APPENDIX DATED 12 APRIL 2019

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of China Jinjiang Environment Holding Company Limited, you should immediately forward this Appendix, the Annual Report, the Notice of Annual General Meeting and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited ("**SGX-ST**") assumes no responsibility for the accuracy or correctness of any statements or opinions made, or reports contained, in this Appendix.



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)

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING

IN RELATION TO

(1) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE; AND

(2) THE PROPOSED RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

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In this Appendix, the following definitions shall apply throughout unless the context otherwise requires:

"**AGM**"	:	The FY2018 AGM of the Company which is to be held on 29 April 2019.
"**Appendix**"	:	This appendix to the Notice of AGM dated 12 April 2019.
"**April 2018 EGM**"	:	The extraordinary general meeting of the Company held on 30 April 2018.
"**Audit and Risk Management Committee**"	:	The audit and risk management committee of the Company currently comprising of Mr. Tan Huay Lim, Mr. Ang Swee Tian and Mr. Hee Theng Fong.
"**Cayman Islands Companies Law**"	:	The Companies Law of the Cayman Islands, as amended, supplemented or otherwise modified from time to time.
"**CDP**"	:	The Central Depository (Pte) Limited.
"**China Green Energy**"	:	China Green Energy Limited, an exempted company incorporated on 5 May 2004 under the laws of the Cayman Islands, which is one of the Controlling Shareholders of the Company.
"**Company**"	:	China Jinjiang Environment Holding Company Limited 中国锦江环境控股有限公司.
"**Controlling Shareholder**"	:	A person who (a) holds directly or indirectly 15% or more of the total voting rights in a company (the SGX-ST may determine that a person who satisfies the above is not a Controlling Shareholder); or (b) in fact exercises control over a company.
"**December 2018 EGM**"	:	The extraordinary general meeting of the Company held on 31 December 2018.
"**Directors**"	:	The directors of the Company for the time being (collectively, the "**Board of Directors**").
"**EAR Group**"	:	The Company, its subsidiaries and associated companies that are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual.
"**EPS**"	:	Earnings per Share.
"**Executive Directors**"	:	The executive directors of the Company for the time being.
"**FY**"	:	Financial year ended or, as the case may be, ending 31 December.
"**Group**"	:	The Company and its subsidiaries.
"**Hangzhou Zhengcai**"	:	Hangzhou Zhengcai Holding Group Co., Ltd. (杭州正才控股集团有限公司) (formerly known as Zhejiang Zhengcai Trading Co., Ltd. (浙江正才贸易有限公司)), a company incorporated under the laws of the PRC with limited liability, which is a wholly-owned subsidiary of Jinjiang Group and is one of the Controlling Shareholders of the Company.

"**Interested Person**"	:	A director, chief executive officer or Controlling Shareholder of the Company or an associate of such director, chief executive officer or Controlling Shareholder.
"**IPT General Mandate**"	:	The general mandate from Shareholders to enable the EAR Group to enter into certain recurrent interested person transactions which are of a revenue or trading nature or certain interested person transactions necessary for day-to-day operations such as the purchase and sale of supplies and materials, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.
"**Jinjiang Environment Performance Share Plan**"	:	The performance share plan of the Company approved by Shareholders on 29 June 2016.
"**Jinjiang Group**"	:	Hangzhou Jinjiang Group Co., Ltd. (杭州锦江集团有限公司), a company incorporated under the laws of the PRC with limited liability, which is owned as to 63.29% by Mr. Dou Zhenggang and 36.71% by Zhejiang Hengjia and is one of the Controlling Shareholders of the Company.
"**Latest Practicable Date**"	:	29 March 2019, being the latest practicable date prior to the printing of this Appendix.
"**Listing Manual**"	:	The Listing Manual of the SGX-ST, including any amendments made thereto up to the Latest Practicable Date.
"**Market Day**"	:	A day on which the SGX-ST is open for trading in securities.
"**Market Purchase(s)**"	:	Has the meaning ascribed to it in Section 2.3.3 of this Appendix.
"**Maximum Price**"	:	Has the meaning ascribed to it in Section 2.3.4 of this Appendix.
"**MBT Project**"	:	The planned mechanical-biological waste treatment project in Singapore with a service concession period of 20 years and a planned daily waste treatment capacity of 500 tons per day, in respect of which JE Synergy Engineering Pte. Ltd., an associated company of the Company, has signed an agreement to provide engineering, procurement and construction services.
"**Non-Competition Agreement**"	:	The Non-Competition Agreement dated 23 June 2016 entered into between the Company and its Controlling Shareholders.
"**NTA**"	:	Net tangible assets.
"**Off-Market Purchase(s)**"	:	Has the meaning ascribed to it in Section 2.3.3 of this Appendix.
"**PRC**"	:	People's Republic of China, excluding Hong Kong, Macau and Taiwan for the purposes of this Appendix and for geographical reference only.
"**Register of Members**"	:	The Register of Members of the Company.
"**Relevant Period**"	:	Has the meaning ascribed to it in Section 2.3.2 of this Appendix.
"**ROE**"	:	Return on equity.

