FY2019 Annual General Meeting
Corporate Presentation

24 June 2020

浙能锦江环境
ZHENENG JINJIANG ENVIRONMENT

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Company Overview

浙能锦江环境
ZHENENG JINJIANG ENVIRONMENT

About Zheneng Jinjiang Environment

- First mover and leader in PRC's Waste-To-Energy (WTE) industry, as well as one of the first WTE operators in the PRC
- Established PRC's first WTE plant using Circulating Fluidised Bed (CFB) incineration technology in 1998 and built a track record spanning over 20 years
- Listed on the mainboard of the Singapore Exchange on 3 August 2016

WTE BUSINESS

- Treatment of municipal solid waste and generation of steam and electricity

3 main revenue streams:

1) **Waste treatment fees** (contracted with local government)
2) **Sales of electricity** (tariffs decided by central and local governments)
3) **Sales of steam** (fee decided by local government or company)

- Projects are ~75% Build-Own-Operate (BOO) model; ~25% Build-Operate-Transfer (BOT) model

EMC BUSINESS

- **Revenue from Provision of Energy Management Contracting (EMC) services** to Metallurgical, chemical and power generation companies since 2014

Scope of services include:

- Energy saving and residual heat utilisation
- Operational optimisation and equipment selection advisory
- Management and operational support
- Technical advisory on energy saving

Important Milestones

Established In 1998, with leading Waste-to-Energy (WTE) treatment capacity in the PRC

1997

Collaborated with Zhejiang University on CFB technology research

1998

Hangzhou Yuhang WTE Facility was the first CFB WTE facility in the PRC to commence operations

1999

PRC government approved construction of the new WTE facility in Qiaosi, Hangzhou, which was a national testbed project involving technical support from Zhejiang University

2004

The IFC, a member of the World Bank Group, provided our Group with funding

2010

Private Equity Funds (i) co-managed by Mount Kellett Capital and an affiliate of Fortress Investment Group and (ii) managed by Olympus Capital Holdings Asia invested in the Group

2014

Acquired EMC business

2016

Listed on SGX Mainboard (Ticker: BWM.SI)

2017

- First foray into India; secured 3 WTE projects
- Debut Bond Issuance: US$200m 6% 2020 senior notes
- First player in the Chinese WTE industry to attain an international credit rating

2018

- Entered South American and Indonesian markets
- Secured US$200 million and RMB100 million of syndicated term loan led by Standard Chartered Bank, and won Standard Chartered Bank's "Best Loan Syndicate Award" in 2018
- Secured EPC contract to construct Singapore's 1st mechanical-biological waste treatment project

21 August 2019

Zheneng Provincial Energy Group Co., completed the acquisition of 29.79% of shares at the time of acquisition (to become the largest controlling shareholder)

浙江省能源集团有限公司 ZHEJIANG ENERGY GROUP CO LTD.

锦江环境

25 November 2019

China Jinjiang Environment Changes name to Zheneng Jinjiang Environment

浙能锦江环境 ZHENENG JINJIANG ENVIRONMENT

First private WTE operator in PRC	Rapid Expansion	Stable Growth	New Phase of Development
1998 — 2003	2004 — 2010	2011 — 2018	2019 — present

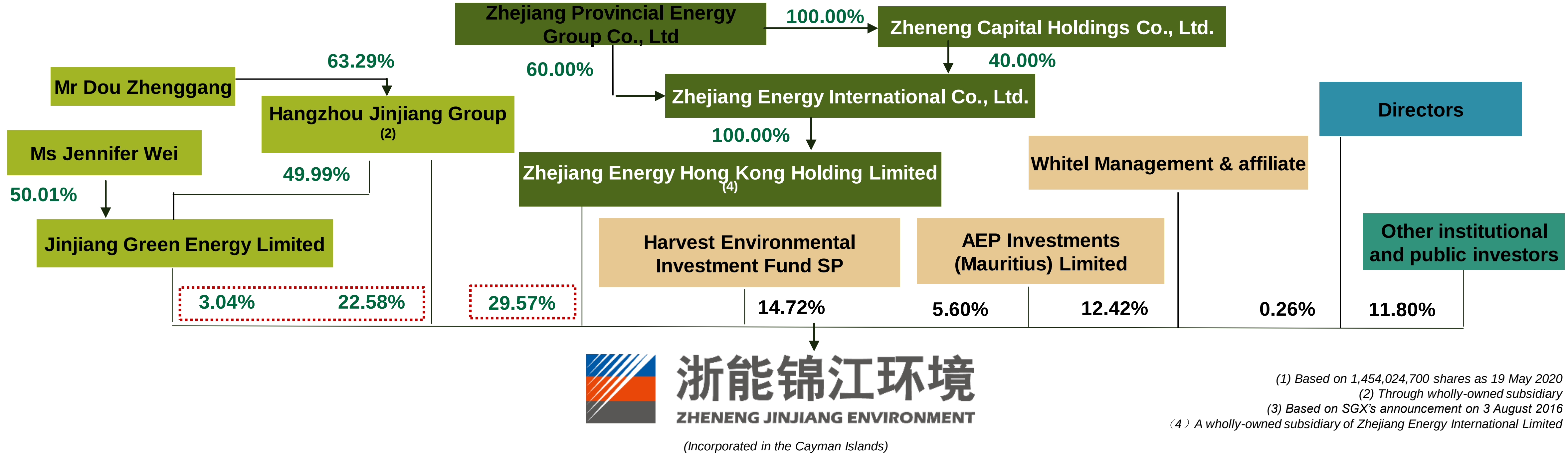
About Zhejiang Provincial Energy Group Co., Ltd (Zheneng Group)

浙江省能源集团有限公司
ZHEJIANG ENERGY GROUP CO LTD.

- State-owned provincial energy enterprise involved mainly in energy-related businesses
- Strong capabilities across the entire energy production value chain, with resources and strong financial expertise that will facilitate the Company’s financing and future development.
- Manages more than 300 companies collectively
- In 2019, Zheneng Group supplied :
  - ~50% of the electricity power consumption
  - Nearly 50% of the total coal consumption
  - More than 80% of the total natural gas consumption in the Zhejiang Province
- In 2019, Zheneng Group achieved the following:
  - Electricity generation capacity: 139.6billion KWh
  - Coal supply: 64.82 million tons
  - Natural gas supply: 11.78 billion m^3 (including alternative transmission)
  - Heat supply: 22.81 million tons
  - Crude oil trading volume: 5.02 million tons

Strong Shareholding Structure

Strong Shareholder Background Provides Firm Support For Company's Development [1]



(1) Based on 1,454,024,700 shares as 19 May 2020
(2) Through wholly-owned subsidiary
(3) Based on SGX's announcement on 3 August 2016
（4）A wholly-owned subsidiary of Zhejiang Energy International Limited

Jinjiang Green Energy Limited

- Jinjiang Green Energy is an affiliate of the Hangzhou Jinjiang Group
- The Jinjiang Group is China's top 500 private enterprise, engaging in environmental protection & energy, non-ferrous metal and chemicals business

Zhejiang Energy Hong Kong Holding Limited

- Zheneng Group is a state-owned provincial energy enterprise
- Zhejiang Energy International Limited and Zheneng Capital Holdings Co., Ltd. are controlled by are controlled by Zhejiang Provincial Energy Group Co., Ltd.

Harvest Environmental Investment Fund SP

- A discretionary managed fund managed by Harvest Global Capital Investments Cayman, a wholly owned subsidiary of Harvest Global Capital Investments

AEP Investments (Mauritius) Limited

- A fund wholly owned and managed by Olympus Capital
- Olympus Capital is US-based private equity, founded in 1997

Whitel Management Company Limited

- An affiliate of Hopu Investments

Other Institutional Investors [3]

- Company's shares are subscribed by many renowned institutional investors during IPO, including Great Eastern Life (Malaysia), Hailiang International and UOB AM

Strong Management Team

Key Management Team Members Have More Than 20 Years Of Industry Experience

As at 31 December 2019

Wei Dongliang
Executive Chairman, Executive Director, member of the Nominating Committee of the Company
Date joined：2019

- More than 20 years of corporate leadership and senior management experience in the energy industry
- Member of the Nominating Committee
- Served as the General Manager of Zheneng Capital Holdings Co., Ltd. and Zheneng Equity Investment Fund Management Co., Ltd
- Vice Chairman of Qianjiang Water Resources Development Co., a Chinese A-share listed company, and the Director of China Zheshang Bank since 2015

Zhang Chao
Executive Director, CEO
Date joined：2017

- Responsible for overseeing the daily business
- Was Deputy General Manager, General Counsel of China Energy Conservation and Environmental Protection Group Co., Ltd. and Executive Director of China Energy Law Research Association.
- More than 15 years of industry experience.
- Vice President, China Industrial Energy Conservation and Cleaner Production Association
- Rich industry experience and good management

