



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)

UPDATE ON SYNDICATED TERM LOAN FACILITY

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 press release dated 13 June 2018 and the Company’s announcement dated 13 June 2018 (the “**Announcement**”) in relation to the Group securing a 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.

The Company is aware of an article published on Bloomberg Terminal on 22 May 2020 entitled “Zheneng Jinjiang Seeks Waiver for Covenant Breach on 2018 Loan”, which referred to the Facility and stated, among other things, that “*Zheneng Jinjiang Environment was not able to maintain a minimum interest coverage ratio on test dates in June and September 2019, and the co. is still seeking the majority lender consent required to waive the breaches*”.

In view of the aforesaid article, the Board wishes to announce the following in relation to the Facility:

- (a) under the terms of the US\$200,000,000 syndicated term loan facility, the Company, as borrower, must ensure, *inter alia*, that the ratio of its consolidated EBITDA in respect of any 12-month period ending on 30 June or 31 December is not less than 3.0 times its consolidated interest expenses for such period (“**Relevant Financial Covenant**”). The aforesaid ratio for the 12-month periods ended 30 June 2019 and 31 December 2019 had fallen below 3.0 times resulting in technical breaches by the Company of the Relevant Financial Covenant. The Company has been in regular communication with the respective offshore and onshore agents for the finance parties in relation to the Facility (“**Agents**”) on an ongoing basis in relation to the Company’s compliance with the relevant financial covenants under the Facility and the Agents had been notified of the aforesaid technical breaches of the Relevant Financial Covenant in a timely manner since August 2019;
- (b) under the terms of the Facility, a breach of the Relevant Financial Covenant constitutes an event of default, upon which the Agents may at their discretion, and shall if so directed by the Majority Lenders representing two-thirds of the total commitments under the Facility, by notice declare that all or part of the outstanding loans, and all other amounts accrued or outstanding under the Facility, be immediately due and payable;
- (c) **the Company has not received any notice for accelerated repayment from the Agents as at the date of this announcement. The Company has been further informed by the Agents that none of the syndicate lenders under the Facility have requested for accelerated repayment; and**

- (d) to avoid any impact on the Group's cash flow and operations which would result from a demand for accelerated repayment, the Company had in September 2019 submitted a written request to the Agents for a waiver of the aforesaid technical breaches of the Relevant Financial Covenant (the "**Waiver**"), and is in continued discussions with the Agents to ensure the continuation of the Facility notwithstanding the technical breaches. The Company has been informed by the Agents that lenders representing approximately 28% of the total commitments under the Facility (including the Agents which are also the mandated lead arrangers and bookrunners of the Facility) have already agreed to the Waiver and the Agents are still in discussions with the remaining syndicate lenders in relation to the Waiver.

For the avoidance of doubt, the technical breaches of the Relevant Financial Covenant are not indicative of any cashflow impact to the Group and the Company is expected to be in a position to make principal and interest payments on the Facility as and when such principal and interest payments are due, and the Company has been making principal and interest payments in accordance with the terms of the loan agreement.

The Company will continue to actively seek the support of its largest controlling shareholder Zhejiang Provincial Energy Group Co., Ltd. (浙江省能源集团有限公司), which is a state-owned provincial energy enterprise with great financial strength and a much higher credit standing than the Group, to improve the Group's financing channels and reduce financing costs in relation to the Group's current and future fund-raising plans, so as to strengthen the relevant financial ratio(s) of the Group. In addition, as disclosed in the Company's announcement dated 30 April 2020 of its unaudited full-year results for the financial year ended 31 December 2019, the Company is actively pursuing various funding proposals to refinance the US\$200 million unsecured notes which are maturing on 27 July 2020, including ongoing and advanced-stage discussions with the relevant lender(s).

The Company will provide updates to its shareholders if there are any material developments.

BY ORDER OF THE BOARD

Wei Dongliang
Executive Chairman

29 May 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