



CHINA JINJIANG ENVIRONMENT HOLDING COMPANY LIMITED

中国锦江环境控股有限公司

(Company Registration Number: 245144)

(Incorporated in the Cayman Islands on 8 September 2010)

1. SALE OF SHARES BY CONTROLLING SHAREHOLDERS

The board of directors (the “**Board**”) of China Jinjiang Environment Holding Company Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that Mr. Dou Zhenggang, Ms. Wei Xuefeng and Ms. Jennifer Wei, each a controlling shareholder of the Company (collectively, the “**Controlling Shareholders**”), have informed the Company that China Green Energy Limited (“**China Green Energy**”) has on 10 June 2019 (the “**Signing Date**”) entered into a conditional sale and purchase agreement (“**Agreement**”) with, Zhejiang Energy International Limited (浙江能源国际有限公司) and Zheneng Capital Holdings Co., Ltd. (浙能资本控股有限公司) (collectively, the “**Purchasers**”) relating to the proposed disposal by China Green Energy of 430,000,000 ordinary shares (“**Sale Shares**”) in the capital of the Company (“**Shares**”) held by China Green Energy, representing approximately 29.79% of the entire issued share capital of the Company (excluding treasury shares) to the Purchasers (the “**Proposed Transaction**”).

As at the date of this announcement (“**Announcement**”), Mr. Dou Zhenggang and Ms. Wei Xuefeng are deemed interested in 49.99% of China Green Energy, and the remaining 50.01% of the interests in China Green Energy is held by their daughter, Ms. Jennifer Wei.

2. INFORMATION ON THE PROPOSED TRANSACTION

The information on the Proposed Transaction and the Purchasers was provided by the Purchasers and the Controlling Shareholders. In respect of such information, the Company and the Directors have not independently verified the accuracy and correctness of the same and the Company’s responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this Announcement.

2.1. Consideration

The aggregate consideration of the Sale Shares is RMB 1,634,438,912 (“**Consideration**”), subject to adjustments as provided under the Agreement.

The Consideration was arrived at after arm's length negotiations between the respective parties, on a “willing buyer willing seller” basis, taking into consideration, *inter alia*, the audited net asset value of the Group as at 31 December 2018. Adjustments will be made to the Consideration on Completion to account for any changes to the profitability and/or loss of the Group from 31 December 2018 to the Signing Date. The number of Sale Shares and the Consideration may also be subject to adjustments to account for, *inter alia*, any dividend distributions and/or issuances of shares between 31 December 2018 to Completion.

2.2. Conditions Precedent

Pursuant to the Agreement, completion of the Proposed Transaction is conditional upon, *inter alia*, the following conditions (“**Conditions Precedent**”) being fulfilled (or waived by the relevant party):-

- (a) the Purchasers and China Green Energy having respectively obtained all necessary corporate approvals for the transfer of the Sale Shares from China Green Energy to the Purchasers and in the case of the Purchasers, such other consents, approvals or authorisation as may be required in accordance with the relevant People’s Republic of China (“**PRC**”) state-owned asset acquisition procedures;
- (b) satisfactory due diligence by the Purchasers on the Group;
- (c) no material adverse changes to the listing status of the Company, and to the operations, financial conditions, assets, liabilities or prospects of the Group;
- (d) all consents and approvals required under any and all applicable laws and regulations including but not limited to all applicable laws and regulations in the PRC and Singapore, for the Proposed Transaction (including but not limited to any consent, approval, or authorisation of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), or any consent, approval or authorisation required in relation to overseas investment and anti-monopoly issues under the laws and regulations of the PRC) having been obtained; and
- (e) save for the Notes (as defined below) and the Facility (as defined below), the Group’s implementation of measures reasonably satisfactory to the Purchasers, to ensure that the existing loan and credit facilities obtained by the Group from third party lender(s) will not be required to be repaid in advance, and that there will be no material adverse changes to the substantive terms under such agreements.

2.3. Completion

Completion of the Proposed Transaction (“**Completion**”) is expected to take place by 10 September 2019, subject to the satisfaction or waiver of all Conditions Precedent.

2.4. Board of Directors and the Key Employees

The Company has been further informed that the Purchasers intend to nominate two executive directors to the Board upon completion of the Proposed Transaction.

The Company is also informed that pursuant to the Agreement, the key employees of the Group (“**Key Employees**”) are required to enter into service agreement(s), non-compete and confidentiality undertaking(s) and transfer of intellectual property rights agreement(s) with the Group, to the reasonable satisfaction of the Purchasers.

The Company will release the requisite announcement(s) upon any changes to the Board and/or Key Employees in compliance with the Listing Manual of the SGX-ST (“**Listing Manual**”).

3. DISCLOSURE PURSUANT TO RULE 728(2) OF THE LISTING MANUAL

The Board refers to the following announcements:-

- (i) the Company's announcement dated 27 July 2017 in relation to the issuance by the Company of US\$200,000,000 in aggregate principal amount of 6.0% senior notes due 2020 (the "**Notes**") and the indenture entered into between, *inter alia*, the Company and Citicorp International Limited as trustee dated 27 July 2017 ("**Indenture**"); and
- (ii) the Company's announcement dated 13 June 2018 in relation to the entry by the Company, as borrower, into a term facility agreement with, among others, Standard Chartered Bank (Hong Kong) Limited as original mandated lead arranger and bookrunners and agent of the finance parties ("**Agent**") in respect of a US dollar term loan facility of an aggregate amount of US\$200,000,000 (the "**Facility**"),

(together, the "**Announcements**"). Capitalised terms used herein and not otherwise defined shall bear the same meanings ascribed to them in the Announcements.