Wang Wuzhong
Deputy GM
Date joined:1992

- Responsible for environmental safety, daily operations, R&D and overall strategy
- More than 20 years of experience
- Professor-level senior engineer
- Member of the Technical Committee of City and Environment Sanitation Standardization of the Ministry of Housing and Urban-Rural Development
- Member of the Expert Committee of China Electric Power Federation
- Deputy Director, Environmental Protection Equipment and Technology Promotion Center, China Equipment Management Association

Wang Ruihong
Executive Director, Deputy GM
Date joined:1999

- Responsible for the implementation of overall business management, brand strategy and legal compliance
- More than 20 years of experience
- Zhejiang Provincial Department of Finance certified accountant qualification
- Senior Professional Manager of Environmental Protection

Jin Ruizhi
CFO
Date joined: 2019

- Over 20 years of experience in accounting and financial management in the energy industry
- Held roles in the power and petroleum divisions of Zheneng Group
- Accountant certification

Qi Liang
Chief Engineer
Date joined：2019

- More than 20 years' experience in production, technology and infrastructure management in the power industry
- Formerly Deputy general manager of Cixi Zhongke Zhongmao Environmental Protection and Thermal Power Co., Ltd. and Deputy Director and Director of Engineering Department of Zhejiang Zhenhai Power Generation Co., Ltd

E Hongbiao
Deputy GM
Date joined:1992

- Responsible for supervising the construction and development of the project and assisting in the operation and management of sewage and waste disposal
- More than 20 years of experience
- Hangzhou Human Resources and Social Security Bureau Economist Certification

Choo Beng Lor
Financial Controller & Joint Company Secretary
Date joined:2016

- Over 20 years of accounting experience
- Chartered Accountant, Singapore Institute of Chartered Accountants

Our Extensive Footprint in China

Installed Capacity (tons/day) — In Operation · Under Preparation · Under Construction or Expansion · Waste recycling projects

Hebei

Tangshan Jiasheng Phase I	BOO, 500
Shijiazhuang Jiasheng	BOO, 2,400
Leting Jinhuan	BOO, 500
Tangshan Jiasheng Phase II	BOO, 500
Tangshan Guye	BOO, 1,600
Shijiazhuang Jiasheng Wuji Resource Recycling	1,000
Shijiazhuang Gaocheng Resource Recycling	BOO, 2,000
Tangshan Qianxi Resource Recycling	300
Luannan Resource Recycling	600
Gaobeidian Resource Recycling	BOO,600

Shaanxi

Yulin Green Energy	TBC, 1,300
Yan'an	BOT, 1,300

Ningxia

Yinchuan Zhongke	BOT, 2,000
Zhongwei Green New Energy	TBC, 1,000

Shanxi

Lvliang Green Energy	TBC, 1,000
Shanxi Taigu	BOT, 400

Henan

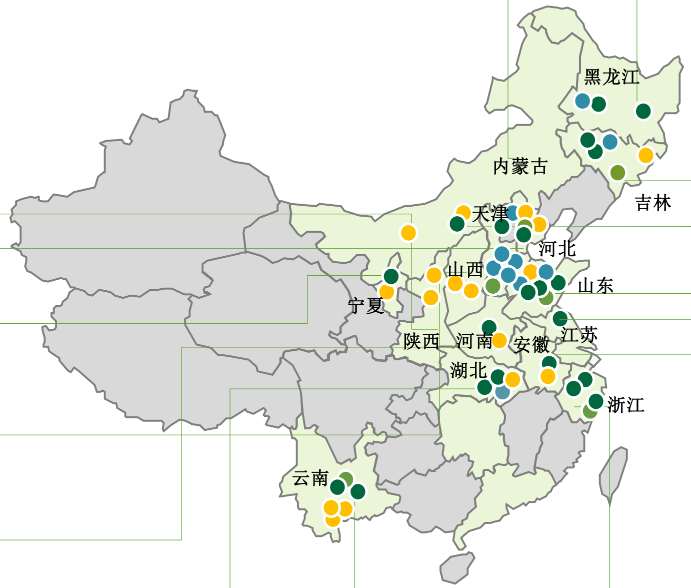
Zhengzhou Xingjin	BOO, 2,840
Linzhou Jiasheng	BOT, 1,000

Hubei

Wuhan Jinjiang	BOO, 2,600
Hankou Jinjiang	BOO, 2,000
Wuhan Resource Recycling	3,000
Wuhan Jinjiang Reconstruction	

Inner Mongolia

Hohhot New Energy	BOO, 1,000
Bayannao'er Jingpengyun	BOT, 700
Hohhot Jiasheng New Energy Expansion	BOO, 750



Yunnan

Yunnan Wuhua	BOO, 1,200
Yunnan Green Energy	BOT, 1,000
Yunnan Jinde	BOO, 1,000
Jinghong Jiasheng	BOT, 1,200
Yunnan Green Energy Expansion	BOT, 750
Yunnan Wuhua (Rebuilding in a different location)	BOT, 2,250

Heilongjiang

Suihua Green Energy	BOO, 800
Qitaihe Green Energy	BOO, 1,000
Suihua Green Energy	240

Jilin

Jilin Xinxiang	BOO, 1,690
Songyuan Xinxiang	BOT, 1,050
Baishan Green New Energy	BOO, 600
Hunchun Green New Energy	BOO, 800
Songyuan Xinxiang New Energy Resource Recycling	300

Tianjin

Tianjin Sunrise	BO, 1,100

Shandong

Zibo Green Energy	BOO, 1,200
Zibo Green Energy	BOT, 800
Zibo Green New Energy (1st production line)	BOO, 2000
Zibo Green New Energy (1st production line)	BOO, 2,000
Wudi Jiasheng	BOT, 1,000
Zibo Gaoqing Resource Recycling	500
Zichuan Resource Recycling	400

Jiangsu

Lianyungang Sunrise	BOO, 1,450

Anhui

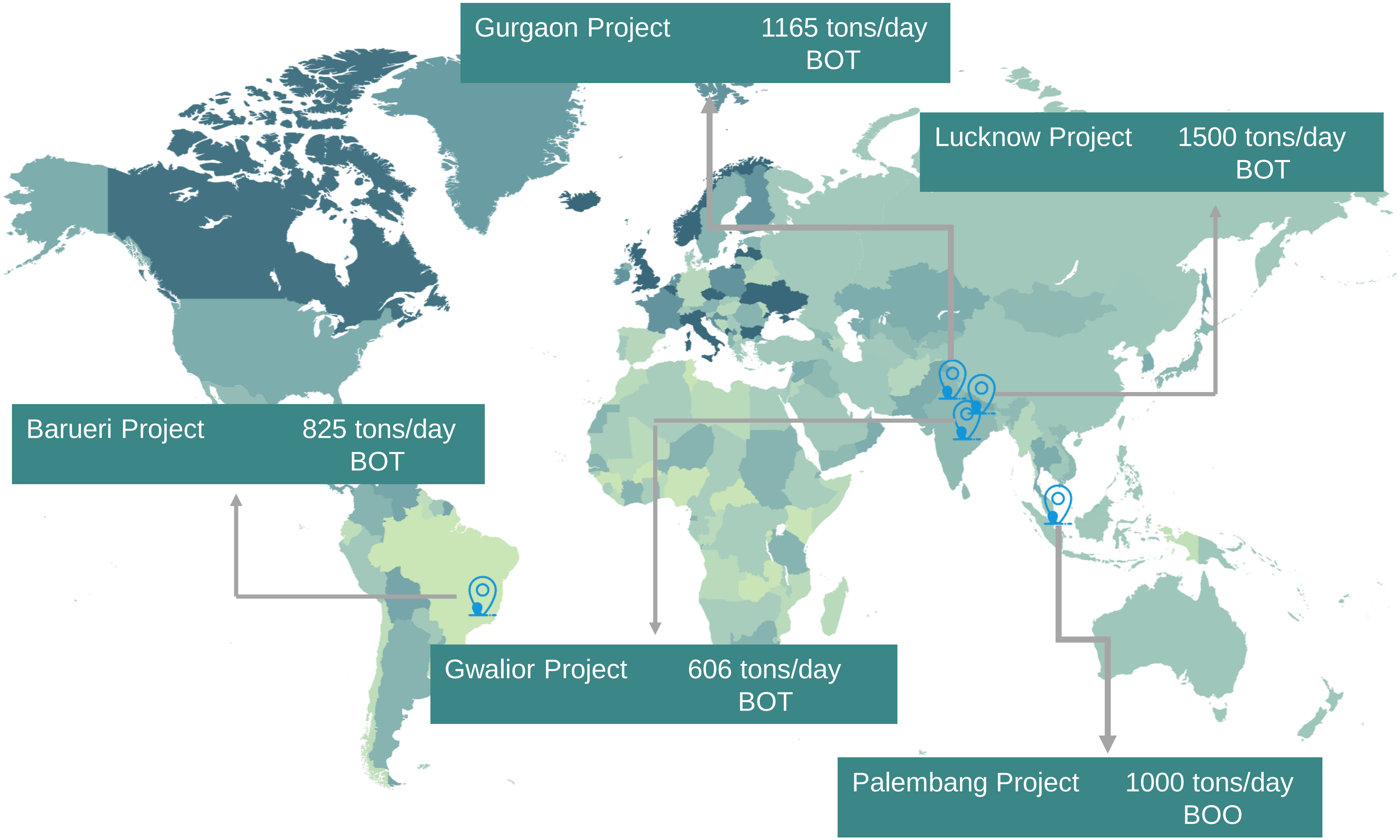
Wuhu Jinjiang	BOO, 2,200
Wuhu Jinjiang Reconstruction	