"**Securities Accounts**"	:	Securities accounts maintained by Depositors with CDP, but not including securities sub-accounts maintained with a Depository Agent.
"**SFA**"	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended from time to time.
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited.
"**Share Purchase Mandate**"	:	The mandate to enable the Company to purchase or otherwise acquire its issued Shares.
"**Shareholders**"	:	Registered holders of Shares in the Register of Members, except that where the registered holder is CDP, the term "**Shareholders**" shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by the CDP and whose Securities Accounts maintained with CDP are credited with those Shares.
"**Shares**"	:	Ordinary shares in the capital of the Company.
"**Substantial Shareholder**"	:	A person who has an interest directly or indirectly in 5% or more of the total number of voting Shares of the Company.
"**Take-over Code**"	:	The Singapore Code on Take-overs and Mergers, as amended from time to time.
"**Win Charm**"	:	Win Charm Limited (勝美有限公司), an exempted company incorporated on 18 August 2005 under the laws of the Cayman Islands, which is a wholly-owned subsidiary of Jinjiang Group and is one of the Controlling Shareholders of the Company.
"**Zhejiang Hengjia**"	:	Zhejiang Hengjia Holding Co., Ltd. (浙江恒嘉控股有限公司), a limited liability company incorporated under the laws of the PRC, which is wholly owned by Ms. Wei Xuefeng, who is one of the Controlling Shareholders of the Company and the spouse of Mr. Dou Zhenggang. Zhejiang Hengjia is one of the Controlling Shareholders of the Company.

Glossary of Technical Terms

"**EMC**"	:	energy management contracting; mainly includes services relating to equipment selection, construction planning, residual heat utilisation, and optimisation of operations and maintenance.
"**EPC**"	:	engineering, procurement and construction.
"**municipal solid waste**"	:	household waste, sanitary waste, commercial waste and other non-industrial waste generated from day-to-day activities in an urban centre, which primarily comprises food and other organic waste.
"**WTE**"	:	waste-to-energy; mainly includes waste incineration and power generation in which municipal solid waste is burned at high temperature where the heat energy generated during burning is transformed to high temperature steam to initiate the rotation of turbines for power generation.

Currencies and Others

"**RMB**" and "**RMB cents**"	:	PRC Renminbi and Renminbi cents, respectively.
"**S$**", "**$**" and "**cents**"	:	Singapore dollars and cents, respectively.
"**%**" **or "per cent.**"	:	Per centum or percentage.

The term "**subsidiary**" shall have the meaning ascribed to it in Section 5 of the Companies Act, Chapter 50 of Singapore.

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively, in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

Unless otherwise indicated, RMB amounts in this Appendix have been translated into Singapore dollars, based on the exchange rate of S$1.00 : RMB4.9562 quoted by Bloomberg L.P. on the Latest Practicable Date.

Any reference in this Appendix to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined under the SFA, the Listing Manual, or any relevant laws of the Republic of Singapore or any modification thereof and used in this Appendix shall, where applicable, have the meaning assigned to it under the SFA, the Listing Manual, or any relevant laws of the Republic of Singapore or any modification thereof, as the case may be, unless otherwise provided.

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

Any reference to a time of day and date in this Appendix is a reference to Singapore time and date, respectively, unless otherwise stated.

