



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)

**PROPOSED ISSUANCE OF ASSET-BACKED SECURITIES IN THE PRC
– LAPSE OF NO-OBJECTION LETTER ISSUED BY THE SHENZHEN STOCK EXCHANGE**

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 announcements dated 20 October 2021, 11 November 2022 and 23 December 2022 (the “**Previous Announcements**”) in relation to the proposed establishment of an asset-backed securities scheme (the “**Scheme**”) in the People’s Republic of China (“**PRC**”) by a wholly-owned subsidiary of the Company, Hangzhou Jinhuan Investment Co., Ltd. (杭州锦环投资有限公司), pursuant to which asset-backed securities (“**ABS**”) will be issued (the “**Proposed ABS Issuance**”), subject to regulatory approvals, market conditions and other factors.

As disclosed in the Previous Announcement dated 23 December 2022, the Shenzhen Stock Exchange (“**SZSE**”) had on 22 December 2022 issued a no-objection letter (the “**No-objection Letter**”) confirming that it had no objections to the establishment of the Scheme and the Proposed ABS Issuance. Pursuant to the No-objection Letter, the size of the Scheme shall not be more than RMB1 billion and the application for the listing of the ABS shall be submitted to the SZSE within 12 months from the date of the No-objection Letter.

Further to the Previous Announcements, the Board wishes to announce that the No-objection Letter has lapsed, as an application for the listing of the ABS was not submitted to the SZSE within 12 months from the date of the No-objection Letter. The Board had decided not to proceed with the Proposed ABS Issuance for the time being as given the market conditions at present, the expected costs of financing associated with the Proposed ABS Issuance would be higher than the costs of obtaining financing from banks and other financial institutions in the PRC.

In the event that the Board decides to pursue the Proposed ABS Issuance in the future, a new application would have to be submitted to the SZSE to seek the necessary approvals for the Proposed ABS Issuance and the listing of the ABS on the SZSE.

Notwithstanding the lapse of the No-objection Letter, the Board believes that the Company and the Group will be able to continue as a going concern after considering the following:

- (A) the Group’s ability to finalise and obtain additional financing, including additional credit facilities from financial institutions subsequent to 30 June 2023;
- (B) the Group has continued to generate operating profits in the half year ended 30 June 2023 and been able to generate positive cash flows from its operations;
- (C) as at the date of this announcement, the Group has RMB3,915 million of undrawn credit facilities; and

- (D) the Group has continued to receive financial support, credit support and loans from its largest shareholder, Zhejiang Provincial Energy Group Co., Ltd. (“**Zheneng Group**”), as follows:
- (i) as of 30 June 2023, the Group has obtained and re-financed working capital loans of RMB540 million (drawn down from the new credit line of RMB900 million obtained from Zhejiang Provincial Energy Group Finance Co., Ltd. In 2023, as announced by the Company on 6 May 2023) from Zheneng Group. RMB540 million has been included in current liabilities as at 30 June 2023;
 - (ii) the credit assessment and credit approval process of the Group’s bankers generally involves the relevant banks assessing the Group’s credit based on their credit assessment of Zheneng Group, and the relevant banks would typically earmark credit lines to be extended to the Group out of the overall credit lines and limits extended to Zheneng Group; and
 - (iii) Management will continue to actively seek an even greater degree of support from Zheneng Group, which is a state-owned provincial energy enterprise with great financial strength and good credit standing that can enhance the stability of the Group’s capital structure. This will help to improve broadening the Group’s financing channels and reduce financing costs in relation to the Group’s future fund-raising plans, so as to strengthen the working capital position and the relevant financial ratios of the Group.

The Company will continue to explore various options to strengthen its working capital position and financing structure and will keep its shareholders updated as and when there are material developments.

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should exercise caution and seek appropriate independent advice when dealing in the shares of the Company.

BY ORDER OF THE BOARD

Wei Dongliang
Executive Chairman

23 December 2023

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