Zhejiang

Xiaoshan Jinjiang	BOO, 1,300
Zhejiang Zhuji	BOO, 1,050
Wenling Green Energy	BOT, 1,600
Wenling Organic Waste Project	BOT, 220

As at 31 December 2019

Our Overseas WTE Network



FY2019 Operational Highlights

浙能锦江环境
ZHENENG JINJIANG ENVIRONMENT

Extensive Portfolio in the PRC with Growing Overseas Footprint

As at 31 December 2019

浙能锦江环境
ZHENENG JINJIANG ENVIRONMENT

Zheneng Jinjiang Environment	
Total Capacity	**65,746 tons/day**

China Projects

No. of projects	Project Category	Capacity
21	Operational	30,380 tons/day
6	Construction & Expansion	7,970 tons/day
8	Upgrading	5,000 tons/day
17	In the Preparatory Stage	14,300 tons/day
10	Resource recycling under Construction & Expansion and in the Preparatory Stage	3,000 tons/day
Total		**60,650 tons/day**

India Projects

No. of Projects	Project Category	Capacity
2	In the Preparatory Stage	2,106 tons/day
1	Construction	1,165 tons/day
Total		**3,271 tons/day**

Brazil Project

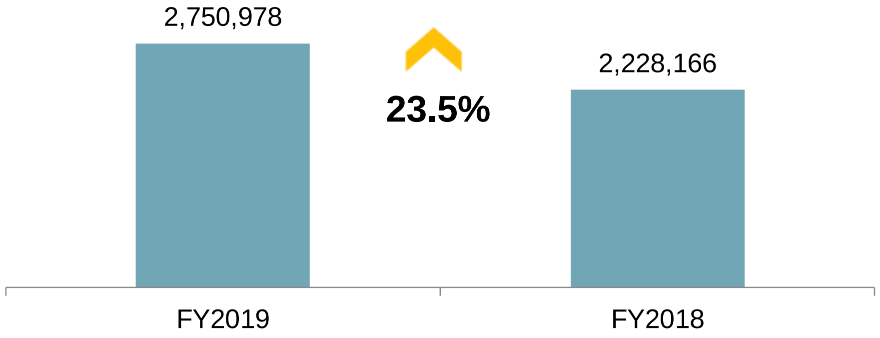
No. of Projects	Project Category	Capacity
1	In the Preparatory Stage	825 tons/day
Total		**825 tons/day**

Indonesia Project

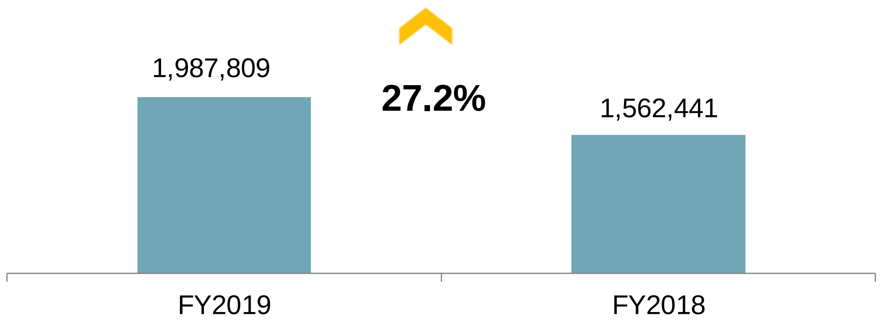
No. of Projects	Project Category	Capacity
1	In the Preparatory Stage	1,000 tons/day
Total		**1,000 tons/day**

FY2019 Operational Analysis

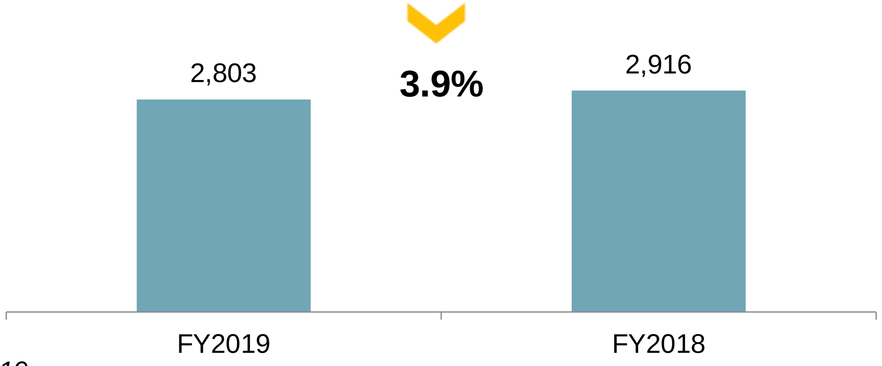
Electricity Generated (‘000 KWh)



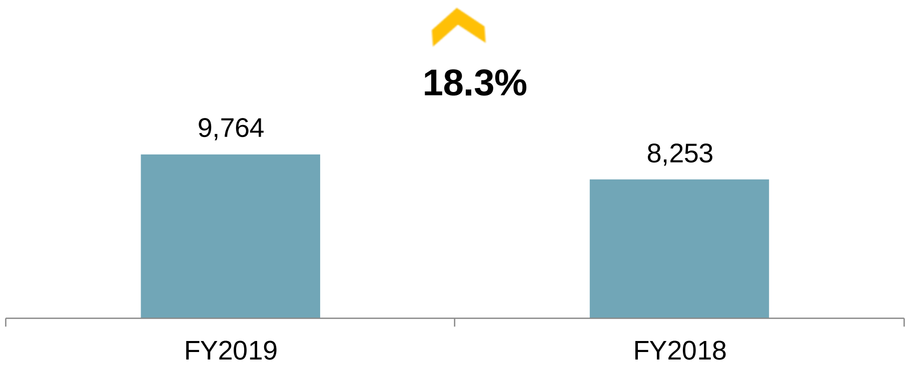
On-Grid Electricity Supplied (‘000 KWh)



Steam Supplied (‘000 tonnes)



Waste Treated (‘000 tonnes)



As at 31 December 2019

- On-grid electricity supplied and waste treated increased due to the substantial completion of the capacity expansion for 8 WTE facilities being completed by the end of FY2019
- The steady increase in output from Zhuji Bafang WTE Facility and the phase two completion of Wenling Green Energy WTE Facility also contributed to the increase
- Decrease in steam supplied is due to cessation of operations of the Zibo Jinjiang WTE Facility in July 2018 and a reduction in the number of heat supply users in Tianjin and Zichuan regions, amongst others

Upgrading and Expansion of WTE Facilities

- Zheneng Jinjiang Environment has carried out the comprehensive upgrading of eight WTE facilities which are older and have potential to handle a higher volume of waste requiring treatment
- Upon completion, the WTE facilities will significantly expand the WTE capacity, increase operational efficiency, reduce emission levels and proportion of coal used

It is estimated that upon completion, the total processing capacity will increase by 5,000 tons/day

Expand WTE Capacity

Increase Operational Efficiency

Reduce Emission Levels

Reduce coal usage

Number of WTE projects (upgrading & expansion): 8

Total capex: ~ RMB1 billion

Investment intensity per ton of waste: RMB200,000/ton

(far less than the investment intensity of investing in a power plant)

Project Progress:

- Expansion and upgrading of the waste incineration boilers for seven of the eight WTE facilities have been completed, with some projects’ ancillary facilities currently expected to be completed this year.
- The upgrading of the existing third boiler at the Lianyungang Sunrise Facility has been completed. In order to satisfy the demand for heating, 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.
- Currently, the upgraded equipment that has been put into operation has resulted in a marked increase in waste treatment capacity and higher boiler operation efficiency

Key Project Milestones

Government Recognition

FY2019
- Jilin Xinxiang WTE Facility in Changchun, Jilin Province, Kunming Jinjiang WTE Facility in Yunnan Province, Xishan WTE Facility in Yunnan Province, Hohhot WTE Facility in Inner Mongolia, Linzi WTE Facility in Zibo City, Shandong Province, and Yinchuan Zhongke WTE Facility in Ningxia Hui Autonomous Region of Zheneng Jinjiang Environment, were designated as the second and third batch of environmental protection facilities opened to public in China

