



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)

China International Capital Corporation (Singapore) Pte. Limited was the sole issue manager, global coordinator, bookrunner and underwriter (the “**Sole Issue Manager, Global Coordinator, Bookrunner and Underwriter**”) for the initial public offering of shares in, and listing of, China Jinjiang Environment Holding Company Limited on the Mainboard of the Singapore Exchange Securities Trading Limited. The Sole Issue Manager, Global Coordinator, Bookrunner and Underwriter assumes no responsibility for the contents of this announcement.

DISPOSAL OF 70% INTEREST IN ZIBO GREEN NEW ENERGY CO., LTD. AND HOHHOT JIASHENG NEW ENERGY CO., LTD.

1. INTRODUCTION

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 the Group has entered into a strategic cooperation arrangement (the “**Cooperation Arrangement**”) with its strategic partner Hangzhou Financial Investment Group Co., Ltd. (杭州市金融投资集团有限公司) (“**HFIG**”), which is owned by the Hangzhou municipal government and is engaged in the provision of industrial investment, asset management and financial services, to jointly develop the waste-to-energy (“**WTE**”) market in the People’s Republic of China (“**PRC**”). As part of the initial cooperation under the Cooperation Arrangement and to leverage on (i) the support provided by HFIG as a state-owned enterprise established to, among other things, promote the growth of the WTE sector in the PRC and (ii) the strong financial platform of HFIG, the Group will transfer a controlling equity interest in two of its new WTE facilities to an affiliate of HFIG while continuing to hold a 30% equity interest and maintaining operational and management control, which will enable the Group to more efficiently manage its balance sheet and the capital expenditure requirements of expanding its pipeline of WTE projects.

Accordingly, the 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 entered into the following agreements:

- (a) a sale and purchase agreement (“**Zibo S&P Agreement**”) with Hangzhou Jingheng Investment Partnership (Limited Partnership) (杭州景恒投资合伙企业(有限合伙)) (the “**Purchaser**”) for the disposal by Lin’an Jiasheng of 70% of the equity interest in its wholly-owned subsidiary Zibo Green New Energy Co., Ltd. (淄博绿能新能源有限公司) (“**Zibo New Energy**”) to the Purchaser for a total consideration of RMB264,460,000 (equivalent to approximately S\$55,177,400) (the “**Zibo Disposal Consideration**”) (the “**Zibo Disposal**”); and

- (b) a sale and purchase agreement (“**Hohhot S&P Agreement**”) with the Purchaser for the disposal by Lin’an Jiasheng of 70% of the equity interest in its wholly-owned subsidiary Hohhot Jiasheng New Energy Co., Ltd. (呼和浩特嘉盛新能源有限公司) (“**Hohhot New Energy**”) to the Purchaser for a total consideration of RMB84,700,000 (equivalent to approximately S\$17,672,000) (the “**Hohhot Disposal Consideration**”) (the “**Hohhot Disposal**”),

(the Zibo Disposal and the Hohhot Disposal collectively referred to as the “**Disposals**”).

Completion of the Disposals is conditional upon the receipt of the requisite approvals from the relevant lenders and regulators, where applicable. Following the completion of the Disposals, which is expected to take place in the first half of 2018, the Company will hold a 30% equity interest in each of Zibo New Energy and Hohhot New Energy, and Zibo New Energy and Hohhot New Energy will cease to be subsidiaries of the Company and will become associated companies of the Company.

Unless otherwise indicated, Renminbi (“**RMB**”) amounts in this Announcement have been translated into Singapore dollars, based on the exchange rate of S\$1.00 : RMB4.7929 quoted by Bloomberg L.P. on the close of the market day preceding the date of this Announcement.

2. DETAILS OF THE DISPOSAL

2.1 Information on Zibo New Energy and Hohhot New Energy

Zibo New Energy is a company incorporated under the laws of the PRC on 6 September 2015 with limited liability, and owns and will operate a WTE facility in Zibo, Shandong Province currently under construction with a total designed waste treatment capacity of 2,000 tons per day, which is expected to commence trial operations in March 2018. As at the date of this Announcement, the Company indirectly owns the entire equity interest in Zibo New Energy through its wholly-owned, indirectly-held subsidiary Lin’an Jiasheng. Based on the latest announced unaudited consolidated financial statements of the Group for the financial year ended 31 December 2017 (“**FY2017**”):

- (a) as at 31 December 2017, Zibo New Energy had net assets of RMB327.2 million, which represents approximately 6.7% of the Group’s net assets of RMB4,891.2 million as at 31 December 2017; and
- (b) as at 31 December 2017, the net tangible assets (“**NTA**”) of Zibo New Energy was RMB327.2 million, which represents approximately 11.4% of the Group’s NTA of RMB2,870.7 million as at 31 December 2017.