Pursuant to the foregoing, each of Mr. Dou Zhenggang and Ms. Wei Xuefeng have notified the Company that upon Completion, the Proposed Transaction will result in a Change of Control of the Company, as defined under the respective terms of the Indenture and the Facility, and may also result in a Change of Control Triggering Event (as defined below) under the Indenture.

3.1. The Notes

The Indenture provides that a "**Change of Control**" occurs when, *inter alia*, (i) Mr. Dou Zhenggang, Ms. Wei Xuefeng, their immediately family members and entities controlled by any of the foregoing persons ("**Permitted Holders**") are the beneficial owners of less than 45% of the total voting power of the voting shares of the Company or (ii) any person or group is or becomes the beneficial owner, directly or indirectly, of total voting power of the voting shares of the Company greater than the total voting power held beneficially by the Permitted Holders.

In addition, upon the occurrence of both (i) a Change of Control (as defined under the Indenture) and (ii) S&P Global Ratings or Moody's Investors Service decreasing the rating of the Notes within a period of 6 months ("**Change of Control Triggering Event**"), not later than 30 days following such event, the Company will be required to make an offer to purchase all outstanding Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the date of purchase.

If a Change of Control Triggering Event occurs, the aggregate principal amount of securities, as at the date of this Announcement that may be affected by a breach of such condition is approximately US\$200,000,000.

3.2. The Facility

The terms of the Facility provide that a "**Change of Control**" occurs when (i) Mr. Dou Zhenggang and Ms. Wei Xuefeng collectively do not or cease to (a) beneficially own, directly or indirectly, more than 45% of the issued share capital of the Company or (b) control the Company or (ii) any person or group of persons acting in concert have voting power, or control over voting power, that is greater than that of Mr. Dou Zhenggang and Ms. Wei Xuefeng collectively.

If a Change of Control (as defined under the Facility) occurs, (i) the Company shall promptly notify the Agent upon becoming aware and (ii) if the Majority Lenders so require, the Agent shall, by notice to the Company, declare all outstanding loans and amounts, together with accrued interest and all other amounts accrued under the Facility immediately due and payable.

Upon a Change of Control (as defined under the Facility), the aggregate principal amount of the Facility, as at the date of this Announcement that may be affected by a breach of such condition is approximately US\$200,000,000.

3.3. Financial Impact on the Group

The Company has been informed that under the Agreement, the Purchasers have taken into consideration the risk that full redemption of the Notes and the full repayment of all outstanding amounts under the Facility may be required upon the completion of the Proposed Transaction, and that the Purchasers will take appropriate measures to deal with these issues.

The Controlling Shareholders will also work with the Purchasers to approach the respective lenders pursuant to the Indenture and the Facility, to discuss the Change of Control (as defined in the Indenture and the Facility respectively) issues prior to Completion.

However, the Company is not a party to the Agreement and only the Controlling Shareholders would be able to enforce such conditions if the Purchasers fail to comply with the aforesaid obligations under the Agreement.

4. RATIONALE FOR THE PROPOSED TRANSACTION

The Company has been informed that the Purchasers, as a large energy enterprise group in the PRC, have great financial strength, and the Controlling Shareholders believe that the entry of the Purchasers as shareholders of the Company will facilitate the financing and future development of the Group.

The Purchasers, being Zhejiang Energy International Limited (浙江能源国际有限公司) (“**Zhejiang International**”) and Zheneng Capital Holdings Co., Ltd. (浙能资本控股有限公司) (“**Zheneng Capital**”), are controlled by Zhejiang Provincial Energy Group Co., Ltd. (浙江省能源集团有限公司) (“**Zheneng Group**”).

Zheneng Group, a state-owned provincial energy enterprise, mainly engages in electric power source construction, electric and thermal power generation, development, trading and transportation of petroleum, coal and natural gas, energy services, and energy finance, etc. Zheneng Group manages more than 200 companies and manages supplies that accounts for approximately 50% of the electricity power consumption, nearly half of the total coal consumption, and approximately 83% of the total natural gas consumption in the Zhejiang Province. At the end of 2018, it had a total net asset value of RMB 106 billion.

Zhejiang International has a registered capital of about HKD 3.1 billion, and a total net asset value of approximately HKD 3.46 billion at the end of 2018. It deals in trade and foreign economic cooperation matters. Zheneng Capital has a registered capital of about RMB 10 billion. It is positioned as a professional institution for investment and management of financial assets, and a financial and investment platform. At the end of March 2019, its total net assets amounted to RMB 19.03 billion.

Following the Proposed Transaction, Mr. Dou Zhenggang, Ms. Wei Xuefeng are expected to be the second largest controlling shareholders of the Company, each deemed interested in approximately 25.82% of the Shares. They will work with the Purchasers to ensure a smooth transition in the management of the Company.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed above, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction, other than through their respective shareholding interests in the Company.

The Purchasers are not related to the Controlling Shareholders or the directors of the Company.

6. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their securities in the Company as the Proposed Transaction is subject to Conditions Precedent and there is no certainty or assurance as at the date of this Announcement that all of the Conditions Precedent will be satisfied (or waived, as the case may be) or that the Proposed Transaction will be completed. The Company will make announcements as appropriate to update shareholders as and when there are any material developments.

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Zhang Chao
Executive Director and Chief Executive Officer

10 June 2019

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