May 2019
- Zhengzhou Xingjin WTE Facility in Henan Province received increase in waste treatment subsidy from RMB50/ ton to RMB67.8/ ton

June 2019
- Four environmental protection projects received government grants amounting to RMB227.5 million
- Tangshan Jinhuan WTE Facility in Hebei Province no. 1 on-grid power generator set put on on-grid trial operation

Nov 2019
- Xishan WTE Facility and Kunming and Wuhua Relocation Project, both located in Kunming, Yunnan Province, the Hankou WTE Facility and Wuchang WTE Facility, both in Hubei Province, won the title of “National High-tech Enterprise” respectively

Project Developments

March 2019
- Zheneng Jinjiang Environment subsidiary, Hangzhou Kesheng, won the prestigious title of “National High-Tech Enterprise”.
- Successfully tendered for and secured a concession to construct, own and operate a WTE facility located in Gaobeidian City, Hebei Province, PRC (Gaobeidian WTE Project)
- Successfully tendered for and secured a concession to construct and operate a WTE facility located in Bayannur City, Inner Mongolia Autonomous Region, PRC. (Bayannao’er WTE Project)

May 2019
- Wenling Green Energy WTE Project (Phase II Expansion) has been put into operation
- Xiaoshan Jinjiang WTE Facility in Hangzhou City, Zhejiang Province received approval to increase its domestic waste treatment subsidy from RMB70.2/ ton to RMB113/ ton and fly ash disposal subsidy from RMB1,300/ ton to RMB1,645 /ton

Aug 2019
- Wenling Green Energy Project received RMB10 million in special subsidies from Zhejiang provincial housing and urban construction

Dec 2019
- Linzi WTE Facility in Zibo City, Shandong Province no. 2 boiler successfully ignited on first attempt
- Wenling comprehensive organic waste treatment project in Wenling, Zhejiang Province, completed trial operations for pre-treatment

FY2019 Awards and Accolades

- Ranked by SGX as one of the top three best performing utility stocks in August 2019
- Maintained title of “Top Ten Influential Enterprises in China’s Solid Waste Industry”
- Awarded “Leading Enterprise in China’s Strategic Emerging Environmental Protection Industry in 2019”
- Awarded “Top 10 WTE companies in 2019”
- 5 Zheneng Jinjiang Environment subsidiaries won the title of “National High-tech Enterprise”
- Company’s article on milestones and progress titled “Beautiful China, Jinjiang Power” awarded Best Article award by the China Environment Chamber of Commerce
- Participated in the 2019 China International Circular Economy Exhibition and won the Excellent Booth Award

Diversify Within the WTE Value Chain

EMC business & Project technical and management service

EMC business complements the WTE business and can bring:
- Business and operational synergies
- Enhance management experience and expertise in the energy industry

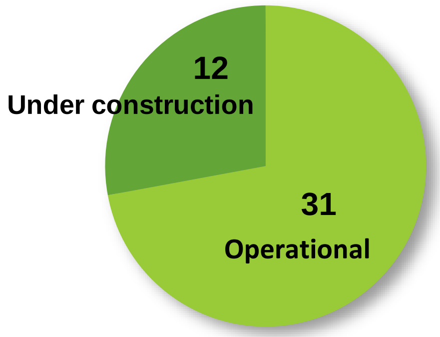
EMC Business:
- High profitability
- Helps in business diversification and a beneficial complement to the WTE business

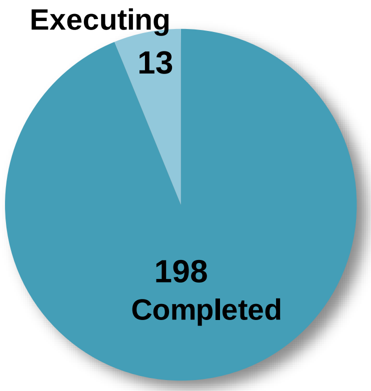
As of 31 December 2019:

43 EMC projects have been implemented
- 31 have achieved energy savings
- 12 projects are under construction

211 Technical and Management Consulting Services projects have been implemented
- 11 Technical and Management Consulting Services Projects are being executed
- 2 Design Services Projects have been implemented

EMC Projects





Technical and Management Services Projects and Design Services Projects

FY2019 Financial Overview

FY2019 Key Financial Overview

FY2019 revenue improves by 27.9% year-on-year to approximately RMB3,877.5 million

Key recurring income from Waste-to-Energy Business records 22.2% growth to RMB2,209.2 million and continues to contribute to the majority of overall Group revenue

Revenue from Construction services provided under build-operate-transfer ("BOT") concession agreements increased by 109.9% to RMB1,353.4 million

PATMI of RMB153.3 million

Results Overview

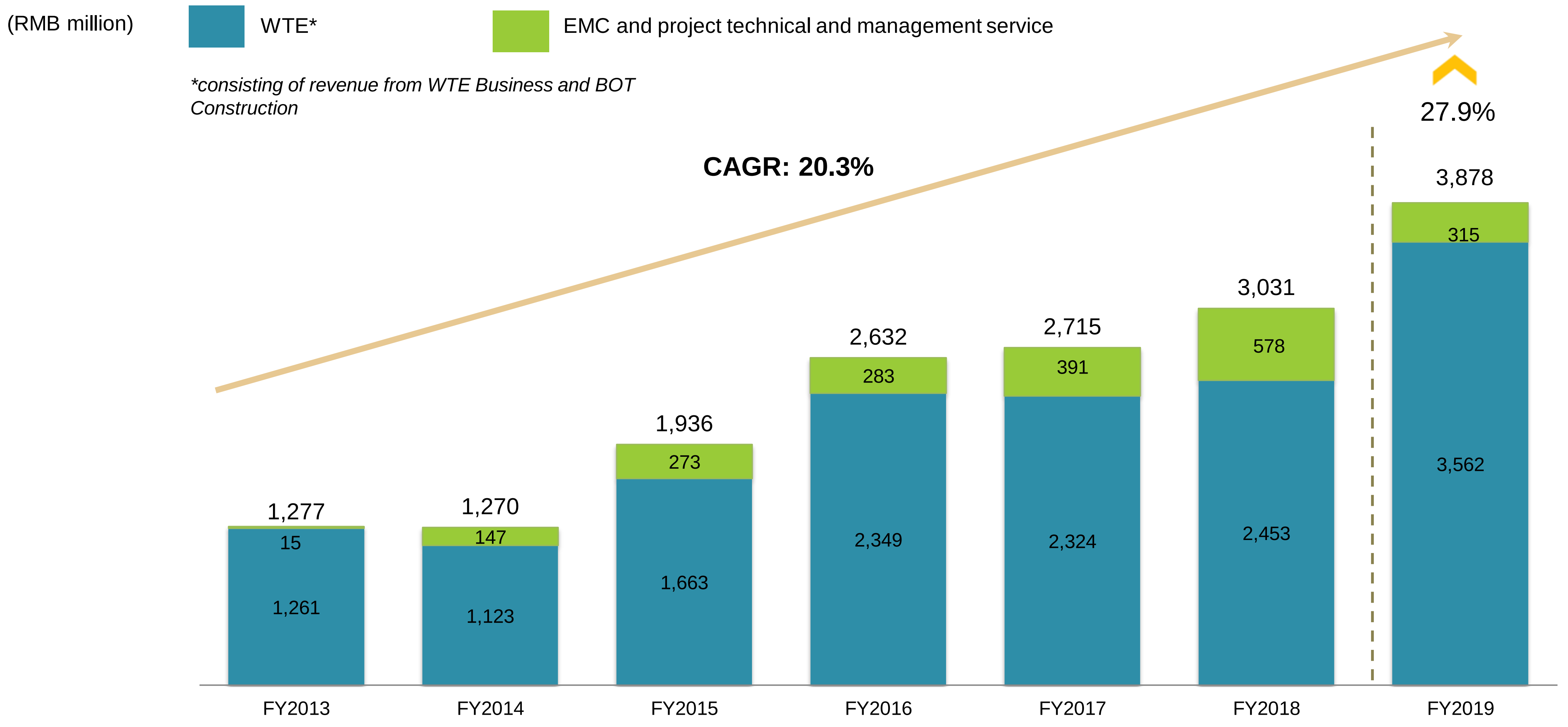
RMB million	FY2019	FY2018	Change (%)
Revenue	**3,877.5**	3,030.8	27.9
Including: WTE Business Revenue	**2,209.2**	1,808.4	22.2
Gross Profit	**949.8**	1,043.2	(9.0)
Profit Before Tax	**306.2**	748.3	(59.1)
Profit after tax attributable to owners of the Company	**153.3**	565.0	(72.9)

Changes in profit attributable to owners of the Company mainly attributable to:

- The decrease in income from technical management services and EMC business other than WTE business, which affected gross profit decreased by RMB138 million year-on-year;
- Non-recurring gains and losses decreased significantly by RMB280 million year on year, mainly including
  - The revenue from closure compensation of affiliated WTE plants decreased by RMB124 million
  - Asset disposal losses caused by asset retirement increased by RMB78.97 million
  - The different types of impairment provision increased by RMB74.92 million year-on-year
- Increased financial expenses

Achieving Strong Revenue Growth

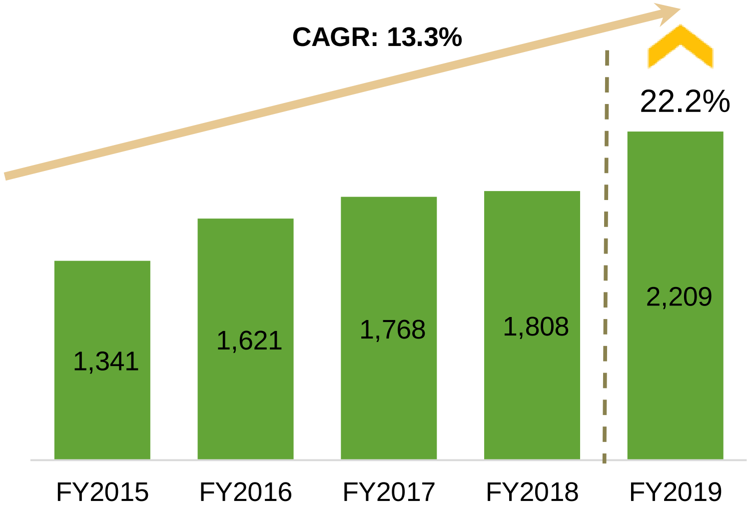
WTE Business Is The Main Revenue Contributor



Revenue Breakdown by Business Segment

WTE

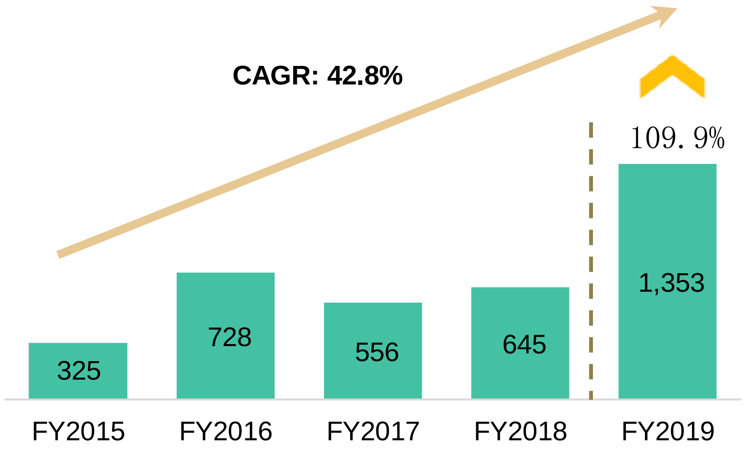
(RMB million)



Steady growth in WTE revenue due to:

- Marked increase of the Company's waste treatment capacity and power generation capacity
- The Continued growth in Zhuji Bafang WTE output capacity
- The Increase in unit subsidies for some WTE facilities

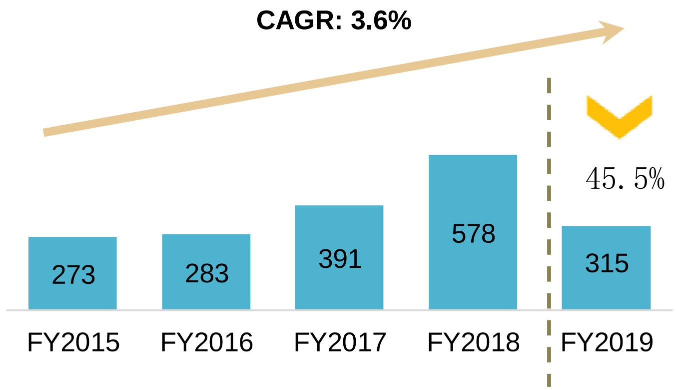
BOT Construction



BOT business revenue increased due to:

- FY2019 BOT revenue was mainly from the Kunming Wuhua construction project, the Linzhou Jinjiang WTE Facility and the expansion of Wenling Green Energy WTE Facility, an increase in revenue as compared to FY2018

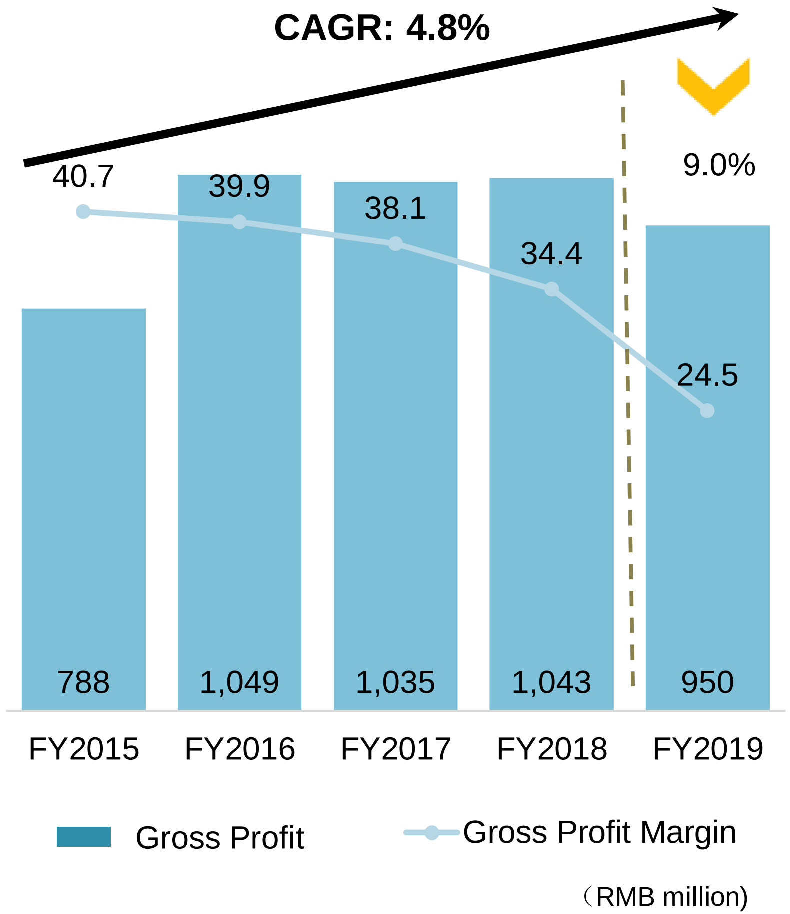
EMC Business



Fluctuations in EMC business performance due to:

- Lower profit-sharing ratio in the later stages of EMC contracts
- Reduction in revenue from project technical and management services including equipment selection and sales

Gross Profit & Gross Profit Margin



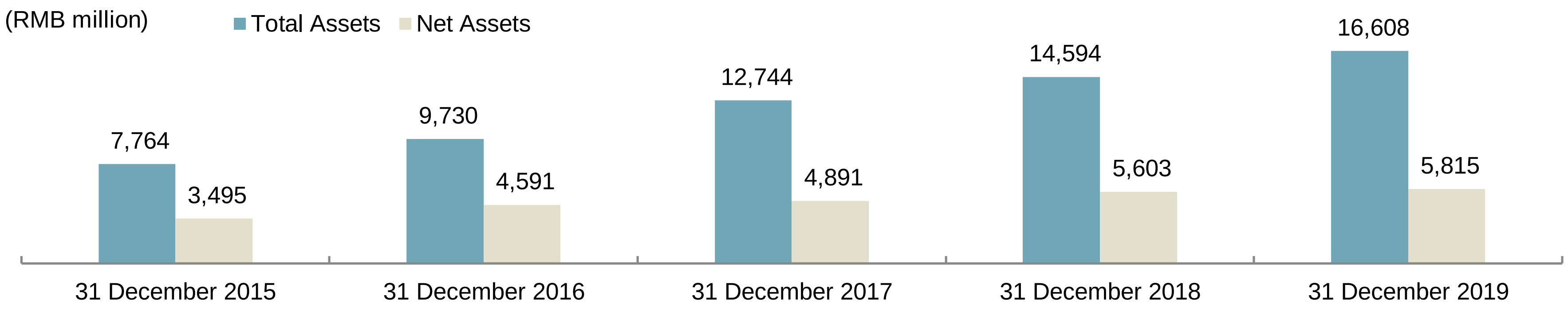
Gross Profit (RMB million)	FY2019	FY2018	Change
WTE	616.3	555.4	11.0%
BOT Construction*	208.5	126.8	64.4%
EMC Business	125.0	361.0	(65.4%)

Gross Profit Margin	FY2019	FY2018
WTE	27.9%	30.7%
BOT Construction*	15.4%	19.7%
EMC Business	39.7%	62.5%