Any discrepancies in figures included in this Appendix between the amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

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)

Board of Directors:

Wang Yuanluo (王元珞) (Non-Executive, Non-Independent Chairman)
Zhang Chao (张超) (Executive Director and Chief Executive Officer)
Wang Ruihong (王瑞红) (Executive Director and Deputy General Manager)
Ang Swee Tian (Lead Independent Director)
Hee Theng Fong (Independent Director)
Tan Huay Lim (Independent Director)
Ni Mingjiang (倪明江) (Independent Director)

Registered Office:

Grand Pavilion, Hibiscus Way
802 West Bay Road
P.O. Box 31119
KY1-1205, Cayman Islands

12 April 2019

To: The Shareholders of China Jinjiang Environment Holding Company Limited
中国锦江环境控股有限公司

Dear Sir / Madam

(1) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE; AND

(2) THE PROPOSED RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. INTRODUCTION

The Company will be holding its AGM at Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Level 3, Room 323, Singapore 039593 on 29 April 2019 at 10.00 a.m. (the "**AGM**"). Notice of the AGM (the "**Notice of AGM**") and the proxy form have been circulated with the Company's annual report on 12 April 2019.

The purpose of this Appendix is to provide Shareholders with information relating to, and to seek their approval for:

(a) the proposed renewal of the mandate to enable the Company to purchase or otherwise acquire its issued Shares (the "**Share Purchase Mandate**"); and

(b) the proposed renewal of the general mandate for interested person transactions (the "**IPT General Mandate**"),

at the AGM. This Appendix has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) or for any other purpose.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

The SGX-ST assumes no responsibility for the accuracy or correctness of any statements or opinions made, or reports contained, in this Appendix.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 Introduction

Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by, the Memorandum and Articles of Association of the Company, the Cayman Islands Companies Law, the Listing Manual and such other laws and regulations as may, for the time being, be applicable. Article 60(b) of the Articles of Association of the Company expressly permits the Company to purchase its issued Shares. The Company is required under Article 64 of the Articles of Association and the Listing Manual to obtain the approval of its Shareholders at a general meeting if it wishes to purchase or acquire its own Shares.

At the extraordinary general meeting of the Company convened on 30 April 2018 (the "**April 2018 EGM**"), Shareholders had approved the adoption of the Share Purchase Mandate to enable the Company to purchase or otherwise acquire issued Shares. The authority and limitations of the Share Purchase Mandate were set out in the Company's Circular to Shareholders dated 13 April 2018 and ordinary resolution 1 of the notice of the April 2018 EGM dated 13 April 2018. The authority contained in the Share Purchase Mandate adopted at the April 2018 EGM was expressed to continue in force until the next annual general meeting of the Company and, as such, would be expiring on 29 April 2019, being the date of the forthcoming AGM. Accordingly, the Directors propose that the Share Purchase Mandate be renewed at the AGM.

If approved by Shareholders at the AGM, the authority conferred by the Share Purchase Mandate will continue in force until the conclusion of the next annual general meeting of the Company or the date by which it is required to be held (whereupon it will lapse, unless renewed at such meeting), the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated, or until it is varied or revoked by Shareholders in a general meeting (if so varied or revoked prior to the next annual general meeting), whichever is the earliest. The Share Purchase Mandate may be put to Shareholders for renewal at each subsequent annual general meeting.

2.2 Rationale

The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

(a) in managing the business of the Group, management will strive to increase Shareholders' value by improving, *inter alia*, the ROE of the Company. In addition to growth and expansion of the business, share purchases may be considered as one of the ways through which the ROE of the Company may be enhanced;

(b) the Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to its Shareholders. To the extent that the Company has capital and surplus funds which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner;

(c) the Share Purchase Mandate will provide the Company the flexibility to undertake share repurchases at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force; and

(d) shares which are purchased by the Company pursuant to the Share Purchase Mandate and held in treasury may, *inter alia*, to the extent permitted by applicable law, be transferred for the purposes of or pursuant to share schemes implemented by the Company, including the Jinjiang Environment Performance Share Plan, to enable the Company to take advantage of tax deductions under the current taxation regime. The use of treasury shares in lieu of issuing new Shares would also mitigate the dilution impact on existing Shareholders.

The purchase or acquisition of Shares will only be undertaken if it can benefit the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full limit as authorised. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity and capital adequacy position of the Group as a whole and/or affect the listing status of the Company on the SGX-ST.

2.3 **Authority and Limits of the Share Purchase Mandate**

The authority and limitations placed on the Share Purchase Mandate, if renewed at the AGM, are substantially the same as those previously approved by Shareholders at the April 2018 EGM, and are summarised below:

2.3.1 ***Maximum Number of Shares***

Only Shares which are issued and fully paid up may be purchased or acquired by the Company.

