浙能锦江环境
ZHENENG JINJIANG ENVIRONMENT

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 FY2019 Results

- Total FY2019 revenue increases by 26.1% year-on-year ("**y-o-y**") to approximately RMB3,822.8 million
- Core revenue contribution from WTE Business increases by 21.2% y-o-y
- Profit attributable to owners of the Company stood at RMB152.9 million in FY2019, a 72.9% decrease compared to FY2018, mainly due to impairment losses and write-offs of assets

Financial Highlights (RMB' million)	**Group**					
	4Q2019	**4Q2018**	**Change (%)**	**FY2019**	**FY2018**	**Change (%)**
Total Revenue	1,462.6	921.9	58.6	3,822.8	3,030.8	26.1
- WTE Business	543.1	470.3	15.5	2,192.5	1,808.4	21.2
- BOT Construction	727.1	229.6	216.7	1,314.8	644.8	103.9
- Project Technical & Management Services and EMC business	192.3	222.0	(13.4)	315.5	577.6	(45.4)
PATMI	(106.5)	186.2	(157.2)	152.9	565.0	(72.9)
Basic earnings/(losses) per share ("EPS") (RMB cents) [a]	(7.3)	12.9	(156.9)	10.6	41.8	(74.7)
Net asset value ("NAV") per share (RMB cents) [b]	-	-	-	390.1 (as at 31 December 2019)	380.1 (as at 31 December 2018)	2.6

a) EPS for the full year ended 31 December 2019 and 31 December 2018 were computed based on the weighted average number of Shares for the period.

b) NAV per Share as at 31 December 2019 and 31 December 2018 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 December 2019 and 31 December 2018 was 1,454,024,700 and 1,443,246,800 respectively.

***SINGAPORE, 30 April 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 financial year ended 31 December ("**FY**") 2019.

Favorable government policies continue to foster the rapid development of the WTE industry while increasing focus on environmental development is expected to further complement the industry's growth as China's 13th Five-Year Plan approaches its final year in 2020.

During the year under review, the Group continued its top-line growth momentum, achieving a 26.1% growth in revenue for FY2019 to RMB3,822.8 million from RMB3,030.8 million in FY2018, and a 58.6% growth in revenue for the fourth quarter ended 31 December ("**4Q**") 2019 to RMB1,462.6 million, from RMB921.9 million in 4Q2018.

In FY2019, the Group recorded a gross profit of RMB949.0 million while profit attributable to owners of the Company stood at RMB152.9 million, a 72.9% decrease compared to FY2018 mainly due to a decrease in other income and other losses, which were mainly attributable to, among other things, (i) a write-off of property, plant and equipment amounting to RMB79.0 million in 4Q2019 upon the completion of the expansion and upgrading of seven out of eight of the WTE facilities by the end of 4Q2019, as the impairment on the unusable assets before the completion of the upgrading process cannot be reasonably measured in prior periods, (ii) impairment losses amounting to RMB53.1 million in 4Q2019 and (iii) the absence of government compensation for the closure of the Hangzhou Yuhang WTE Facility which amounted to a net gain of approximately RMB145.8 million in FY2018, as well as a decrease in revenue and profit contribution from the energy management contracting ("**EMC**") and project technical and management services business segment. Earnings per share was approximately RMB 10.6 cents.

In 4Q2019, the Group recorded a gross profit of RMB192.3 million and a PATMI loss of RMB106.5 million.

Adhering to our mission of environmental protection through WTE generation; Reaping growth in our dual core businesses

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

During the year under review, the Group progressively completed the expansion and upgrading of the waste incineration boilers for seven of its eight WTE facilities which markedly increased waste treatment capacity and boiler operation efficiency. The completion of phase two of Wenling Green Energy WTE Facility during the year contributed to the higher volumes of waste treated and electricity generated, in addition to higher output from the Group's other WTE facilities as compared to the previous corresponding period. Zhuji Bafang WTE Facility, which generated more electricity and steam after its upgrading, also contributed to higher revenue. An increase in electricity tariffs for Hangzhou Xiaoshan and Zhengzhou Xingjin WTE Facilities and the improvement of technical and economic indicators through enhancement of management practices, amongst others, had also resulted in the increase in revenue for the Group's WTE business.

