

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 SUBSIDIARY

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 announcement dated 23 January 2018 in relation to the incorporation of Shijiazhuang Jinhuan Environmental Protection Technology Co., Ltd. (石家庄锦环环保科技有限公司) (“**Shijiazhuang Jinhuan**”) as a project company in respect of a waste and sludge recycling project in Gaocheng district, Shijiazhuang, Hebei Province, which is currently under construction.

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 100.0% of the equity interest in Shijiazhuang Jinhuan from a non-wholly-owned subsidiary of the Company, Shijiazhuang Jiasheng New Energy Co., Ltd. (石家庄嘉盛新能源有限公司) (“**Shijiazhuang Jiasheng**”) (the “**Equity Transfer**”).

The aggregate consideration for the Equity Transfer is RMB58.79 million (equivalent to approximately S\$11.38 million¹) (the “**Consideration**”) and will be fully settled in cash. The Consideration was arrived at after arm’s length negotiations on a willing buyer willing seller basis and was determined based on the total contributed capital of Shijiazhuang Jinhuan of RMB58.79 million as at 30 November 2019.

Prior to the Equity Transfer, the equity interest in Shijiazhuang Jinhuan was fully held by Shijiazhuang Jiasheng. Shijiazhuang Jiasheng is held as to 82.0% by the Group’s wholly-owned subsidiary Lin’an Jiasheng and as to 18.0% 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.

Following the Equity Transfer, the Company’s equity interest in Shijiazhuang Jinhuan has increased from 82.0% to 100.0%. The Group had carried out the Equity Transfer to fulfil the requirement of the relevant local government for the equity interest in the project company to be fully held by the party which secured the project, being the Group.

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

- (a) as at 30 September 2019, Shijiazhuang Jinhuan had net assets of RMB55.85 million (equivalent to approximately S\$10.81 million), which represents approximately 0.95% of the Group’s net assets of RMB5,887.4 million (equivalent to approximately S\$1,139.51 million) as at 30 September 2019; and
- (b) as at 30 September 2019, the net tangible assets (“**NTA**”) of Shijiazhuang Jinhuan was RMB55.85 million (equivalent to approximately S\$10.81 million), which represents

¹ Renminbi (“**RMB**”) amounts in this announcement have been translated into Singapore dollars, based on the closing exchange rate of S\$1.00 : RMB5.1666 quoted by Bloomberg L.P. on the market day preceding the date of this announcement.

approximately 1.90% of the Group's NTA of RMB2,944.7 million (equivalent to approximately S\$569.95 million) as at 30 September 2019.

The value of the total shareholders' equity of Shijiazhuang Jinhuan as at 30 November 2019, as determined based on a valuation dated 6 December 2019 conducted by an independent third party valuer commissioned by Shijiazhuang Jinhuan, was RMB58.40 million (equivalent to approximately S\$11.30 million). The total estimated total investment amount for the project to be undertaken by Shijiazhuang Jinhuan is approximately RMB626.1 million (equivalent to approximately S\$121.2 million), which will be funded through the Group's internal resources, bank borrowings and/or future equity or debt fund raising.

The 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 2020.

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

BY ORDER OF THE BOARD

Wei Dongliang
Executive Chairman

3 January 2020

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