



**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)

**ANNOUNCEMENT PURSUANT TO RULES 704(6), 704(5) AND 705(2) OF THE LISTING MANUAL**

- (1) **MATERIAL ADJUSTMENTS BETWEEN AUDITED AND UNAUDITED FULL YEAR RESULTS**
- (2) **EMPHASIS OF MATTER BY INDEPENDENT AUDITORS**
- (3) **QUARTERLY REPORTING**

**1. MATERIAL ADJUSTMENTS BETWEEN AUDITED AND UNAUDITED FULL YEAR RESULTS**

The Board of Directors (the “**Board**”) of Zheneng Jinjiang Environment Holding Company Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to (i) the Company’s announcement dated 1 March 2021 in relation to the unaudited full year financial statements for the period ended 31 December 2020 (“**Unaudited Financial Statements**”) and (ii) the Company’s announcement dated 29 May 2020 (the “**Announcement**”) in relation to the syndicated term loan facility of an aggregate amount of US\$200,000,000 and RMB100,000,000 (the “**Facility**”). Capitalised terms used herein and not otherwise defined shall bear the same meanings ascribed to them in the Announcement.

Pursuant to Rule 704(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Listing Manual**”), the Board wishes to announce that subsequent to the release of the Unaudited Financial Statements, the Company’s independent auditors (the “**Auditors**”) have proposed, and the Company’s management has adopted:

- (a) the sub-classification of other income and other losses into various other line items in the Consolidated Statement of Profit or Loss and Other Comprehensive Income to improve clarity of presentation;
- (b) the off-setting of an amount of approximately RMB18,725,000 due to the Group against the balances due from the Group to the same party which were recorded under trade and other payables;
- (c) the off-setting of an amount of approximately RMB164,167,000 due to the Group from associates of its second largest shareholder Hangzhou Jinjiang Group Co., Ltd., against the balances due from the Group to the same parties which were recorded under amount due to related parties; and
- (d) a decrease of RMB1,355,000 in investment in joint ventures arising from the rectification of the Company’s cost of investment in its associated company JE Synergy Engineering Pte. Ltd. (“**JEE**”) by an amount of approximately RMB1,355,000, being the Company’s share of profit during the year from JEE.

Accordingly, there are material adjustments between the Consolidated Statement of Profit or Loss and Other Comprehensive Income and the Statements of Financial Position reported in the audited financial statements for the financial year ended 31 December (“FY”) 2020 (“**Audited Financial Statements**”) in the Company’s annual report for FY2020, which was released to the SGX-ST via SGXNET and despatched to shareholders of the Company on 9 April 2021, and the Unaudited Financial Statements released on 1 March 2021.

Further details of the material adjustments between the Audited Financial Statements as compared to the Unaudited Financial Statements are set out in the Appendix to this announcement.

## 2. **EMPHASIS OF MATTER BY INDEPENDENT AUDITORS**

Pursuant to Rule 704(5) of the Listing Manual, the Board wishes to announce that the Auditors have included in its report (the “**Independent Auditors’ Report**”) an emphasis of matter in respect of the Audited Financial Statements (the “**Emphasis of Matter**”). The Auditors have **not** qualified or modified its opinion in the Independent Auditors’ Report.

Note 2.2 to the Audited Financial Statements indicates, among other things, that the Group’s current liabilities exceeded its current assets by RMB1,135 million, and following the breach of financial covenants for two guaranteed borrowings (comprising the Facility and an onshore facility (the “**Onshore Facility**”)), the banks are contractually entitled to request for immediate repayment of the outstanding borrowing amount from the Group of RMB958,846,000.

As stated in Note 2.2, these conditions indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Group and of the Company to continue as going concerns, and the ability of the Group to continue as a going concern is dependent on the following:

- (a) the lenders of the guaranteed borrowings will not call for the repayment ahead of the stipulated repayment dates;
- (b) the Group is successful in its efforts to obtain or timely execute the additional credit facilities before the stipulated repayment dates;
- (c) the Group continues to generate positive cash flows from its operations; and
- (d) the Group is able to obtain timely and sufficient financial support from its single largest shareholder when needed.

Notwithstanding the above, the Company has adopted the going concern basis for the preparation of its consolidated financial statements, after considering the following:

- (i) the lenders of the guaranteed borrowings have not called on the repayment of the borrowings mentioned above;
- (ii) the Group’s ability to finalise and obtain additional credit facilities from financial institutions subsequent to year-end;
- (iii) the Group’s ability to generate positive cash flows from its operations; and
- (iv) the Group will continue to seek financial support from its single largest shareholder, Zhejiang Provincial Energy Group Co., Ltd., which is a state-owned provincial energy enterprise.

A copy of the Independent Auditors' Report and an extract of Note 2.2 to the Audited Financial Statements is attached to this announcement.

**The Company has not received any notice for accelerated repayment from the Agents. As at the date of this announcement, the Group has fully repaid the outstanding amount of RMB45,360,000 under the Onshore Facility in accordance with its ongoing financing plans.**

In view of the foregoing, the Board is of the opinion that the Company and the Group will be able to continue as going concerns, and therefore, trading of the Company's shares should not be suspended pursuant to Rule 1303(3) of the Listing Manual. The Board confirms that to the best of its knowledge and belief, all material and sufficient information have been disclosed and announced for trading of the Company's shares to continue in an orderly manner.

The Board will also continue to monitor and promptly announce any subsequent events that may have changed its views on the Group's ability to operate as a going concern and/or the validity of the basis previously disclosed to Shareholders.

