



**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 RULE 706A OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED**

Pursuant to Rule 706A of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors (the “**Board**”) of Zheneng Jinjiang Environment Holding Company Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce the following transactions and corporate actions that occurred during the six-month period ended 30 June 2020:

**1. DISPOSAL OF INTERESTS IN ASSOCIATED COMPANIES**

**(a) Disposal of 30.0% Interest in Songyuan Yuehong**

On 22 April 2020, a subsidiary of the Company, Songyuan Xinxiang New Energy Co., Ltd. (松原鑫祥新能源有限公司) (“**Songyuan Xinxiang**”), had transferred its entire 30% equity interest in Songyuan Yuehong Environmental Protection Engineering Co., Ltd. (松原市悦宏环保工程有限公司) (“**Songyuan Yuehong**”) to Mr. Xia Banghong, an unrelated third party who is the Group’s local partner and who owns the remaining 70% equity interest in Songyuan Yuehong. The Company holds an indirect 95% equity interest in Songyuan Xinxiang. Songyuan Yuehong was incorporated as a project company with a view to securing concessions for sludge treatment and other related projects in Songyuan, Jilin Province, the People’s Republic of China (“**PRC**”).

As the Group has not made any capital contributions nor provided any other funding to Songyuan Yuehong, and has also not incurred any costs for its establishment, no consideration is payable by Mr. Xia Banghong to the Group for the aforesaid equity transfer.

The aforesaid equity transfer was undertaken as Songyuan Yuehong has remained dormant since its incorporation and has yet to secure any concessions.

Songyuan Yuehong has a registered capital of RMB6.0 million. As at 31 March 2020, the unaudited net asset value represented by the 30% equity interest in Songyuan Yuehong which was transferred by the Group was nil.

Following the aforesaid equity transfer, the Group no longer holds any equity interest in Songyuan Yuehong and Songyuan Yuehong has ceased to be an associated company of the Company.

**(b) Disposal of 27.2% Interest in Yulin Green Energy**

On 11 May 2020, the Company's indirect wholly-owned subsidiary, Lin'an Jiasheng Environment Co., Ltd. (临安嘉盛环保有限公司) ("**Lin'an Jiasheng**") had transferred a 27.2% equity interest in Yulin Green New Energy Co., Ltd. (榆林绿能新能源有限公司) ("**Yulin Green Energy**") to certain existing shareholders of Yulin Green Energy in the following proportions:

- (i) an 8.2% equity interest in Yulin Green Energy to Shaanxi National Energy Environmental Protection Development Co., Ltd. (陕西国源环保发展有限责任公司) ("**Shaanxi Environment**"); and
- (ii) a 19.0% equity interest in Yulin Green Energy to Yulin Yuheng Industry Group Co., Ltd. (榆林榆横实业集团有限责任公司) ("**Yulin Yuheng**"),

(collectively, the "**Yulin Equity Transfers**").

As disclosed in the Company's announcement dated 3 April 2017, to expedite completion of the waste-to-energy ("**WTE**") project in the preparatory phase to be owned and operated by Yulin Green Energy and enhance its value, Shaanxi Environment, Yulin Yuheng and Yulin Energy Chemical Engineering Investment Co., Ltd. (榆林能源化工投资有限公司) ("**Yulin Energy**"), which are state-owned enterprises which invest in energy and environmental projects in the PRC, had agreed to invest in Yulin Green Energy as strategic investors via an increase in its registered capital from RMB10.0 million to RMB110.0 million. Following the aforesaid capital increase, Shaanxi Environment, Yulin Yuheng, Yulin Energy and the Group held 36.0%, 15.0%, 15.0% and 34.0% of the enlarged registered capital of Yulin Green Energy respectively.

As at the date of the Yulin Equity Transfers, Shaanxi Environment, Yulin Yuheng, Yulin Energy and the Group had made capital contributions to Yulin Green Energy which amounted to RMB100.98 million in the aggregate and represented 36.0%, 34.0% (including the 19.0% equity interest transferred by the Group to Yulin Yuheng pursuant to the Yulin Equity Transfers), 15.0% and 6.8% of its registered capital of RMB110.0 million, respectively. As at 30 April 2020, the unaudited net asset value represented by the 27.2% equity interest in Yulin Green Energy which was transferred by the Group was approximately RMB27.5 million.

Accordingly, as the 27.2% equity interest transferred under the Yulin Equity Transfers represents the portion of the registered capital of Yulin Green Energy for which the Group has not made any capital contributions, and the Group has not provided any other funding nor incurred any costs beyond its initial capital contribution representing 6.8% of the equity interest in Yulin Green Energy, no consideration is payable by Shaanxi Environment and Yulin Yuheng to the Group for the Yulin Equity Transfers.

The Yulin Equity Transfers were carried out in furtherance of the strategic cooperation with Shaanxi Environment and Yulin Yuheng, and enables the Group to rationalise its financial and capital resources and more efficiently manage its balance sheet and capital expenditure requirements in view of the high capital commitment for construction of new WTE projects and the considerable period of time required for newly completed WTE facilities to begin generating profits.

Following the Yulin Equity Transfers, Shaanxi Environment, Yulin Yuheng, Yulin Energy and the Group now hold 44.2%, 34.0%, 15.0% and 6.8% of the equity interest in Yulin Green Energy respectively.

Accordingly, Yulin Green Energy has ceased to be an associated company of the Company.

## **2. VOLUNTARY WINDING UP OF DORMANT WHOLLY-OWNED SUBSIDIARY**

On 29 May 2020, a dormant wholly-owned subsidiary of the Company incorporated in the PRC, Ningbo Zhenghui Environmental Protection Technology Co., Ltd. (宁波正晖环保科技有限公司) (“**Ningbo Zhenghui**”), had been wound up by way of a members’ voluntary winding up.

Ningbo Zhenghui was incorporated in 2018 with a view to providing engineering, design and technical-related consultancy services in respect of projects both within and outside the PRC, but has been dormant since its incorporation. In view of the compliance requirements and costs of maintaining a dormant subsidiary in the PRC, Ningbo Zhenghui was voluntarily wound up as part of the Group’s efforts to rationalise its structure.

## **3. FINANCIAL EFFECTS**

The transactions and corporate actions which are the subject of this announcement are not expected to have any material impact on the earnings per share or net tangible assets of the Group for the current financial year ending 31 December 2020.

## **4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Save as disclosed in this announcement and other than through their respective shareholding interests in the Company, none of the directors and controlling shareholders of the Company and their associates have any interests in the transactions and corporate actions which are the subject of this announcement.

## **BY ORDER OF THE BOARD**

Wei Dongliang  
Executive Chairman

11 August 2020

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