



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)

DISPOSAL OF 34% INTEREST IN ASSOCIATED COMPANY

The Board of Directors (the “**Board**”) of China Jinjiang Environment Holding Company Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 9 February 2018 in relation to the sale by its wholly-owned subsidiary Sunrise Development Group Limited (“**Sunrise Development**”) of a 11.0% equity interest in Yueyang Jinneng Environment Green Energy Co., Ltd. (岳阳锦能环境绿色能源有限公司) (formerly known as Yueyang Sunrise Environmental Industry Co., Ltd. (岳阳晨兴环保产业有限公司)) (“**Yueyang Jinneng**”) (the “**Announcement**”). Capitalised terms used herein and not otherwise defined shall have the same meanings ascribed to them in the Announcement.

The Board wishes to announce that Sunrise Development has sold its entire remaining 34.0% equity interest in Yueyang Jinneng as follows:

- (a) an 11.0% equity interest in Yueyang Jinneng to Yueyang Gaoneng Shidai Environment Technology Co., Ltd. (岳阳高能时代环境技术有限公司) (“**Yueyang Gaoneng**”), an unrelated third party which is an existing shareholder of Yueyang Jinneng, for a total consideration of approximately RMB13.9 million (equivalent to approximately S\$2.8 million); and
- (b) a 23.0% equity interest in Yueyang Jinneng to Yueyang Urban Construction Investment Group Co., Ltd. (岳阳市城市建设投资集团有限公司) (“**Yueyang Construction**”), an unrelated third party which is an existing shareholder of Yueyang Jinneng, for a total consideration of approximately RMB26.9 million (equivalent to approximately S\$5.4 million),

(collectively, the “**Disposal**”).

Unless otherwise indicated, Renminbi (“**RMB**”) amounts in this Announcement have been translated into Singapore dollars, based on the exchange rate of S\$1.00 : RMB4.99 quoted by Bloomberg L.P. on the close of the market day preceding the date of this Announcement.

Prior to the Disposal, Yueyang Jinneng was owned as to 56.0% by Yueyang Gaoneng, as to 34.0% by Sunrise Development and as to 10.0% by Yueyang Construction. Following the Disposal, Yueyang Jinneng is owned as to 67.0% by Yueyang Gaoneng and as to 33.0% by Yueyang Construction. Accordingly, the Company no longer holds any shareholding interest in Yueyang Jinneng, and Yueyang Jinneng has ceased to be an associated company of the Company.

As stated in the Announcement, after the parent company of Yueyang Gaoneng had won a bid to invest in, construct and operate an industrial park in Yueyang, Hunan Province, to ensure equity participation by such parent company in the planned waste-to-energy (“**WTE**”) project currently in the preparatory stage to be owned and operated by Yueyang Jinneng, the relevant local authorities had

instructed the Group and Yueyang Construction to undertake the Equity Transfer which involved the Group and Yueyang Construction transferring equity interests of 11.0% and 45.0% in Yueyang Jinneng to Yueyang Gaoneng, respectively. Following the Equity Transfer, the controlling shareholder of Yueyang Jinneng had accordingly changed from Yueyang Construction, which was the Group's original partner, to Yueyang Gaoneng, with the Group retaining a minority stake of only 34.0%. As such, the Disposal was undertaken with a view to enabling the Group to (i) rationalise its financial and capital resources and focus on the addition of other verticals in the WTE industry, and (ii) more efficiently manage its balance sheet and the capital expenditure requirements of expanding its pipeline of WTE projects.

The aggregate consideration of approximately RMB40.8 million (equivalent to approximately S\$8.2 million) payable to the Group in connection with the Disposal (the "**Disposal Consideration**") takes into consideration, *inter alia*, the pro rata proportions of the total paid-up registered capital of Yueyang Jinneng of approximately RMB97.3 million (equivalent to approximately S\$19.5 million), and was agreed between the parties after arm's length negotiations on a willing buyer willing seller basis. Yueyang Jinneng had net assets of approximately RMB88.1 million (equivalent to approximately S\$17.7 million) as at 30 June 2018. In accordance with the terms of the Disposal, the Disposal Consideration must be paid in full to the Group within 15 business days.

The Group has made a gain on disposal of RMB6.6 million (equivalent to approximately S\$1.3 million) in relation to the Disposal.

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

BY ORDER OF THE BOARD

Zhang Chao
Executive Director and Chief Executive Officer
13 September 2018

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