



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)

ANNOUNCEMENT PURSUANT TO RULE 706A OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

Pursuant to Rule 706A of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors (the “**Board**”) of Zheneng Jinjiang Environment Holding Company Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce the following corporate actions that occurred during the six-month period ended 30 June 2023:

1. INCORPORATION OF PRC SUBSIDIARY

The wholly-owned subsidiary of the Company Hangzhou Kesheng Energy Technology Co., Ltd. (杭州科晟能源技术有限公司) (“**Hangzhou Kesheng**”) has incorporated a company, Wuhan Kesheng Heating Co., Ltd. (武汉科晟热力有限公司) (“**Wuhan Kesheng**”), in the People’s Republic of China (“**PRC**”) on 10 January 2023. Wuhan Kesheng has a registered capital of RMB60 million. The equity interest in Wuhan Kesheng is held as to 56.0% by Hangzhou Kesheng and as to 44.0% by Jiangsu Dewei Energy Saving Group Co., Ltd. (江苏德威节能集团有限公司), an unrelated third party which is the Group’s local partner. The principal activity of Wuhan Kesheng will be as a project company to secure concessions for a heating supply project for an industrial park in Wuhan, Hubei Province and other potential heating supply projects in Wuhan, Hubei Province.

The investment in Wuhan Kesheng will be funded by a combination of bank borrowings and internal resources.

2. RESTRUCTURING OF PRC SUBSIDIARY UNDER ONSHORE HOLDING STRUCTURE

The Group has undertaken an internal restructuring exercise (the “**Restructuring Exercise**”) to streamline the Group’s operations in the PRC and its corporate structure by grouping the entire equity interest held by the Group in its PRC subsidiary Kunming Xinxingze Environment Resources Industry Co., Ltd. (昆明鑫兴泽环境资源产业有限公司) (“**Kunming Xinxingze**”) under the Group’s wholly-owned PRC holding company Hangzhou Jinjiang Environment Investment Co., Ltd. (杭州锦环投资有限公司) (“**Jinhuan Investment**”). Kunming Xinxingze owns and operates a waste-to-energy (“**WTE**”) facility in Kunming, Yunnan Province.

Prior to the Restructuring Exercise, the equity interest in Kunming Xinxingze was held as to 93.10% by Jinhuan Investment directly and indirectly, as to 5.23% by the Company’s wholly-owned subsidiary Gevin Limited (“**Gevin**”) which is incorporated in Hong Kong, and as to 1.67% by Kunming City Wuhua District Environment Sanitation Management Bureau (昆明市五华区环境卫生管理处).

Pursuant to the Restructuring Exercise, Gevin transferred its entire 5.23% equity interest held in Kunming Xinxingze to Jinhuan Investment on 16 January 2023 for a consideration of RMB41,443,959 payable in cash, which was determined based on a valuation of the fair value of Kunming Xinxingze conducted by an independent third party valuer, Yunnan Jie Sen Real Estate Land Assets Assessment Co., Ltd. (云南杰森房地产土地资产评估有限公司). The payment of the consideration will be wholly funded by internal resources.

The registered capital of Kunming Xinxingze is RMB47.80 million. As at 30 June 2023, the unaudited net asset value of Kunming Xinxingze was approximately RMB967.7 million.

Following the completion of the Restructuring Exercise, Jinhuan Investment holds a 98.33% equity interest in Kunming Xinxingze. For the avoidance of doubt, the Company's 98.33% effective interest in Kunming Xinxingze remains unchanged.

3. INCREASE IN SHAREHOLDING IN SUBSIDIARY

The Board wishes to announce that the Group's wholly-owned PRC holding company Jinhuan Investment has acquired 20.0% of the equity interest in Jilin Xinxiang Co., Ltd. ("**Jilin Xinxiang**") from Mr. Pan Junan, an unrelated third party who is the Group's local partner (the "**Equity Transfer**"). Jilin Xinxiang owns and operates a WTE facility in Changchun, Jilin Province.

