



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)

RESPONSES TO SGX-ST'S QUERIES REGARDING UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2022

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 queries from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") dated 21 November 2022 regarding the Company's announcement dated 9 November 2022 of its unaudited results for the third quarter and nine months ended 30 September 2022 (the "**3Q2022 Results Announcement**"). The Company sets out the SGX-ST's queries and its responses as follows:

Question: The Group reported trade and other receivables amounting to RMB 3,364.7 million which represented 120% of the Group's 9M revenue for the period ended 30 September 2022.

Please disclose:

- (i) the breakdown of the Group's current trade and other receivables;
- (ii) for non-current other receivables, the underlying transactions, the terms of the transactions (including the contract sum), terms of payment, whether this was incurred in the ordinary course of business, and the Board's assessment, including bases of assessment, of the recoverability of the non-current other receivables; and
- (iii) the ageing profile of the Group's trade and other receivables/trade receivables in bands of 3 months.

Response: (i) the breakdown of the Group's current trade and other receivables is as follows:

	RMB'000
Trade receivables	2,121,794
Bills receivables	56,660
Total trade and bills receivables	<u>2,178,454</u>
Advances to suppliers	76,449
Other receivables	<u>244,755</u>
Total current trade and other receivables	<u><u>2,499,658</u></u>

- (ii) The non-current other receivables of RMB70.4 million comprise advances to suppliers of RMB44.9 million and long-term prepayments of RMB25.5 million.

The aforesaid advances to suppliers comprise the prepayments agreed in the Group's equipment procurement contracts and project construction contracts for its projects under construction. Prepayments for equipment are mainly in respect of equipment with higher value, more bespoke specifications or longer production cycle, and some suppliers require the company to make partial prepayment of the price before production or shipment. Prepayments for project construction are mainly in respect of engineering and construction technical service contracts and engineering, procurement, and construction ("EPC") contracts, where advance payments are made to suppliers in accordance with contractual agreements. The above payment methods are also commonly used in equipment procurement, construction and installation contracts in the People's Republic of China. These contracts are being performed normally and the corresponding equipment will be eventually classified as long-term assets of the Group in line with the continued progress of performance of the contracts.

The aforesaid long-term prepayments comprise one-off payments made by the Group in advance to the government and its suppliers for pollution emission rights, water exploiting rights from Yellow River and others to be utilised in the future, which were made in accordance with the relevant contractual terms and which have an amortization period of more than 1 year.

Considering the nature of the advances to suppliers and long-term prepayments as aforesaid and the fact that they are in the ordinary course of business, the Board is of the view that the non-current other receivables of RMB70.4 million are not required to be impaired.

(iii) The aging analysis of trade receivables is as follows:

	RMB'000
Current	1,817,823
Within 60 days	54,314
60 days to 90 days	41,367
90 days to 120 days	22,396
Over 120 days	242,554
	<u>2,178,454</u>

The Company monitors the aging of trade receivables in bands of 1 month. The above aging analysis is consistent with Company's annual audited financial statements.

BY ORDER OF THE BOARD

Wei Dongliang
Executive Chairman

23 November 2022