

**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 1H2020 Results**

- Core revenue contribution from WTE Business increases 7.2% y-o-y, with steady operational progress despite COVID-19 in 1H2020

Financial Highlights (RMB'million)	Group		
	1H2020	1H2019	Change (%)
<b>Total Revenue</b>	1,455.5	1,633.0	(10.9)
- Waste-to-Energy Business	1,139.0	1,062.4	7.2
- BOT Construction	201.9	484.4	(58.3)
- Project Technical & Management Service and EMC business	114.6	86.3	32.8
<b>PATMI</b>	101.0	253.8	(60.2)
<b>Basic earnings per share ("EPS") (RMB cents) <sup>a</sup></b>	6.95	17.59	(60.5)
<b>Net asset value ("NAV") per share (RMB cents) <sup>b</sup></b>	397.2 (as at 30 June 2020)	391.1 (as at 31 December 2019)	1.5

a) EPS for the six months ended 30 June 2020 and 30 June 2019 were computed based on the weighted average number of Shares for the period.

b) NAV per Share as at 30 June 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 30 June 2020 and 31 December 2019 were 1,454,024,700 and 1,454,024,700 respectively.

**SINGAPORE, 11 August 2020 – 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 2020 (“**1H2020**”).

The COVID-19 pandemic severely impacted the global economy, including China which saw a 1.6% decline in its Gross Domestic Product (“**GDP**”) year-on-year (“**y-o-y**”) in the first half of 2020. But the Chinese economy has shown resilience and a trend of steady recovery, supported by an uptick in GDP for the second quarter of 2020 from negative to 3.2% growth y-o-y.

Amidst the challenging and evolving market conditions, the Group’s revenue decreased by 10.9% to RMB1,455.5 million in 1H2020, from RMB1,633.0 million in the previous corresponding period (“**1H2019**”). The Group’s gross profit remained relatively stable at RMB480.3 million while profit attributable to owners of the Company stood at RMB101.0 million in 1H2020. Earnings per share was approximately RMB 6.95 cents.

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

In 1H2020, the Group’s WTE business revenue increased by 7.2% y-o-y, from RMB1,062.4 million in 1H2019 to RMB1,139.0 million in 1H2020. This constitutes 78.3% of the Group’s 1H2020 revenue.

This is attributed to the commencement of operations for the Tangshan Jiasheng WTE Facility and the New Kunming Wuhua WTE Facility in June 2019 and May 2020 respectively. In addition, the Group had substantially completed the expansion and upgrading of seven out of its eight WTE facilities (“**Upgrading Project**”), as well as the expansion of Wenling Green Energy WTE Facility by the end of 2019. This markedly increased the waste treatment capacity and boiler operation efficiency. The Group’s on-grid electricity supplied and waste treated (including waste collection and transportation operations in India) reached 1.04 billion kWh and 5.05 million tonnes in 1H2020, with a y-o-y increase of 12.2% and 8.3% respectively. The revenue increase was partially offset by a decrease in sales of steam and electricity due to a reduction in customers purchasing steam and electricity generated by the Zhuji Bafang WTE Facility, as a result of the COVID-19 pandemic.

## **BOT construction**

Revenue from the Group's BOT construction services provided under concession agreements ("**BOT Construction**") decreased by 58.3% to RMB201.9 million in 1H2020, representing 13.9% of its 1H2020 revenue.

In 1H2020, BOT revenue was mainly attributable to the Kunming Wuhua construction project and the Linzhou Jiasheng WTE Facility. The New Kunming Wuhua WTE Facility commenced operations in 1H2020 but the progress of its construction was impacted by the pandemic situation. Thus, the amount of work was reduced as compared to 1H2019 where BOT revenue was recorded for the Kunming Wuhua construction project and the expansion of the Wenling Green Energy WTE Facility.

## **Project technical and management services and EMC business**

In 1H2020, revenue for the Group's project technical and management services and EMC business increased 32.8% to RMB 114.6 million. This is primarily due to an increase in the provision of project technical and procurement services by the Group. The revenue arising from the profit sharing in 1H2020 from the later stages of the EMC contracts for Hangzhou Kesheng Energy Technology Co., Ltd remained stable as compared to 1H2019.