As a result, the Group's WTE business (excluding revenue from construction services provided under BOT concession agreements) increased by 21.2% y-o-y to RMB2,192.5 million, contributing 57.4% of the total revenue in FY2019.

In FY2019, the Group's on-grid electricity supplied and waste treated (including waste collection and transportation operations in India) reached 2.75 billion kWh and 9.76 million tonnes, with a y-o-y increase of 23.5% and 18.3% respectively. Excluding waste collection and transportation operations in India, waste treated increased by 18.8% y-o-y. In FY2019, the total steam supplied decreased by 3.9% to 2.80 million tonnes y-o-y, due to cessation of operations of the Zibo Jinjiang WTE Facility in July 2018 and a reduction in the number of customers for Tianjin Sunrise and Zibo Green Energy WTE Facilities.

BOT construction

Revenue from the Group's BOT construction services provided under concession agreements ("**BOT Construction**") increased significantly in FY2019, recording a 103.9% increase to RMB1,314.8 million, making up 34.3% of the Group's total revenue in FY2019. This was mostly attributed to BOT revenue recorded for the Kunming Wuhua reconstruction project, the Linzhou Jinjiang WTE Facility and the expansion of Wenling Green Energy WTE Facility.

Project technical and management services and EMC business

In FY2019, the Group's project technical and management services and EMC business saw revenue decline to RMB315.5 million, making up the remaining 8.3% of the Group's FY2019 revenue. This was due to the lower profit-sharing ratio in the later stages of EMC contracts as well as a reduction in revenue from project technical and management services including equipment selection and sales.

Steady advancement in technology; Steadfast progress towards internationalisation

China’s economy recorded steady growth in 2019, while China's urbanisation process continues to accelerate the demand for waste treatment, bolstered by the stable regulatory framework established by the Chinese government.

The Group continues its topline growth trajectory strengthened by its solid project pipeline and fundamentally well-established WTE network and buoyed by the credit strength and strategic support of the Group’s largest controlling shareholder, Zhejiang Energy Group Co., Ltd. (“**Zheneng Group**”).

As at 31 December 2019, Zheneng Jinjiang Environment has 21 WTE facilities in commercial or trial operation and four operational resource recycling projects in China, with an installed waste treatment capacity of 30,380 t/d and installed electricity generation capacity of 632 MW; six WTE projects under construction, which are expected to add 7,970 t/d and 194 MW to the Group's total installed waste treatment capacity and installed electricity generation capacity, respectively upon completion; and 17 pipeline WTE projects actively undertaking preparation work as scheduled, which are expected to add 14,300 t/d of installed waste treatment capacity and 279 MW of installed electricity generation capacity respectively upon completion.

2019 marked the year in which Zheneng Jinjiang Environment steadily enhanced its technology capabilities and integrated its Circulating Fluidised Bed technology and moving grate technology.

As at 31 December 2019, the Group had completed the upgrading works for seven out of eight WTE facilities, which contributed to the marked increase in waste treatment capacity and higher boiler operation efficiency resulting from the upgraded equipment put into operation. The upgraded facilities are expected to reduce emission levels and largely reduce the proportion of coal used at the WTE facilities. For the remaining Lianyungang Sunrise WTE Facility, the upgrading of the existing third boiler has been completed. In order to ensure that the demand for heating is met, a new fourth boiler will be first constructed (to be operational by the end of 2020) 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.

Zheneng Jinjiang Environment's first pure grate furnace incinerator facility, the Tangshan Jiasheng WTE Facility in Hebei Province, signifies the Group's adoption of, advancement and progress in technology. At present, the simulation unit training project of the Tangshan Jiasheng WTE Facility is being carried out in an orderly manner. After the completion of the project, it will become the foundation and training base of the Company's grate furnace technology.

