

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 FY2023 Results

- Recommended dividend of 1.30 Singapore cents, translating to a dividend payout ratio of 36.1% based on FY2023 basic and diluted earnings per share
- FY2023 operational indicators grew y-o-y, with electricity generated, on-grid electricity supplied, steam supplied, and waste treated increasing by 6.6%, 7.4%, 35.2%, and 1.1% respectively
- Revenue from core WTE business increased 2.7% y-o-y for FY2023 driven by domestic WTE contribution which offset the decline in India project revenue
- Revenue for FY2023 is RMB3.75 billion, decreasing 7.9% from the prior year, primarily due to decrease in revenue from construction services provided under service concession agreements and financial income under service concession agreements of RMB331.7 million as a result of a decrease in the construction services provided under BOT concession agreements
- The Group recorded a total impairment loss of RMB271.8 million in FY2023 due to the difficulties and uncertainty encountered in the progress of the power plant of the BOT projects in India. Net profit attributable to the equity holders would have been higher at RMB560.8 million, up 6.6% y-o-y from RMB526.0 million without the non-recurring items and foreign exchange impact
- Riding on the positive outlook for the renewables sector, the Group eyes greater diversification within the WTE ecosystem as part of its long-term growth strategy

Financial Highlights (RMB'million)	2H2023	2H2022	Change (%)	FY2023	FY2022	Change (%)
Total revenue	1,813.5	2,234.6	(18.8)	3,750.4	4,073.9	(7.9)
▪ Waste-to-Energy business [^]	1,708.2	1,819.3	(6.1)	3,425.0	3,335.2	+2.7
▪ Waste-to-Energy: BOT construction	92.9	323.0	(71.2)	306.2	637.9	(52.0)
▪ Others [*]	12.4	92.3	(86.6)	19.2	100.8	(81.0)
Gross profit	546.0	642.8	(15.1)	1,130.5	1,157.8	(2.4)
Profit before tax	95.4	313.1	(69.5)	460.4	486.3	(5.3)
Net profit attributable to equity holders	15.3	231.5	(93.4)	281.6	325.0	(13.3)
Basic and diluted EPS (RMB cents)	1.05	15.92	(93.4)	19.37	22.35	(13.3)

[^] Sales of electricity, sales of steam, and waste treatment

^{*} Project technical and management service, equipment selection and sale, and EMC business

SINGAPORE, 28 February 2024 – 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**”), 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 (“**2H2023**”) and full year ended 31 December 2023 (“**FY2023**”).

Results Overview

The Group delivered resilient results for FY2023 on the back of market expansion, continuous improvement in technical capabilities, and enhancement in operational efficiency. Operational performance improved year-on-year (“y-o-y”), with electricity generated increasing by 6.6% to 4.012 billion KWh, on-grid electricity supplied by 7.4% to 3.125 billion KWh, steam supplied by 35.2% to 4.766 million tonnes, and waste treated by 1.1% to 12.766 million tonnes.

Zheneng Jinjiang Environment is focusing on seven key growth aspects, including new projects, operational efficiency, equipment maintenance, cost management, energy savings, expansion in steam supply market, and talent recruitment. This allows the Group to maintain its competitive edge as it grows.

The Group reported revenue of RMB3.75 billion for FY2023. The WTE business remained the key revenue contributor at around 91.3% of the total top-line, and grew at 2.7% y-o-y to RMB3.43 billion. The increase was primarily attributed to the higher steam output in existing WTE facilities following the expansion of the steam supply business.

Gross profit margin of the WTE business for FY2023 was unchanged from the previous year at 30.5%.

Revenue from the WTE Build-Own-Transfer (“BOT”) construction, which contributed about 8.2% of the Group’s revenue, came in lower at RMB306.2 million for FY2023. Revenue from the project technical and management service, equipment selection and sale, and energy management contracting (“EMC”) segment accounted for less than 1%.

Consistent with the profit guidance announcement of the Company on 30 January 2024, the Group recorded a total impairment loss of RMB271.8 million due to the difficulties and uncertainty

encountered in the progress of the power plant of the BOT projects in India. As a result, net profit attributable to equity holders of the Company dropped 13.3% y-o-y to RMB281.6 million, and profit attributable to equity holders of the Company after excluding non-recurring gains and losses and foreign exchange gains and losses was RMB560.8 million, up 6.6% y-o-y from RMB526 million, for FY2023.