**Seizing both internal and external opportunities, to steadily progress  
in an orderly manner in spite of pandemic**

The Group continues to operate in a stable regulatory environment supported by the favourable Chinese policies which encourages the development of the WTE industry. In accordance to the 13th Five-Year Plan of the PRC which enters into its final year in 2020, the Chinese government continues to make clean energy projects a priority, setting high standards and targets for the treatment of municipal solid waste and harmless waste treatment across different cities and municipalities, to advance the transformation and optimisation of the industry.

Despite the pandemic, the Group's WTE and other facilities in the PRC and overseas remained operational throughout 1H2020. The crucial role and continued operation of the Group's WTE facilities gained recognition from the local government authorities. In particular, its two WTE facilities located in Wuhan had received a letter of appreciation from the government which commended the Wuhan WTE facilities for their all-round excellence in the prevention and control work and continued operation in a safe, environmentally friendly and efficient manner during the pandemic period.

As disclosed in the Annual Report for the financial year ended 31 December 2019, the Group has completed the upgrading works for the seven out of eight WTE facilities for the Upgrading Project. The eighth Lianyungang Sunrise WTE facility is ongoing, with the existing third boiler having been completed. In order to satisfy the demand for heating, a new fourth boiler will be first constructed before the upgrading of the existing two boilers under the Upgrading Project, which will be carried out depending on the rate of growth of the volume of municipal solid waste in Lianyungang. Due to impact from COVID-19, the construction of the new fourth boiler is expected to be operational by early 2021.

As disclosed in the Company's announcement dated 14 July 2020, the Group has ceased operations of the Old Kunming Wuhua WTE Facility on 30 June 2020, pursuant to a governmental notice following changes in the land use planning and environmental policies. The Group had smoothly completed the relocation of its operations and staff to the New Kunming Wuhua WTE Facility. The waste previously treated by the Old Kunming Wuhua WTE Facility is now treated by the New Kunming Wuhua WTE Facility, which has a waste treatment capacity of 2,250 tons/day which far exceeds that of the Old Kunming Wuhua WTE Facility of 1,200 tons/day. The Company

has initiated discussions with the local authorities regarding compensation for the closure of the Old Kunming Wuhua WTE Facility and engaged a third party asset valuation company to assess the assets of the Old Kunming Wuhua WTE Facility. According to the results of the evaluation report, no impairment of the Group's assets is currently required.

The Group has also voluntarily ceased the operation of Kunshan Jinkangrui resource recycling project ("Kunshan Jinkangrui") since the end of December 2019, after the local government's change of land use planning and environmental policies. The Group has signed a compensation agreement with the local government on the closure of the facility at the end of July 2020. According to the compensation agreement, the Group is expected to receive a total compensation of RMB19.997 million by 30 September 2020. The Company had recognised an impairment loss of RMB36.7 million in its consolidated financial statements FY2019 based on the irrecoverable amount of the assets of Kunshan Jinkangrui, and no additional impairment loss is currently considered necessary.

The Group's project construction is progressing on schedule in an orderly manner, as the COVID-19 situation in China improves, with acceleration in the resumption of work and business. Amongst them, the Jinghong WTE project in Yunnan Province has obtained RMB10 million preliminary work funds under the third batch of provincial budget in 2020, while the Baishan Municipal Solid Waste Incineration Project in Jilin Province obtained RMB30 million from the state budget.

In addition, the Group continues to be recognised by the state in terms of technological innovation, transformation of technological achievements and core independent intellectual property rights. Four of its subsidiaries<sup>1</sup> which operate WTE facilities in Yunnan Province and Hubei Province were awarded the prestigious "National High-Tech Enterprise" (国家高新技术企业) title by the respective Provincial Departments of Science and Technology (省级科学技术厅), Provincial Departments of Finance (省级财政厅) and the Taxation Bureau of the State Administration of Taxation (国家税务总局省级税务局).