The total number of Shares which may be purchased or acquired by the Company is limited to that number of Shares representing not more than 10.0% of the issued Shares in each class as at the date of the AGM at which the renewal of the Share Purchase Mandate is approved, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Cayman Islands Companies Law, at any time during the Relevant Period (as defined below) or within any one (1) financial year of the Company, whichever is the earlier, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered. Any Shares which are held as treasury shares or subsidiary holdings will be disregarded for purposes of computing the 10.0% limit.

As at the Latest Practicable Date, the Company does not hold any treasury shares, there are no subsidiary holdings, and the Company only has one class of shares, being the Shares.

Purely for illustrative purposes, on the basis of 1,443,246,800 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued or cancelled on or prior to the AGM, the purchase or acquisition by the Company of up to the maximum limit of 10.0% of its issued Shares will result in the purchase or acquisition of 144,324,680 Shares. However, as stated in Section 2.2 above and Section 2.9 below, purchases or acquisitions pursuant to the Share Purchase Mandate need not be carried out to the full extent mandated, and, in any case, would not be carried out to such an extent that would result in the Company being delisted from the SGX-ST. The public float in the issued Shares as at the Latest Practicable Date is disclosed in Section 2.9 below.

2.3.2 ***Duration of Authority***

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the AGM, at which the renewal of the Share Purchase Mandate is approved, up to:

(a) the conclusion of the next annual general meeting of the Company;

(b) the date on which the next annual general meeting of the Company is required to be held;

(c) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or

(d) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in a general meeting,

whichever is the earliest (the "**Relevant Period**").

2.3.3 ***Manner of Purchases or Acquisitions of Shares***

Purchases or acquisitions of Shares may be made by way of:

(a) on-market purchases ("**Market Purchases**"), transacted through the SGX-ST's trading system or on any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by the Company for the purpose; and/or

(b) off-market purchases ("**Off-Market Purchases**"), otherwise than on a securities exchange, in accordance with an equal access scheme.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Cayman Islands Companies Law as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An equal access scheme must, however, satisfy all the following conditions:

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of all the offers are the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements, (2) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid, and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document containing at least the following information:

(1) the terms and conditions of the offer;

(2) the period and procedures for the acceptances; and

(3) the information required under Rules 883(2), (3), (4), (5) and (6) of the Listing Manual.

2.3.4 ***Purchase Price***

The purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for a Share will be determined by the Directors. The purchase price to be paid for the Shares as determined by the Directors pursuant to the Share Purchase Mandate must not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

(b) in the case of an Off-Market Purchase, 120% of the Average Closing Price,

in each case, excluding related expenses of the purchase or acquisition (the "**Maximum Price**").

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) consecutive Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period; and

"**date of the making of the offer**" means the date on which the Company makes an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 **Status of Purchased Shares**

A Share purchased or acquired by the Company is, unless held by the Company as a treasury share in accordance with the Cayman Islands Companies Law, treated as cancelled immediately on purchase or acquisition. On such cancellation, all rights and privileges attached to that Share will expire and the Company's issued share capital (but not its authorised share capital) shall be diminished by the nominal value of that Share. Accordingly, the total number of issued Shares, but not the Company's authorised share capital, will be diminished by the number of Shares purchased or acquired by the Company which are cancelled and are not held as treasury shares.

All Shares purchased or acquired by the Company and cancelled will be automatically delisted by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase or acquisition of Shares.

2.5 **Treasury Shares**

Under the Cayman Islands Companies Law, a company may hold shares so purchased or acquired as treasury shares provided that:

(a) the memorandum and articles of association of the company do not prohibit it from holding treasury shares;

(b) the relevant provisions of the memorandum and articles of association (if any) are complied with; and

(c) the company is authorised in accordance with the company's articles of association or by a resolution of the directors to hold such shares in the name of the company as treasury shares prior to the purchase, redemption or surrender of such shares.

Some of the provisions on treasury shares under the Cayman Islands Companies Law are summarised below:

2.5.1 ***Maximum Holdings***

The Company may hold Shares that have been purchased or acquired as treasury shares unless, as a result of the purchase or acquisition, there would no longer be any issued shares of the Company other than shares held as treasury shares.