2019 marked the sixth year since China launched its "Belt and Road" initiative in 2013, as well as the third year of Zheneng Jinjiang Environment's international expansion strategy. Backed by its 20 years of experience and technology track record, combined with its local management teams abroad, the Group endeavours to increase its internationalisation efforts and strives to create benchmark projects overseas.

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 65,746 t/d upon the completion of these projects.

Stable operations despite the COVID-19 pandemic

The Group's facilities remain in normal and stable operation with minimal operational impact from the COVID-19 situation and are able to achieve timely treatment of local waste and meet discharge standards. The Group has also not experienced any significant disruptions with regard to the supply of its raw materials, and none of the Group's employees have tested positive for COVID-19.

The continued operation of the Group's WTE facilities is also accorded importance by the relevant local authorities, and Zheneng Jinjiang Environment's crucial role in providing an important municipal service has gained recognition from the local government authorities and positive media coverage. In addition, the PRC government has introduced certain safeguards and support measures in response to the pandemic, including deferred repayment of loans, tax relief and deferral, social security relief and special subsidies, which provides a strong base for stable and sustainable development going forward.

Zheneng Jinjiang Environment has also put in place precautionary measures at its corporate headquarters and its facilities in accordance with guidelines from the respective local authorities, including establishing a working group for COVID-19 prevention and control headed by its Executive Chairman Mr. Wei Dongliang. The working group is responsible for the daily supervision of the prevention and control measures adopted by the Group's various operating entities. The Group has also instituted business continuity plans to minimise impact to its operations.

Zheneng Group as shareholder has enhanced the Group's credit profile; Unveils new phase of "win-win" situation

Zheneng Group is one of the largest state-owned enterprises in Zhejiang province and has solid financial strength. After Zheneng Group successfully came onboard as the Group's largest controlling shareholder, the Group has seen the revision of its outlook by S&P Global Ratings and Moody's Investors Service, with expectations of the Company's stable liquidity position and credit profile.

Mr. Wei Dongliang (韦东良), Executive Chairman of Zheneng Jinjiang Environment, said: "2019 was a momentous year given Zheneng Group's entry as the largest controlling shareholder, marking a new phase of development for the Group as we embarked on our 21st year in the environmental protection business. We are delighted to see the ratings affirmation and revised outlook by S&P and Moody's, with expectations of Zheneng Group's strong credit profile set to propel the Group towards greater growth. During the year under review, we continued to achieve steady business and operational progression with significant growth in revenue in our core WTE business, as well as in BOT Construction. This is in line with our aim to seek optimisation within each business segment, enhance our management practices and to deliver results on capacity expansion and upgrading of our WTE facilities."

"As we entered 2020, the COVID-19 pandemic has resulted in complex domestic and global economic situations, recessionary risks and increased uncertainties, causing a downward pressure on the PRC domestic economy. We will continue to adopt strict precautionary measures in accordance with guidelines from respective local authorities. Currently, the Group's facilities remain in normal and stable operation with minimal operational impact from the COVID-19 situation."

“In line with the Group’s plan to continue investing in several new projects and facilities upgrading projects in China as well as expanding its overseas business; to achieve sustainable and long-term growth; and taking into consideration the uncertainty of the impact from COVID-19, the Board of Directors has adopted the management's recommendation not to issue dividends for FY2019. Moving forward, we will continue to monitor the situation closely and focus on steadily improving operational efficiency, refining our management practices and strive to turn challenges into opportunities as we seek to maximise shareholder value.”

– End –

IMPORTANT NOTICE

This press release should be read in conjunction with the financial statements announced on SGXNET on 30 April 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 31 December 2019, it operates 21 WTE facilities and four resource recycling projects in the PRC. It has an additional (i) seven WTE facilities under construction and (ii) 21 WTE facilities in the preparatory stage within the PRC and overseas. The facilities in operation have a total installed waste treatment capacity of 30,380 tons/day. The estimated total installed waste treatment capacity of all the facilities, when fully completed and acquired (including expansion and upgrading), will be 65,746 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 Koh at telephone
EMAIL	:	huikheng.chia@citigatedewerogerson.com samantha.koh@citigatedewerogerson.com