



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)

INCREASE IN SHAREHOLDING IN SUBSIDIARIES

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 Company’s announcements dated 22 November 2018 and 8 May 2019 in relation to the incorporation of Laoting Jinhuan New Energy Co., Ltd. (乐亭县锦环新能源有限公司) (“**Laoting Jinhuan**”) as a project company in respect of a waste-to-energy project in Laoting County, Hebei Province and the incorporation of Baoding Jiasheng New Energy Co., Ltd. (保定嘉盛新能源有限公司) (“**Baoding New Energy**”) as a project company in respect of a resource recycling project in Gaobeidian City, Baoding, Hebei Province, respectively.

The Board wishes to announce that a wholly-owned subsidiary of the Company, Lin’an Jiasheng Environment Co., Ltd. (临安嘉盛环保有限公司) (“**Lin’an Jiasheng**”) has acquired:

- (a) 100.0% of the equity interest in Laoting Jinhuan from a non-wholly-owned subsidiary of the Company, Tangshan Jinhuan New Energy Co., Ltd. (唐山市锦环新能源有限公司) (“**Tangshan Jinhuan**”) (the “**Laoting Equity Transfer**”); and
- (b) 20.0% of the equity interest in Baoding New Energy from Shijiazhuang Jinhua Environmental Protection Technology Co., Ltd. (石家庄锦华环保科技有限公司) (“**Shijiazhuang Jinhua**”), an unrelated third party which is the Group’s local partner (the “**Baoding Equity Transfer**”, and together with the Laoting Equity Transfer, the “**Equity Transfers**”).

The aggregate consideration for the Laoting Equity Transfer is RMB100.0 million (equivalent to approximately S\$19.3 million¹) (the “**Laoting Consideration**”) and will be fully settled in cash. The Laoting Consideration was arrived at after arm’s length negotiations on a willing buyer willing seller basis and was determined with reference to the fair value of Laoting Jinhuan as at 31 October 2019 of RMB100.0 million (equivalent to approximately S\$19.3 million) determined based on a valuation dated 22 November 2019 conducted by an independent third party valuer commissioned by Tangshan Jinhuan.

No consideration is payable by the Group to Shijiazhuang Jinhua in respect of the Baoding Equity Transfer as the registered capital of Baoding New Energy has yet to be contributed. Following the Baoding Equity Transfer, Lin’an Jiasheng will contribute the registered capital of Baoding New Energy in full.

¹ Renminbi (“**RMB**”) amounts in this announcement have been translated into Singapore dollars, based on the closing exchange rate of S\$1.00 : RMB5.1777 quoted by Bloomberg L.P. on the market day preceding the date of this announcement.

Prior to the Equity Transfers:

- (i) the equity interest in Laoting Jinhuan was fully held by Tangshan Jinhuan, which is in turn held as to 70.0% by the Group's wholly-owned subsidiary Hangzhou Jinhuan Investment Co., Ltd. (杭州锦环投资有限公司) and as to 30.0% by Hebei Lanchi Environmental Protection Equipment Co., Ltd. (河北兰池环保设备有限公司), an unrelated third party which is the Group's local partner; and
- (ii) the equity interest in Baoding New Energy was held as to 80.0% by Lin'an Jiasheng and as to 20.0% by Shijiazhuang Jinhua.

Following the Equity Transfers, the Company's equity interest in Laoting Jinhuan has increased from 70.0% to 100.0% and the Company's equity interest in Baoding New Energy has increased from 80.0% to 100.0%. The Group had carried out the Equity Transfers to fulfil the requirements of the relevant local governments for the equity interests in each project company to be fully held by the party which secured the respective projects, being the Group.

Based on the unaudited financial statements of Laoting Jinhuan and the unaudited consolidated financial statements of the Group for the third quarter ended 30 September 2019:

- (a) as at 30 September 2019, Laoting Jinhuan had net assets of RMB105.3 million (equivalent to approximately S\$20.3 million), which represents approximately 1.8% of the Group's net assets of RMB5,887.4 million (equivalent to approximately S\$1,137.1 million) as at 30 September 2019; and
- (b) as at 30 September 2019, the net tangible assets ("NTA") of Laoting Jinhuan was RMB57.2 million (equivalent to approximately S\$11.0 million), which represents approximately 1.9% of the Group's NTA of RMB2,944.7 million (equivalent to approximately S\$568.7 million) as at 30 September 2019.

The total estimated total investment amounts for the projects to be undertaken by Laoting Jinhuan and Baoding New Energy are approximately RMB330.1 million (equivalent to approximately S\$63.8 million) and RMB140.0 million (equivalent to approximately S\$27.0 million) respectively, which will be funded through the Group's internal resources, bank borrowings and/or future equity or debt fund raising.

The Laoting Equity Transfer will be funded by a combination of the Group's internal resources and bank borrowings and is not expected to have any material impact on the earnings per share or net tangible assets per share of the Group for the current financial year ending 31 December 2019.

None of the Directors or controlling shareholders of the Company and their associates has any interests, direct or indirect, in the Equity Transfers, other than through their respective shareholding interests in the Company.

BY ORDER OF THE BOARD

Wei Dongliang
Executive Chairman

10 December 2019

For further information, please contact:

Wang Ruihong

Executive Director and
Deputy General Manager
Tel: (86) 153 5618 3219
Email: wrh@hzjj.cn

Choo Beng Lor

Company Secretary and
Financial Controller
Tel: (65) 9745 3502
Email: zhuminglu@hzjj.cn