2.5.2 ***Voting and Other Rights***

Where Shares purchased or acquired by the Company are held as treasury shares, the Company shall be entered into its register of members as holding the treasury shares, but shall not be treated as a member of the Company for any purpose and shall not exercise any right, including voting and dividend rights, in respect of the treasury shares, and any purported exercise of such a right shall be void. A treasury share shall not be voted, directly or indirectly, at any meeting of the Company, and shall not be counted in determining the total number of issued Shares at any given time, whether for the purpose of the Articles of Association of the Company or the Cayman Islands Companies Law.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made to the Company, in respect of a treasury share. However, notwithstanding the aforesaid, Shares may be allotted as fully paid bonus shares in respect of a treasury share and such Shares allotted as fully paid bonus shares in respect of a treasury share shall be treated as treasury shares.

2.5.3 ***Disposal and Cancellation***

Where Shares are held as treasury shares, the Company may at any time (but subject always to the Take-over Code):

(a) cancel the treasury shares in accordance with the provisions of the Company's Articles of Association or (in the absence of any applicable provisions in the Company's Articles of Association) by a resolution of the Directors, and if so cancelled, the amount of the Company's issued share capital (but not the Company's authorised share capital) shall be diminished by the nominal or par value of those treasury shares accordingly; or

(b) transfer the treasury shares to any person, whether or not for valuable consideration (including at a discount to the nominal or par value of such treasury shares).

Under Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.6 **Source of Funds**

In purchasing or acquiring Shares, the Company shall only apply funds legally available in accordance with its Articles of Association, the Cayman Islands Companies Law and any other applicable laws in Singapore and the Cayman Islands. Furthermore, the Company may not purchase or acquire its Shares on the SGX-ST in accordance with its Articles of Association or for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Pursuant to the Articles of Association of the Company and the Cayman Islands Companies Law, any payment made by the Company in consideration of the purchase or acquisition of its own Shares may only be made out of the profits of the Company, share premium, out of the proceeds of a fresh issue of Shares made for the purposes of the purchase or by a payment out of capital as the Board may determine in accordance with the provisions of the Cayman Islands Companies Law. A payment out of capital by a Cayman Islands company for the purchase of its own shares is

not lawful unless immediately following the date on which the payment out of capital is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business. Apart from using its internal sources of funds, the Company may obtain or incur borrowings to finance its purchase or acquisition of Shares.

The Company intends to use internal resources or external borrowings, or a combination of both, to finance its purchase or acquisition of Shares pursuant to the Share Purchase Mandate. In purchasing or acquiring Shares pursuant to the Share Purchase Mandate, the Directors will, principally, consider the availability of internal resources. In addition, the Directors will also consider the availability of external financing. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially adversely affected.

2.7 **Financial Effects**

Under the Cayman Islands Companies Law, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits or share premium or the proceeds of a fresh issue of Shares made for that purpose.

Where the purchased or acquired Shares are cancelled, a reduction by the total amount of the purchase price paid by the Company for the Shares cancelled will be made to:

(a) the share capital of the Company where the Shares were purchased out of the capital of the Company;

(b) the profits of the Company where the Shares were purchased out of the profits of the Company;

(c) the share premium account where the Shares were purchased out of the share premium account of the Company; or

(d) the share capital, share premium and profits of the Company proportionately where the Shares were purchased out of the capital, share premium and profits of the Company.

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired out of the capital, share premium and/or profits of the Company, the number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 31 December 2018, are based on the assumptions set out below.

2.7.1 ***Purchase or Acquisition out of Capital, Share Premium and/or Profits***

Under the Cayman Islands Companies Law, purchases or acquisitions of Shares by the Company may be made out of the Company's capital, share premium and/or profits so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of share premium and/or profits, such consideration (including any expenses incurred directly in the purchase or acquisition of Shares) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of dividends by the Company will not be reduced.

2.7.2 ***Number of Shares Acquired or Purchased***

As at the Latest Practicable Date, the Company has 1,443,246,800 Shares in issue.

Purely for illustrative purposes, on the basis of 1,443,246,800 Shares in issue and a public float of approximately 10.63% as at the Latest Practicable Date and assuming that no further Shares are issued on or prior to the AGM, the purchase or acquisition by the Company of 0.33% of its issued Shares (with a view to maintaining a buffer to its public float as at the Latest Practicable Date) will result in the purchase or acquisition of 4,762,714 Shares.

2.7.3 ***Maximum Price Paid for Shares Acquired or Purchased***

In the case of Market Purchases by the Company, assuming that the Company purchases or acquires the 4,762,714 Shares at the Maximum Price of S$0.6069 for one Share (being the price equivalent to 5.0% above the average of the closing market prices of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 4,762,714 Shares is approximately S$2,890,491 or RMB14,325,851.