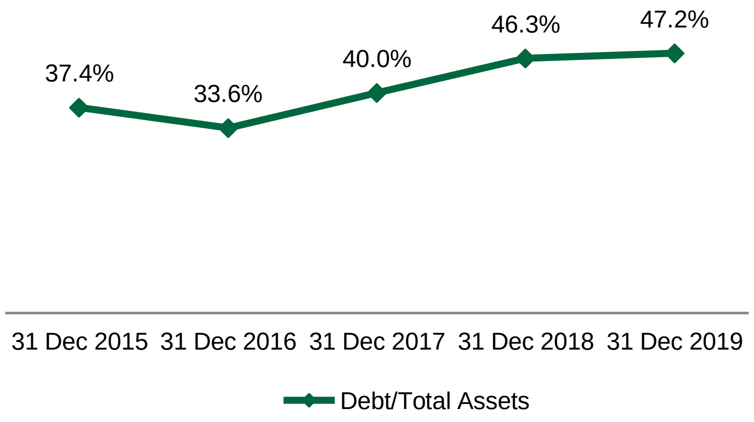
**Including financial income under service concession agreements*

Capital Structure

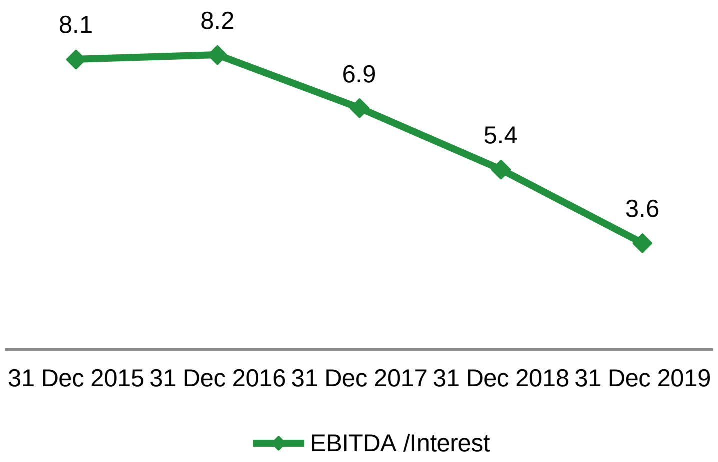
Total Assets & Net Assets



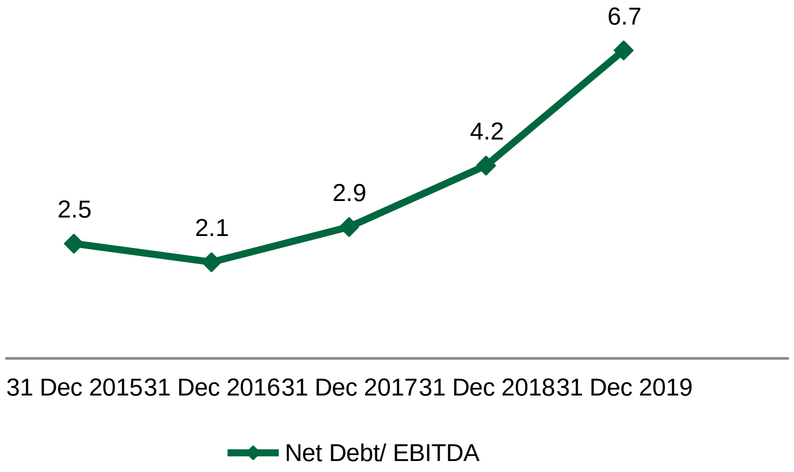
Interest-bearing Debt/Total Assets



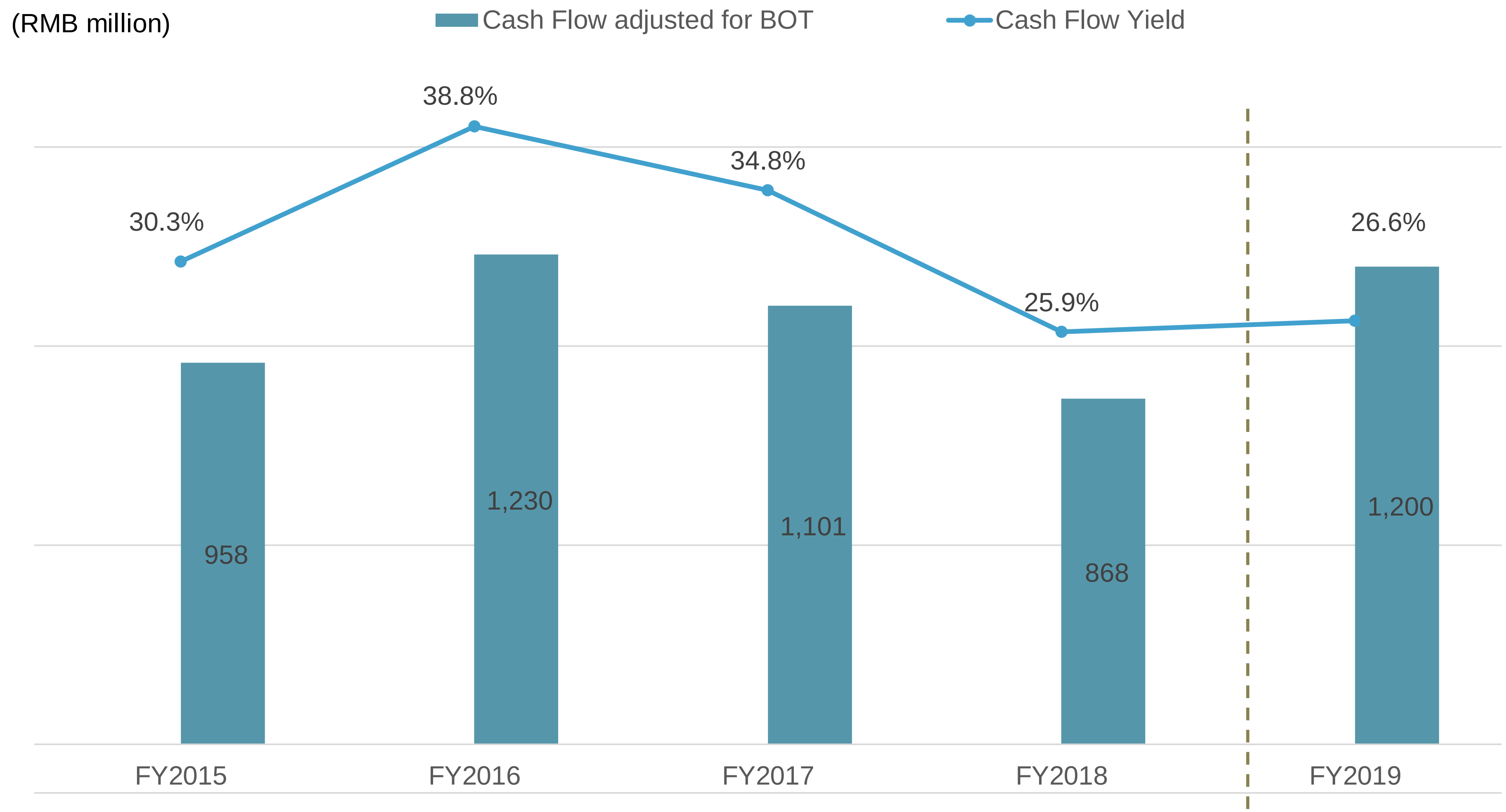
EBITDA/Interest



Net Debt/EBITDA



Operating Cash Flow



- Operating cashflow yield of 26.6% as at 31 December 2019
- As at 31 December 2019, the market capitalisation is S$872.4 million (RMB 4,510.4 million) and the exchange rate of Singapore dollar to RMB is 1:5.17

Prudent Capital Management

Our Capital Management Policy

- Adoption of a flexible financing policy and aims to maintain a diverse set of funding options
- Annual repayment and rolling over of a large proportion of short term working capital loans
- 30:70 equity-to-debt ratio maintained for WTE facility CAPEX
- Spacing out of CAPEX based on strategic plans
- Continue to lower financing cost

2018

- Private placement of 214 million new shares to raise S$107 million
- 3-yr fixed-term syndicated loan of US$200 million and RMB100 million led by Standard Chartered
- Completed 1st phase of upgrading project, achieving operational improvements which will improve cash flow

2019 and beyond

- Potential issuance of asset-backed securities to qualified investors in the PRC and securing additional overseas syndicated loan facilities to provide further liquidity
- Explore strategic partnerships to fund certain WTE projects on a selective basis
- Pace out commencement of projects to reduce balance sheet burden
- Reassess and execute overseas expansion plans in an orderly manner

AGM Q&As

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AGM Q&As (1)

Q1

What is the plan to reduce the financing cost? Are there enough funds to support the new projects? Are there enough funds to redeem the US$200 million notes due this year?