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<sup>1</sup> The four subsidiaries are: Yunnan Green Energy Co., Ltd (云南绿色能源有限公司), Kunming Xinxingze Environment Resources Industry Co., Ltd. (昆明鑫兴泽环境资源产业有限公司), Wuhan Green Environmental Protection Energy Co., Ltd. (武汉市绿色环保能源有限公司), and Wuhan Hankou Green Energy Co., Ltd. (武汉汉口绿色能源有限公司).

Accredited as “national key scientific and technological enterprises”, the four subsidiaries will enjoy preferential corporate income tax rates for a period of three years from 1 January 2019 to 31 December 2021.

**Maintain market leading position with waste treatment capacity of nearly 35,000 tons/day**

The Group further enriched its WTE value chain and realised the collaborative treatment of municipal solid waste by diversifying into kitchen waste treatment projects.

In addition to the Wenling Organic Waste Comprehensive Disposal Project, the government approved the implementation of a 500 tons/day kitchen waste collaborative incineration treatment production line for the Wuhan Jinjiang WTE Facility in Hubei Province in 1H2020. In addition, the Songyuan Xinxiang WTE Facility signed a cooperation agreement on the comprehensive utilisation of kitchen waste and sludge resources with a treatment scale of 100 tons/day of kitchen waste and 50 tons/day of municipal sludge.

As at 30 June 2020, Zheneng Jinjiang Environment has 21 WTE facilities in commercial or trial operation and five operational resource recycling projects in China, with an installed waste treatment capacity of 34,840 tons/day and installed electricity generation capacity of 658 MW.

For projects under construction, the Group has a total of eight WTE and kitchen waste treatment projects, which are expected to add 7,220 tons /day and 174 MW to the Group's total installed waste treatment capacity and installed electricity generation capacity, respectively upon completion. Upgrading works for the Lianyungang Sunrise WTE facility are in progress, which is expected to add 1,500 tons/day and 35 MW to the Group's total installed waste treatment capacity and installed electricity generation capacity, respectively upon completion.

There are 16 pipeline WTE and kitchen waste treatment projects in the PRC actively undertaking preparation work as scheduled, which are expected to add 13,450 tons/day of installed waste treatment capacity and 249 MW of installed electricity generation capacity respectively upon completion.

Taking into consideration all its projects in operation, under construction and in the planning phase, the Group's total installed waste treatment capacity is expected to reach 65,106 tons/day upon the completion of these projects.

**Confidence in Group's prospects endorsed by Zheneng Group's credit strength**

Supported by the financial strength and good credit standing of the Group's largest controlling shareholder, Zhejiang Provincial Energy Group Co., Ltd. ("**Zheneng Group**"), the Group successfully secured a US dollar syndicated term loan facility of up to US\$270,000,000 (the "**Facility**") under a facility agreement with Standard Chartered Bank (Hong Kong) Limited as original mandated lead arranger and bookrunner and agent of the finance parties on 14 July 2020.

The amounts borrowed under the Facility will be used for the general corporate purposes of the Group, including the refinancing of the US\$200,000,000 in aggregate principal amount of 6.0% senior unsecured notes maturing on 27 July 2020 and any existing indebtedness of the Group.

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

"The first half of 2020 was plagued with an unprecedented pandemic that adversely affected local and international economies. Despite the heightened uncertainties, the Group sustained its steadfast business and operational progress with the substantial completion of the Upgrading Projects, which had markedly increased the waste treatment capacity and boiler operation efficiency. We are encouraged by the stable domestic regulatory environment and favourable government policies, which presents growth opportunities, endorsed by our good track record and market leading position, technical capabilities and the good credit standing of Zheneng Group, our controlling shareholder. We are confident of seizing both internal and external opportunities, to accelerate the sustainable development of our business. During these exceptional times, the Group will continue to monitor closely the COVID-19 situation, adopt strict precautionary measures in accordance with guidelines from respective local authorities and strive to maximise shareholders' value."

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## **IMPORTANT NOTICE**

*This press release should be read in conjunction with the financial statements announced on SGXNET on 11 August 2020. 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 2020, it operates 21 WTE facilities and five resource recycling projects in the PRC. It has an additional (i) nine WTE facilities 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 34,840 tons/day. The estimated total installed waste treatment capacity of all the facilities, when fully completed and acquired (including expansion and upgrading), will be 65,106 tons/day.

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