The Group recommended final dividend of 1.30 Singapore cents, which will be subject to shareholders' approval during the upcoming Annual General Meeting. The final dividend recommended will translate to a payout of 36.1%¹ based on FY2023 basic and diluted earnings per share.

Integration and Innovation

In FY2023, the Group made several breakthroughs by leveraging digitalization and innovation. We collaborated with industry players as well as individuals from the academic and research fields to integrate digital technologies into our operations. Our goal is to translate these advancements into economic and industrial advantages, solidifying our market position, expanding our reach, and adding value to our offerings.

To date, we have installed AI-driven automated combustion in 18 WTE facilities, with an application rate exceeding 90%. In phase two of our intelligent management and control system construction, the Group is focusing on output increment, variable cost structure analysis, business sensitivity analysis, and management of hazardous materials, ensuring that our management and control are more efficient.

Outlook

Over the near term, the economic condition in China will remain challenging. The International Monetary Fund (IMF) is projecting a slower growth rate of the Chinese economy by 4.6% in 2024 and 4.0% in 2025². However, the Group is generally optimistic about the long-term trajectory of the renewables industry in China. This is largely underpinned by the favourable “Carbon Neutrality and Carbon Peaking” policy and the Group expects to see more low-carbon initiatives being implemented including policies on the extension of the WTE value chain.

¹ Source: Bloomberg, based on CNY/SGD exchange rate of 0.1860 as of 31 December 2023

² <https://www.scmp.com/economy/economic-indicators/article/3250742/chinas-economy-faces-high-uncertainty-2024-imf-predicts-46-growth-calls-greater-data-transparency>

The Group has a steady pipeline of six (6) projects currently under construction. Notably, we have signed a supplementary concession agreement for the expansion of Wuhan Jinjiang WTE Facility to increase waste treatment capacity by 3,000 tonnes per day. Adding on to the original 2,500 tonnes per day, the facility will have a total capacity of 5,500 tonnes per day. In addition, we have another 17 projects undergoing active preparatory work. In particular, we reached a significant milestone in Indonesia with the signing of a power purchase agreement for our upcoming facility, Palembang WTE Project. Upon completion of all facilities, Zheneng Jinjiang Environment will have a waste treatment capacity of around 63,270 tonnes per day and 1,352 Megawatt (“MW”), up from its current capacity of 44,405 tonnes per day and 915 MW.

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

“Responding to adverse factors such as excess capacity and insufficient waste resources in the current market, the Group continues to explore new business models and technologies in collaborative recycling. We are also looking into reducing costs and increasing efficiency to optimize WTE value creation, thereby increasing energy output and improving the quality of enterprise development.

In FY2023, the contribution from our core WTE business continued to grow with the increase in income from steam supplied, slag, and other collaborative cycle businesses. Going forward, we will ride on this success and continue our efforts to improve our technology and operational efficiencies. We are also exploring more possibilities within the WTE ecosystem, transforming the single operational model of the WTE facilities to a diversified business model to build an ecological complex. While treating all kinds of solid waste in the city, it provides green energy and products for the city, and better integrates into the urban industrial park as the heart of the city and the industry. This will create value for the Group while contributing to the greater decarbonisation agenda to limit climate change.”

– End –

IMPORTANT NOTICE

This press release should be read in conjunction with the financial statements announced on SGXNET on 28 February 2024. 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) (Stock code: BWM) 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 Indonesia, German, Singapore and India. As at 31 December 2023, it invests in and operates 27 WTE facilities, 3 kitchen waste treatment facilities and 8 waste resource recycling facilities in the PRC, with a total installed waste treatment capacity of 44,405 tonnes/day. It has an additional (i) 6 projects under construction and (ii) 17 projects in the preparatory stage within the PRC and overseas. The estimated total installed waste treatment capacity of all the facilities (in operation, under construction and in the planning phase), when fully completed and acquired, will be 63,270 tonnes/day.

Issued for and on behalf of **Zheneng Jinjiang Environment Holding Company Limited**
By **Financial PR**

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