The aggregate consideration for the Equity Transfer is RMB23,643,900 (the "**Consideration**"). The Consideration was arrived at after arm's length negotiations on a willing buyer willing seller basis and was determined based on the pro rated portion of the audited net asset value of Jilin Xinxiang as at 31 December 2022 of RMB118,219,400. The parties have agreed that an amount of RMB17,123,400 of the Consideration will be applied in payment of the aggregate liabilities owing by Mr. Pan Junan to Jilin Xinxiang (comprising borrowings, accounts payable and share of operating expenses and development costs), leaving a balance of RMB6,520,500 payable by the Group to Mr. Pan Junan, of which RMB609,500 is payable within 10 business days following the execution of the sale and purchase agreement for the Equity Transfer and RMB5,911,000 is payable within 10 business days following the completion of the Equity Transfer.

Prior to the Equity Transfer, the equity interest in Jilin Xinxiang was held as to 80.0% by Jinhuan Investment and as to 20.0% by Mr. Pan Junan. Following the Equity Transfer, the Group's equity interest in Jilin Xinxiang has increased from 80.0% to 100.0%. The Equity Transfer was mutually agreed by the Group and Mr. Pan Junan after Mr. Pan Junan expressed a desire to cease his participation in Jilin Xinxiang.

Based on the unaudited financial statements of Jilin Xinxiang for the six months ended 30 June 2023, Jilin Xinxiang had net assets of RMB130.8 million and the net tangible assets ("**NTA**") of Jilin Xinxiang was RMB128.2 million. Jilin Xinxiang has a registered capital of RMB150,000,000, and the Group and Mr. Pan Junan had each fully paid up their respective capital contributions prior to the Equity Transfer.

The Equity Transfer will be funded by the Group's internal resources.

4. VOLUNTARY WINDING UP OF DORMANT SUBSIDIARIES

(a) PRC

Three dormant subsidiaries of the Company incorporated in the PRC, namely, Zhuji Tongchuang Renewable Resource Recycling Co., Ltd. (诸暨市同创再生资源回收有限公司) (“**Zhuji Tongchuang**”), Yunnan Jinde Green Energy Co., Ltd. (云南锦德绿色能源有限公司) (“**Yunnan Jinde**”) and Shanghai Sunrise Management Co., Ltd. (上海晨兴企业管理有限公司) (“**Shanghai Sunrise**”), had been wound up by way of a members’ voluntary winding up on 2 February 2023, 12 May 2023 and 30 June 2023 respectively.

Zhuji Tongchuang was incorporated in 2016 with a view to securing concessions for the recycling of non-ferrous metals and other resources which are removed from slag discharged as part of the waste incineration process, and had remained dormant since its incorporation as it did not secure any concessions. The equity interest in Zhuji Tongchuang was held as to 70.0% by the Company’s wholly-owned subsidiary Zhejiang Zhuji Bafang Thermal Power Co., Ltd. (浙江诸暨八方热电有限责任公司) and as to 30.0% by Yangzhou Tongchuang Renewable Resource Co., Ltd. (扬州市同创再生资源有限公司), an unrelated third party which is the Group’s local partner.

Yunnan Jinde was incorporated in 2014. While Yunnan Jinde had secured a concession for a waste-to-energy project in Pu’er, Yunnan Province, the Group assessed that investment returns from such project would likely not meet the expected levels due to, *inter alia*, low demand for waste treatment services in the surrounding regions as a result of local planning adjustments. The Group and its local partner made a commercial decision not to proceed with the project and amicably terminated the cooperative relationship with the local government. Apart from the foregoing, Yunnan Jinde has not carried out any substantive business activities. The equity interest in Yunnan Jinde was held as to 51.0% by the Company’s wholly-owned subsidiary Lin’an Jiasheng Environment Co., Ltd. (临安嘉盛环保有限公司) and as to 49.0% by Yunnan Deqin Environmental Protection Energy Conservation Technology Co., Ltd. (云南德勤环保节能科技有限公司), an unrelated third party which is the Group’s local partner.

Shanghai Sunrise was incorporated in 2010 and was a wholly-owned subsidiary of the Group. As disclosed in the Company’s announcement dated 27 February 2023, as part of the Restructuring Exercise to group its wholly-owned PRC subsidiary Lianyungang Sunrise Environmental Protection Industry Co., Ltd. (连云港晨兴环保产业有限公司) (“**Lianyungang Sunrise**”) under its wholly-owned PRC holding company Jinhuan Investment, Shanghai Sunrise transferred its 34% equity interest in Lianyungang Sunrise to Jinhuan Investment on 27 December 2022. Shanghai Sunrise has remained dormant ever since the completion of the aforesaid transfer.

