Taking into consideration all projects in operation, under construction, and in the planning phase both domestically and internationally, the Group’s total installed waste treatment capacity is expected to reach 63,020 tonnes/day upon the completion of all projects.

Update on the Group’s Operations in relation to the COVID-19 Situation

In 1Q2022, the Group swiftly implemented prevention and control measures to deal with the series of localised COVID-19 outbreaks in China which affected several provinces including in the provinces and cities where the Group’s headquarters and certain of its WTE facilities, such as the Jilin Xinxiang WTE Facility, Linyungang Sunrise WTE Facility and Tangshan Jiasheng WTE Facility are located. As of 31 March 2022, the Group’s domestic facilities have maintained normal and stable operations and can process and dispose local waste in a timely manner, and the disposal standards have been achieved.

The Group's waste collection and transportation work in India has also been operating as usual, while adhering strictly to pandemic prevention and control rules and regulations.

Looking ahead, the Group will continue to closely monitor the COVID-19 situation and will take the necessary preventive and control measures in strict accordance with the requirements of the local governments.

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

“While the macroeconomic environment has entered a period of slower growth, I am heartened to announce a resilient and commendable set of financials for 1Q2022. Moving forward, the WTE industry will continue to benefit from a favourable market environment and policy support which encourage carbon peaking, carbon neutrality, building a circular economy, and promoting efficient energy utilisation. As a key player in the WTE space, Zheneng Jinjiang Environment stands to gain from these secular trends as we continue to fulfil our mission of ‘Beautifying the Cities and Making the Environment more Natural’. We will also continue to focus on technological innovation and digital empowerment to improve our operations, such as incorporating artificial intelligence to optimize the incineration technology, to fully leverage the advantages of synergistic circulation and entrench our position in this field.”

– End –

IMPORTANT NOTICE

This press release should be read in conjunction with the financial statements announced on SGXNET on 11 May 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 31 March 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) 6 projects under construction and (ii) 22 projects in the preparatory stage within the PRC and overseas. The facilities in operation have a total installed waste treatment capacity of 40,410 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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