Hohhot New Energy is a company incorporated under the laws of the PRC on 5 June 2013 with limited liability, and owns and operates a WTE facility in Hohhot, Inner Mongolia Autonomous Region currently in trial operation with a total installed waste treatment capacity of 1,000 tons per day, which is expected to increase to 1,600 tons per day upon completion of all stages of the project. As at the date of this Announcement, the Company indirectly owns the entire equity interest in Hohhot New Energy through its wholly-owned, indirectly-held subsidiary Lin’an Jiasheng. Based on the latest announced unaudited consolidated financial statements of the Group for FY2017:

- (a) as at 31 December 2017, Hohhot New Energy had net assets of RMB110.0 million, which represents approximately 2.2% of the Group's net assets of RMB4,891.2 million as at 31 December 2017; and
- (b) as at 31 December 2017, the NTA of Hohhot New Energy was RMB110.0 million, which represents approximately 3.8% of the Group's NTA of RMB2,870.7 million as at 31 December 2017.

2.2 Information on the Purchaser

The Purchaser is a limited partnership registered in the PRC and is controlled by HFIG.

For the avoidance of doubt, the Purchaser is not connected to any of the directors, executive officers or controlling shareholders of the Company.

2.3 Rationale for and Benefits of the Disposals

The Cooperation Arrangement and the Disposals would enable the Group to benefit from the support, financial backing and network provided by HFIG as a state-owned enterprise established to, among other things, promote the growth of the WTE and environmental protection sectors in the PRC in line with the PRC government's increased policy focus on environmental protection and improving environmental quality.

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, the Cooperation Arrangement and the Disposals enable the Group to (i) further diversify its capital sources to include HFIG, with the lower cost of capital it enjoys as a state-owned enterprise, its strong financing platform and its abundant experience in capital management, to fund certain WTE projects on a selective basis, (ii) rationalise its financial and capital resources and focus on further expansion of its WTE pipeline and addition of other verticals in the WTE industry while still maintaining its expertise in the development and management of WTE projects, and (iii) more efficiently manage its balance sheet and the capital expenditure requirements of expanding its pipeline of WTE projects.

Pursuant to the Cooperation Arrangement, it is intended that the Group will enter into operational and maintenance agreement(s) for the operation, maintenance and management of the Zibo New Energy WTE Facility and the Hohhot New Energy WTE Facility on a continuing basis, to take effect upon completion of the Disposals.

2.4 Disposal Consideration and Terms of Payment

The Zibo Disposal Consideration of RMB264,460,000 (equivalent to approximately S\$55,177,400) and the Hohhot Disposal Consideration of RMB84,700,000 (equivalent to approximately S\$17,672,000) were arrived at after arm's length negotiations between the Company and the Purchaser on a willing-buyer and willing-seller basis with reference to a valuation of the fair value of Zibo New Energy and Hohhot New Energy conducted by an independent third party valuer.

In accordance with the terms of the Zibo S&P Agreement and the Hohhot S&P Agreement:

- (a) RMB158,676,000 (equivalent to approximately S\$33,106,500) and RMB50,820,000 (equivalent to approximately S\$10,603,200) has been paid by the Purchaser to the

Group upon the signing of the Zibo S&P Agreement and the Hohhot S&P Agreement, respectively;

- (b) RMB79,338,000 (equivalent to approximately S\$16,553,200) and RMB25,410,000 (equivalent to approximately S\$5,301,600) is payable by the Purchaser to the Group within 10 business days of the completion of the Zibo Disposal and the Hohhot Disposal, respectively; and
- (c) RMB26,446,000 (equivalent to approximately S\$5,517,700) and RMB8,470,000 (equivalent to approximately S\$1,767,200) is payable by the Purchaser to the Group within 10 business days of the date falling 10 months from the date of completion of the Zibo Disposal and the Hohhot Disposal, respectively, provided that certain conditions specified in the Zibo S&P Agreement and the Hohhot S&P Agreement are fulfilled.

The Group will make a gain on disposal of RMB35,420,000 (equivalent to approximately S\$7,390,100) and RMB7,700,000 (equivalent to approximately S\$1,606,500) in relation to Zibo New Energy and Hohhot New Energy, respectively.

3. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

4. FURTHER ANNOUNCEMENTS

The Company will release such further announcements, in compliance with the requirements of the Listing Manual, upon the completion of the Disposals and/or when there are material updates or developments in respect of the Disposals.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Zibo S&P Agreement and the Hohhot S&P Agreement may be inspected at 9 Battery Road, #15-01, Singapore 049910 during normal business hours from the date of this Announcement up to and including the date falling three months from the date of this Announcement.

BY ORDER OF THE BOARD

Wang Yuanluo
Non-Executive, Non-Independent Chairman

28 February 2018

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