In view of the compliance requirements and costs of maintaining dormant subsidiaries in the PRC and as part of the Group’s efforts to rationalise its structure, the parties had agreed to voluntarily wind up Zhuji Tongchuang, Yunnan Jinde and Shanghai Sunrise.

(b) Brazil

A dormant subsidiary of the Company incorporated in São Paulo, Brazil, namely, Jinjiang Environment Holding Limitada (“**Brazil Jinjiang Environment Holding**”), had been wound up by way of a members’ voluntary winding up on 17 January 2023.

Brazil Jinjiang Environment Holding was incorporated in 2018 as the Group's platform for exploring and investing in potential future business opportunities in Brazil. The equity interest in Brazil Jinjiang Environment Holding was held as to 99.9999% by the Company's direct, wholly-owned subsidiary Singapore Jinjiang Environment Pte. Ltd. and as to 0.0001% by Charles Wang, who is the Group's local partner, to comply with the relevant Brazil law requirements requiring a limited liability company to have a minimum of two shareholders.

As disclosed in the Company's announcement dated 11 May 2022 of its unaudited results for the first quarter ended 31 March 2022, due to various risks associated with the proposed WTE project in São Paulo, Brazil including difficulties in obtaining debt financing and exchange rate risks, such project was no longer eligible for development and considering that the existence of Brazil Jinjiang Environment Holding will continue to incur expenses and investment management costs, the Company had intended to wind up Brazil Jinjiang Environment Holding to further optimise the Group's structure. Apart from the foregoing, Brazil Jinjiang Environment Holding had not carried out any substantive business activities.

5. STRIKING-OFF OF DORMANT SUBSIDIARIES

Two dormant subsidiaries of the Company incorporated in India, namely, Ecogreen Energy Gwalior C&T Private Limited ("**Ecogreen Gwalior C&T**") and Ecogreen Energy Gwalior WTE Private Limited ("**Ecogreen Gwalior WTE**"), had been struck off from the Register of Companies under Section 248 of the Companies Act, 2013.

Ecogreen Gwalior C&T and Ecogreen Gwalior WTE were incorporated in 2017 to carry out the collection and transportation of municipal solid waste for a proposed WTE project in Gwalior, Madhya Pradesh (the "**Gwalior Project**") and to operate the Gwalior Project, respectively. The equity interest in Ecogreen Gwalior C&T and Ecogreen Gwalior WTE were held as to 99.99% by the Company's subsidiary Ecogreen Gwalior Private Limited ("**Ecogreen Gwalior**") and as to 0.01% by a local nominee of Ecogreen Gwalior to comply with the relevant Indian law requirements requiring a minimum of two shareholders.

As disclosed in the Company's announcement dated 28 February 2022 of its unaudited results for the financial year ended 31 December 2021, in end-2020, the Group had made a commercial decision to cease operations of the Gwalior Project due to the long-term negative cashflow arising from the small scale of operations in the Gwalior region, the back-loading of waste treatment fees to after commencement of operations of the waste treatment facility, the high cost of waste collection and transportation and certain cash deductions made by the local government due to inadequate coverage of waste collection, which resulted in the Gwalior government taking over the waste collection and transportation operations and project assets and later enforcing the deposit for performance bond relating to the Gwalior Project. As the Group was unable to reach mutual agreement with the Gwalior government regarding compensation for the cessation of the Gwalior Project, the Group had in late-2021 notified the local government of its intention to initiate arbitration proceedings in connection therewith and has applied to the High Court of Delhi to appoint arbitrators. Accordingly, Ecogreen Gwalior C&T and Ecogreen Gwalior WTE had been dormant since their respective incorporations.

6. FINANCIAL EFFECTS

The corporate actions which are the subject of this announcement are not expected to have any material impact on the earnings per share or net tangible assets of the Group for the current financial year ending 31 December 2023.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Other than through their respective shareholding interests in the Company, none of the directors and controlling shareholders of the Company and their associates have any interests in the corporate actions which are the subject of this announcement.

BY ORDER OF THE BOARD

Wei Dongliang
Executive Chairman

9 August 2023

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