The Audited Financial Statements and the Independent Auditors' Report are contained in the Company's annual report for FY2020, which has been released via the SGXNET and on the Company's corporate website at <http://znjihj.com/info.html> on 9 April 2021. Shareholders of the Company are advised to read this announcement in conjunction with the Independent Auditor's Report and the Company's annual report for FY2020 and to read the aforementioned documents in their entirety.

### **3. QUARTERLY REPORTING**

Under Rule 705(2) of the Listing Manual, an issuer is required to announce its financial statements on a quarterly basis ("**Quarterly Reporting**") if, among other things, its auditors have stated that a material uncertainty relating to going concern exists in the issuer's latest financial statements. Under Rule 705(2A) of the Listing Manual, an issuer must continue to comply with Rule 705(2) for so long as any condition in Rule 705(2) is met.

The Board wishes to announce that following the Emphasis of Matter in respect of the Audited Financial Statements, pursuant to Rule 705(2) of the Listing Manual, the Company is required to carry out Quarterly Reporting for so long as any condition in Rule 705(2) is met.

### **4. CAUTIONARY STATEMENT**

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

### **BY ORDER OF THE BOARD**

Wei Dongliang  
Executive Chairman

9 April 2021

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**For further information, please contact:**

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## APPENDIX

### Extract from the Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Group FY2020			Explanation
	Audited Financial Statements RMB'000	Unaudited Financial Statements RMB'000	Adjustment RMB'000	
<b>Gross profit</b>	892,492	892,492	-	-
Other income and other losses	-	192,520	(192,520)	See Note (1) below
Other income				
- Interest	19,727	-	19,727	See Note (1) below
- Others	136,790	-	136,790	See Note (1) below
Loss allowance recognised on financial assets	(24,406)	-	(24,406)	See Note (1) below
Other gains and (losses), net	97,927	-	97,927	See Note (1) below
Expenses				
- Others	(37,518)	-	(37,518)	See Note (1) below
<b>Profit before tax</b>	<u>477,683</u>	<u>477,683</u>	-	-

**Notes:**

- (1) Due to the sub-classification of other income and other losses into various other line items (as illustrated above) in the Consolidated Statement of Profit or Loss and Other Comprehensive Income to improve the clarity of presentation.

**Extract from the Statements of Financial Position**

	Group FY2020			Company FY2020			Explanation
	Audited Financial Statements (RMB'000)	Unaudited Financial Statements (RMB'000)	Adjustment (RMB'000)	Audited Financial Statements (RMB'000)	Unaudited Financial Statements (RMB'000)	Adjustment (RMB'000)	
<b>Current assets</b>							
Trade and other receivables	1,715,195	1,733,920	(18,725)	-	-	-	See Note (1) below
Amount due from related parties	649,489	813,656	(164,167)	-	-	-	See Note (2) below
<b>Total current assets</b>	<b>3,519,208</b>	<b>3,702,100</b>	<b>(182,892)</b>	<b>110,283</b>	<b>110,283</b>	<b>-</b>	See Notes (1) and (2) below
<b>Non-current assets</b>							
Investment in joint ventures	213,606	213,606	-	5,039	6,394	(1,355)	See Note (3) below
<b>Total non-current assets</b>	<b>14,247,476</b>	<b>14,247,476</b>	<b>-</b>	<b>4,215,079</b>	<b>4,216,434</b>	<b>(1,355)</b>	See Note (3) below
<b>Total assets</b>	<b>17,766,684</b>	<b>17,949,576</b>	<b>(182,892)</b>	<b>4,325,362</b>	<b>4,326,717</b>	<b>(1,355)</b>	See Notes (1), (2) and (3) below
<b>Current liabilities</b>							
Trade and other payables	1,690,636	1,709,361	(18,725)	8,969	8,969	-	See Note (1) below
Amount due to related parties	91,056	255,223	(164,167)	-	-	-	See Note (2) below
<b>Total current liabilities</b>	<b>4,653,742</b>	<b>4,836,634</b>	<b>(182,892)</b>	<b>1,008,340</b>	<b>1,008,340</b>	<b>-</b>	See Notes (1) and (2) below
<b>Net current liabilities</b>	<b>(1,134,534)</b>	<b>(1,134,534)</b>	<b>-</b>	<b>(898,057)</b>	<b>(898,057)</b>	<b>-</b>	See Notes (1) and (2) below
<b>Total assets less current liabilities</b>	<b>13,112,942</b>	<b>13,112,942</b>	<b>-</b>	<b>3,317,022</b>	<b>3,318,377</b>	<b>(1,355)</b>	See Note (3) below
<b>Total non-current liabilities</b>	<b>7,009,940</b>	<b>7,009,940</b>	<b>-</b>	<b>1,323,305</b>	<b>1,323,305</b>	<b>-</b>	-
<b>Net assets</b>	<b>6,103,002</b>	<b>6,103,002</b>	<b>-</b>	<b>1,993,717</b>	<b>1,995,072</b>	<b>(1,355)</b>	See Note (3) below

**Notes:**

- (1) Due to the off-setting of an amount of approximately RMB18,725,000 due to the Group against the balances due from the Group to the same party which were recorded under trade and other payables.
- (2) Due to the off-setting of an amount of approximately RMB164,167,000 due to the Group from associates of its second largest shareholder Hangzhou Jinjiang Group Co., Ltd., against the balances due from the Group to the same parties which were recorded in amount due to related parties.
- (3) Due to rectification of the Company's cost of investment in its associated company JEE by an amount of approximately RMB1,355,000, being the Company's share of profit during the year from JEE.