

**ZHENENG JINJIANG ENVIRONMENT HOLDING COMPANY LIMITED**

浙能锦江环境控股有限公司

(Company Registration Number: 245144)

(Incorporated in the Cayman Islands on 8 September 2010)

The Board of Directors (the "**Board**") of Zheneng Jinjiang Environment Holding Company Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the query from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") dated 19 April 2024 regarding the Company's Annual Report for the financial year ended 31 December 2023 (the "**FY2023 Annual Report**"). The Company sets out the SGX-ST's query and its responses as follows:

**Question:** We refer to Zheneng Jinjiang Environment Holding Company Ltd's Annual Report for FY2023 issued on 10 April 2024. Please find our query below which we require the Company to respond to via an announcement on SGXNet by Tuesday, 23 April 2024. In your announcement, please disclose our question and your corresponding answer to enable investors to understand the matters raised by the Exchange.

Provision 8.1 of the Code of Corporate Governance 2018 requires the Company to disclose, inter alia, the amounts and breakdown of remuneration of (a) each individual director and the CEO; and (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel ("KMP"). We note that the Company had not disclosed the remuneration values of the directors and KMP in its FY2023 Annual Report "given the highly competitive industry conditions for the waste-to-energy sector particularly in the People's Republic of China". Please disclose the upper band of each of their remuneration so as to enable investors to better understand the link between the remuneration paid to them and their performance, in line with the intent of Principle 8 of the Code of Corporate Governance 2018.

**Response:** Notwithstanding that the remuneration of the directors and the KMPs was not disclosed on an individual basis or in bands, the following disclosures have been included on pages 124, 125 and 127 of the Company's FY2023 Annual Report to enable investors to better understand the link between the remuneration paid to the directors and KMPs and their performance:

- (a) the Company has put in place a remuneration framework for its executive directors and KMPs with key areas of focus on pay for performance, competitive remuneration and accountability and risk-taking, further details of which have been disclosed on page 124 of the FY2023 Annual Report;
- (b) the Company has adopted a performance-based remuneration system for employees, including its executive directors and KMPs. A significant and appropriate proportion of the executive directors' and KMPs' remuneration is structured so as to link rewards with the achievement of corporate and individual performance targets in an objective and equitable way and reflects the degree of responsibility held by the executive directors and KMPs, in order to ensure that the variable component of their remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company;
- (c) in particular, the remuneration package of executive directors and KMPs is made up of both fixed and variable components. The fixed component is essentially base salary and fixed allowances. The variable component is determined based on the performance of the individual employee as well as the Group's

performance. It is made up of year-end bonus and other benefits. The variable component, annual increments and adjustments to remuneration are reviewed and approved by the Remuneration Committee and the Board after taking into account the results of the annual performance assessments of the executive directors and KMPs. Disclosures of a breakdown in the percentage of the remuneration earned by the executive directors and KMP of the Company through base/fixed salary, variable bonus, allowances, and/or awards of shares under the Jinjiang Environment Performance Share Plan have been made on page 126 of the FY2023 Annual Report;

- (d) as compared to the disclosure made in past annual reports of the Company, an additional disclosure of the dollar value of the aggregate remuneration paid to the executive directors and persons who served as KMPs in the financial year ended 31 December 2023 has been made on page 127 of the FY2023 Annual Report; and
- (e) the remuneration packages of the directors and the KMPs are periodically considered and reviewed by the Remuneration Committee in order to maintain their attractiveness, to attract, retain and motivate the directors to provide good stewardship of the Company and KMPs to successfully manage the Company for the long term, and to ensure that the level and structure of the remuneration of the directors and the KMPs are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives, and the long-term interests and risk policies of the Company.

The Company believes that the above disclosures provide a reasonable amount of information on the Company's remuneration framework to enable shareholders to have an adequate appreciation of the remuneration of its directors and KMPs and to understand the link between the remuneration paid to them and their performance.

Further, the Company has disclosed the reasons for deviating from Provision 8.1 of the Code of Corporate Governance 2018 (the "**Code**") on page 127 of the FY2023 Annual Report, being the confidentiality and commercial sensitivity attached to remuneration matters, in particular those of KMPs, and the highly competitive industry conditions for the waste-to-energy sector particularly in the People's Republic of China. The Company would like to further elaborate that disclosures in accordance with Provision 8.1 of the Code or disclosures of the upper bands of the remuneration of directors and KMPs may offer competitors insight into our compensation structure, thereby hampering the Company's ability to retain and nurture the Group's talent pool as it increases the risk of having our executive directors and KMPs being poached individually and/or collectively, therefore affecting both our ability to nurture a sustainable talent pool and ensuring the smooth continuity of leadership to achieve the strategic business and operational objectives of the Group.

As announced by the Company on 19 April 2023 and 23 April 2023, the Board will disclose the names, amounts and breakdown of remuneration paid to each individual director in the annual report of the Company for the financial year ending 31 December 2024 in accordance with the requirements of Rule 1207(10D) of the Listing Manual of the SGX-ST. The Company will be continuing to review the disclosure of the remuneration of the directors and KMPs on an annual basis.

Taking into account the existing disclosures in the FY2023 Annual Report on the Company's remuneration policies, level and mix of remuneration, procedure for setting remuneration and the relationships between remuneration, performance and value creation, as well as the reasons for deviating from Provision 8.1 of the Code, the Board is of the view that the Company has complied with the intent of Principle 8 of the Code.

**BY ORDER OF THE BOARD**

Wei Dongliang  
Executive Chairman  
22 April 2024