Backed by Zheneng Group’s great financial strength and good credit standing, the Group actively promotes existing financing and new financing to lower overall financing costs. For existing financing, the Group had either replaced higher interest rate financing with lower interest rate financing, or directly reduced the original contracted interest rate. Currently, the Group has achieved positive results, with the annualised financing costs decreasing by more than RMB 20 million, and will continue to push ahead to further reduce financing costs. For new financing, the Company will take reference from the benchmark lending rate of the Central Bank before proceeding. In addition, the Company is currently in advanced discussions to form a loan syndicate that will offer a significantly lower interest rate. The above stated measures have had a positive impact on the reduction of financing costs.

The Group typically adopts a 30% equity and 70% debt capital structure for new projects. The Company’s internal funds are mainly derived from the Company’s net operating cash flow. At the same time, the Company also plans to introduce strategic investors to raise funds for project capital expenditure. In addition, the Group’s controlling shareholder, Zheneng Group, through its finance company, has extended RMB 300 million of working capital loans to the Group. At the same time, Zheneng Group's leasing company has provided lease financing to two of the Company's waste-to-energy (“WTE”) project companies, and will continue to provide support in the future. The Company's future capital expenditures will be mainly used for its new construction projects, as well as reconstruction and expansion projects, with obvious benefits and high return on investment. The Company will fully consider the stability of its working capital, to improve on the Company’s waste treatment capacity through investment in upgrading, while meeting the needs of production and operation.

The Company is currently forming a new loan syndicate primarily to refinance US$200 million in debt.

AGM Q&As (2)

Q2

Is there a plan to issue new shares?

The Group maintains a flexible financing policy and aims to maintain a diverse set of funding options. While it has typically relied on bank borrowings for most of its projects, the Group may explore alternative means including tapping capital markets and issuing new shares.

The Group may also explore strategic partnerships to fund certain WTE projects on a selective basis, to further diversify its capital sources, rationalise its financial and capital resources and more efficiently manage its balance sheet and the capital expenditure requirements of expanding its pipeline of projects.

Overall, the Group aims to maintain a gearing ratio of below 70% and remains guided by this when deciding on the method for raising funds.

AGM Q&As (3)

Q3

Why is net profit for FY2019 so much lower than FY2018 but all operation data and revenue are much better than FY2018?

The Group continued its top-line growth momentum in FY2019, achieving a 26.1% revenue increase to RMB3,822.8 million from RMB3,030.8 million in FY2018, driven by revenue growth in the Group's WTE business and build-operate-transfer ("**BOT**") construction.

The revenue from the WTE business (excluding BOT construction revenue) and operational data saw further improvements in FY2019 in line with the progress of the expansion and upgrading project involving eight of the Group's operational WTE facilities which are older and have potential to handle a higher volume of waste requiring treatment. As at 31 December 2019, the Group has completed the expansion and upgrading of the waste incineration boilers for seven of its eight WTE facilities.

The upgraded equipment that has been put into operation has resulted in a marked increase in waste treatment capacity and boiler efficiency, with significant year-on-year improvements in the amount of waste treated (18.3%) and the amount of electricity generated (23.5%) and supplied (27.2%).

AGM Q&As (3) (continued)

Q3

Why is net profit for FY2019 so much lower than FY2018 but all operation data and revenue are much better than FY2018?

Despite the increased revenue from the WTE business and BOT construction, FY2019 PATMI decreased 72.9% compared to FY2018 mainly due to a decrease in other income and other losses, which were mainly attributable to, among other things:

a) 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
b) impairment losses amounting to RMB80.9 million in 4Q2019
c) 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； and
d) the decrease in project technical and management service and Energy Management Contracting (EMC) business revenue in FY2019 also contributed to the lower profits. Although there were nine new EMC contracts in FY2019, the revenue from this business segment has been greatly reduced due to the lower profit-sharing ratio in the later stages of the original contracts, while the benefits of some new EMC contracts have not yet been reflected.

AGM Q&As (4)

Q4

What is the Company's forecast for the net profit margin in the next three years?

The Group believes that the prospects for its core WTE business remain sound, underpinned by the Company's strong fundamentals, its pipeline of projects under construction and in the planning phase, its operating track record and reputation we have built over the years. Especially with Zheneng Group on board, the Group will benefit from its strong capabilities and high-quality resources across the entire energy generation value chain, as well as its strong financial expertise.

Even as the COVID-19 pandemic has resulted in domestic and global economic challenges along with recessionary risks, the Group's facilities remain in normal and stable operation with minimal operational impact from the COVID-19 situation. The Group will continue to adopt strict precautionary measures in accordance with guidelines from respective local authorities. Together with the favourable government policies in place, the Group remains cautiously optimistic of its performance amidst market challenges going forward.

AGM Q&As (5)

Q5

Any update on the overseas projects work-in-progress and forecast revenue?

Currently, we have established a presence in key developing markets in Southeast Asia, South America and India, as well as in Germany. All three of the Group’s projects in India have commenced waste collection operations as at 31 December 2019. The Company is currently evaluating the construction of these three WTE plants and pushing forward the construction plan according to its development strategy.

While the Group may encounter some challenges and the usual teething problems associated with expansion into new overseas markets, it remains firmly committed towards achieving its long-term goal of being internationally recognised as a renowned global waste management company.

AGM Q&As (6)

Q6

Any forecast to turn around the negative cash flow to positive?

The Company’s operating cash flows before movements in working capital (excluding capital expenditure related to BOT projects) is positive, being RMB1.2 billion, a larger increase than in 2018.

The Company’s cash balance remains sound, with a cash balance of RMB857 million at the beginning of 2019, and ending the year with RMB442 million, a decrease of RMB415 million. The decrease is mainly due to the increase in capital expenditure due to new construction, reconstruction and expansion and upgrading projects in 2019.

AGM Q&As (7)

Q7

What is the Company’s dividend policy looking forward?

In general, the Company does not have a fixed dividend policy.

No dividend has been recommended for FY2019 as the Group is in the process of investing in its pipeline of new and expansion projects in China with a view of achieving sustainable and long-term growth of its business. These projects require considerable financial resources, and in view of the current macroeconomic uncertainty and global recessionary risks, the Group’s priority is to manage its cash flow prudently and responsibly so as to ensure that its financial commitments are met.

When making recommendations on the timing, amount and form of future dividends, if any, the Board will consider, among other things, our results of operations and cash flow, our expected financial performance and working capital needs, our future prospects, our capital expenditures and other investment plans, other investment and growth plans, and the general economic and business conditions and other factors deemed relevant by the Board.

AGM Q&As (8)

Q8

Referring to Page 187 of the 2019 Annual Report, Company recognised approximately RMB23 million of share-based expense (which is double from approximately RMB12 million in 2018). When was the amount paid out? What is the cause of the increase in share-based expense year-on-year? Other than the share-based expense recognised, did Company recognise any cash performance-linked bonuses in 2018 and 2019, and when were these paid out?

The share-based expense relates to share-based incentives under the Jinjiang Environment Performance Share Plan (“**Plan**”),which is a component of the employee's total remuneration. It is paid in the form of shares and there is no cash outflow. During FY2019, new shares were issued to the employees on 30 October 2019 pursuant to the vesting of awards under the Plan. The increase in 2019 compared to 2018 is because the share-based incentives granted to employees by the Company each year are issued in tranches instead of at one go. The relative sizes of each tranche and number of employees issued shares under the Plan vary from year to year, so there will be differences. The Company's other performance bonuses are confirmed based on the Company's personnel system and the Company’s performance.

The Plan was approved by shareholders on 29 June 2016 and the shareholders of the Company had last provided authority to grant awards and issue shares under the Plan at the Annual General Meeting of the Company held on 29 April 2019.

AGM Q&As (8) (continued)

Q8

Referring to Page 187 of the 2019 Annual Report, Company recognised approximately RMB23 million of share-based expense (which is double from approximately RMB12 million in 2018). When was the amount paid out? What is the cause of the increase in share-based expense year-on-year? Other than the share-based expense recognised, did Company recognise any cash performance-linked bonuses in 2018 and 2019, and when were these paid out?

As disclosed under Note 43 on “Share award expense” on Page 188 to 189 of the 2019 Annual Report, the Company granted 10,906,500 (2018: 7,665,800) shares under the Plan in September 2019. The fair value of the performance shares is estimated to be S$0.42 (equivalent to RMB2.17) (2018 : S$0.35 (equivalent to RMB1.60)) per share and is based on the market value of the share on grant date and risk free rate of 1%.

The market value of each share on grant date is S$0.60 (equivalent to RMB3.08) (2018: S$0.505 (equivalent to RMB2.53)).

Hence, the Group recognised total expenses of RMB23,301,000 (2018 RMB11,814,000) related to equity-settled share-based payment transactions during FY2019.

AGM Q&As (9)

Q9

Referring to Page 152 of the 2019 Annual Report, what is the nature of the "Property, plant and equipment written-off" item of RMB78,966,000, and related to which plants? What is the accounting basis for the write-off this year, as opposed to depreciation overtime?

As disclosed in the Group's "Unaudited Fourth Quarter And Full Year Financial Statements For The Period Ended 31 December 2019" which was released on 30 April 2020, the write-off of property, plant and equipment amounting to RMB79.0 million in FY2019 arose upon the completion of the expansion and upgrading of seven out of eight of the WTE facilities by the end of FY2019, as the impairment on the unusable assets before the completion of the upgrading process cannot be reasonably measured in the prior periods. The aforesaid write-off involved the Xiaoshan WTE Plant, Xingyang WTE Plant, Wuhu WTE Plant, Lianyungang WTE Plant, Changchun WTE Plant and Hankou WTE Plant

The amount is calculated based on the net book value of the individual end-of-life assets of the relevant WTE facilities.

AGM Q&As (10)

Q10

WTE companies are usually subject to legal issues with respect to the ESG related complaints from either the local communities or governments, as the Chinese government is tightening environmental related regulations for renewable energy assets. Has the Company received any government fines / penalties, or has recognised any potential legal liability losses into account in 2019 in this regard, and if so, what is the magnitude of this loss?

The Board recognises that sustainable business practices are essential in creating positive environmental and social impacts for the wider community. The Board strives to align environmental, social and governance ("ESG") considerations with Zheneng Jinjiang Environment's long-term strategy and business goals.

We are committed to providing green energy and hazard-free waste treatment services to the wider community. Both our WTE and EMC businesses contribute to the reduction in resource consumption and enhance environmental sustainability. We increase our WTE capacity and efficiency through technological innovation and adopting best industry practices. At the same time, we closely monitor our emissions, effluents and waste to prevent pollution and achieve integrated resource utilisation.

The Company also adheres to relevant environmental and social laws concerning issues like emissions and waste, air emissions, environmental disclosure requirements, labour practices and occupational health and safety practices. The Company's waste discharge, environmental disclosure, labor practices and occupational health and safety practices are all supervised and monitored by the company's corporate management department, and audited by the Enterprise Risk Management Department. Any major disruptions to operation or compliance-related breaches will be reported promptly and an internal investigation will be conducted.

In FY2019, the Group was not subject to any material environmental penalties that would have a significant impact on the group's operation

AGM Q&As (11)

Q11

Since the Company will not disclose Q12020 results unlike previous years, could the Company comment on general financial and operational performance for Q12020?

As a result of the COVID-19 pandemic, the Company's waste treatment volume and steam supplied in 1Q2020 decreased by 10% and 17% respectively compared to its initial forecast. As the domestic pandemic situation is largely under control, the Company's waste treatment volume has gradually recovered from March, and the current waste treatment volume has reached more than 95% of pre-pandemic levels. However, due to the impact of the pandemic situation on Zhuji Bafang WTE facility's heat user output, steam supply has not yet fully recovered. The waste disposal and power generation businesses are expected to recover to forecasted levels by the end of the second quarter, even as the steam supply business remains uncertain. The Company's performance will be affected to a certain extent in the short term, but it is optimistic about its future development in the long run, due to national policy support, completion of renovation and expansion of existing projects, and the commissioning of new projects. At the same time, the uncertainty over the development of the pandemic and its impact internationally will impact the Company's domestic steam supply business and the progress of its overseas projects.

The Company's overall financial and operating conditions have remained stable.

The Company's next financial results announcement will be in respect of the half-year ending 30 June 2020.

The Company will continue to keep the shareholders of the Company updated in a timely manner as and when there are material developments (financial or otherwise) relating to the Group in compliance with Rule 703 of the Listing Manual.

AGM Resolutions

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AGM Resolutions – As Ordinary Business

Resolution 1:
To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2019 together with the Auditors' Report thereon.

Resolution 2:
To re-elect Mr. Wei Dongliang, a Director retiring pursuant to Article 120 of the Company's Articles of Association.

Resolution 3:
To approve the payment of Directors' fees of S$420,000/- for the financial year ended 31 December 2019.

AGM Resolutions – As Ordinary Business

Resolution 4:
To appoint Messrs PricewaterhouseCoopers LLP as the Company's auditors in place of the retiring auditors, Messrs Deloitte & Touche LLP, and to authorise the Directors to fix their remuneration.

Rationale:

- ✓ It is not uncommon for listed companies to change their auditors from time to time, as this accords with good corporate governance practice, and the Company was of the view that it would be timely to review the appointment of Auditors.
- ✓ The Company's management had evaluated competitive proposals received from various audit firms and recommended to the Audit and Risk Management Committee that PwC be appointed as the Auditors.
- ✓ The Audit and Risk Management Committee had reviewed and deliberated on the management's evaluation of the various proposals and its recommendation for PwC to be appointed and had recommended to the Board that PwC be appointed as the Auditors.
- ✓ The Board of Directors, having taken into account the Audit and Risk Management Committee's recommendation, accepts the Audit and Risk Management Committee's recommendation and is of the opinion that PwC is a suitable auditing firm to be able to appointed as the Auditors to meet the audit obligations requirements of the Company.

AGM Resolutions – As Special Business

Resolution 5: Share Issue Mandate

That pursuant to Rule 806 of the Listing Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and notwithstanding the provisions of the Articles of Association of the Company, authority be and is hereby given to the Directors of the Company to:-

i. issue shares in the capital of the Company (the "**Shares**") (whether by way of rights, bonus or otherwise); and/or
ii. make or grant offers, agreements or options that may or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares (collectively, the "**Instruments**".

This mandate, if approved, will allow the issue of new shares not exceeding 50% of the Company's issued shares excluding treasury shares and subsidiary holdings of the Company, with a sub-limit of 20% for shares issued other than on a pro-rata basis (including shares to be issued in pursuance of instruments made or granted pursuant to this resolution.

In exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company.

Unless revoked or varied by the Company in general meeting, the authority conferred by this resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held, whichever is the earlier.

AGM Resolutions – As Special Business

Resolution 6: The Proposed Renewal of the Share Purchase Mandate

Once approved, the Share Purchase Mandate will enable the Company to purchase or otherwise acquire its issued Shares

Rationale:

- ✓ In managing the business of the Group, management will strive to increase Shareholders' value by improving, inter alia, the ROE of the Company. In addition to growth and expansion of the business, share purchases may be considered as one of the ways through which the ROE of the Company may be enhanced

- ✓ The Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to its Shareholders
  - To the extent that the Company has capital and surplus funds which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner

- ✓ Shares which are purchased by the Company pursuant to the Share Purchase Mandate and held in treasury may, *inter alia*, to the extent permitted by applicable law, be transferred for the purposes of or pursuant to share schemes implemented by the Company, including the Jinjiang Environment Performance Share Plan, to enable the Company to take advantage of tax deductions under the current taxation regime.
  - The use of treasury shares in lieu of issuing new Shares would also mitigate the dilution impact on existing Shareholders.

AGM Resolutions – As Special Business

Resolution 7: The Proposed Renewal of the General Mandate for Interested Person Transactions

The IPT General Mandate enables the Company, its subsidiaries and associated companies that are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual (the "**EAR Group**"), to enter in the ordinary course of business into any of the mandated transactions with specified classes of Interested Persons, provided that such transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

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History of Interested Party Transactions (IPT) General Mandate

- ✓ IPT General Mandate was originally adopted on 20 July 2016, and then renewed at the EGM on 25 April 2017.
- ✓ At the EGM held on 30 April 2018 and 31 December 2018, certain modifications to the IPT General Mandate were approved.
- ✓ At the AGM held on 29 April 2019, the Shareholders had approved the renewal of the IPT General Mandate.
- ✓ At the EGM held on 25 November 2019, Shareholders had approved certain further modifications to the IPT General Mandate

The modified IPT General Mandate approved at the November 2019 EGM will, unless renewed at the AGM, expire on the date of the AGM

AGM Resolutions – As Special Business

Resolution 7: The Proposed Renewal of the General Mandate for Interested Person Transactions

Rationale and Benefits:

- ✓ The IPT General Mandate and its subsequent renewal on an annual basis would eliminate the need to announce, or to announce and convene separate general meetings from time to time to seek Shareholders' prior approval as and when potential Mandated Transactions with Mandated Interested Persons arise, ***thereby saving substantial administrative time and costs expended in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the EAR Group***

- ✓ The EAR Group will benefit from having ***access to competitive quotes*** from the Mandated Interested Persons in addition to obtaining quotes from, or transacting with, non- Mandated Interested Persons.

AGM Resolutions – As Special Business

Resolution 8: Jinjiang Environment Performance Share Plan

That the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the provisions of the Jinjiang Environment Performance Share Plan ("**Plan**") and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Plan provided always that the aggregate number of shares to be issued pursuant to the Plan shall not exceed 15% of the total issued share capital of the Company from time to time.


Thank You
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