In the case of Off-Market Purchases by the Company, assuming that the Company purchases or acquires the 4,762,714 Shares at the Maximum Price of S$0.6936 for one Share (being the price equivalent to 20.0% above the average of the closing market prices of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 4,762,714 Shares is approximately S$3,303,418 or RMB16,372,400.

2.7.4 ***Illustrative Financial Effects***

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital, share premium and/or profits, the consideration paid at the relevant time and whether the Shares purchased or acquired are cancelled or held as treasury shares.

For illustrative purposes only and on the basis of the assumptions set out in Sections 2.7.2 and 2.7.3 above, the financial effects of:

(a) the acquisition of 4,762,714 Shares representing 0.33% of issued Shares by the Company pursuant to the Share Purchase Mandate by way of Market Purchases and Off-Market Purchases made entirely out of capital and held as treasury shares;

(b) the acquisition of 4,762,714 Shares representing 0.33% of issued Shares by the Company pursuant to the Share Purchase Mandate by way of Market Purchases and Off-Market Purchases made entirely out of profits and cancelled; and

(c) the acquisition of 4,762,714 Shares representing 0.33% of issued Shares by the Company pursuant to the Share Purchase Mandate by way of Market Purchases and Off-Market Purchases made entirely out of capital and cancelled,

on the audited financial statements of the Group and the Company for the financial year ended 31 December 2018 are set out below:

(a) *Purchases of 4,762,714 Shares representing 0.33% of issued Shares made entirely out of capital and held as treasury shares*[1]

	Group			Company		
	Before Share Purchase	**After Market Purchase**	**After Off-Market Purchase**	**Before Share Purchase**	**After Share Purchase**	**After Off-Market Purchase**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
As at 31 December 2018						
Share Capital	95	95	95	95	95	95
Share Premium	1,568,197	1,568,197	1,568,197	1,568,197	1,568,197	1,568,197
Retained earnings	3,440,271	3,440,271	3,440,271	(311,165)	(311,165)	(311,165)
Reserves	477,248	477,248	477,248	1,057,112	1,057,112	1,057,112
	5,485,811	5,485,811	5,485,811	2,314,239	2,314,239	2,314,239
Treasury Shares	–	(14,326)	(16,372)	–	(14,326)	(16,372)
Total Shareholders' Equity	5,485,811	5,471,485	5,469,439	2,314,239	2,299,913	2,297,867
Non-controlling interests	117,399	117,399	117,399	–	–	–
Total Equity	5,603,210	5,588,884	5,586,838	2,314,239	2,299,913	2,297,867
Net Assets	5,603,210	5,588,884	5,586,838	2,314,239	2,299,913	2,297,867
Current Assets	3,625,046	3,610,720	3,608,674	3,321,547	3,307,221	3,305,175
Current Liabilities	3,284,669	3,284,669	3,284,669	182,763	182,763	182,763
Total Borrowings	6,755,915	6,755,915	6,755,915	2,734,803	2,734,803	2,734,803
Cash and Cash Equivalents	857,487	843,161	841,115	241,992	227,666	225,620
(Net Debt)/Cash	6.88	7.01	7.03	10.30	11.01	11.12
Number of Shares ('000) (excluding treasury shares)	1,443,247	1,438,484	1,438,484	1,443,247	1,438,484	1,438,484
Financial Ratios						
Net Asset Value per Share (RMB)	3.88	3.89	3.88	1.60	1.60	1.60
Gross Debt[2] Gearing (%)	120.57%	120.88%	120.93%	118.17%	118.91%	119.01%
Net Debt[2] Gearing (%)	105.27%	105.79%	105.87%	107.72%	109.01%	109.20%
Current Ratio (times)	1.10	1.10	1.10	18.17	18.10	18.08
Basic EPS (RMB cents)	41.81	41.96	41.96	NA	NA	NA

Notes:

(1) 4,762,714 Shares to be held as treasury shares and is computed based on 1,443,246,800 Shares in issue as at the Latest Practicable Date.

(2) Gross and Net Debt measured against Total Equity.

(b) *Purchases of 4,762,714 Shares representing 0.33% of issued Shares made entirely out of profits and cancelled*[1]

	Group			Company		
	Before Share Purchase	**After Market Purchase**	**After Off-Market Purchase**	**Before Share Purchase**	**After Share Purchase**	**After Off-Market Purchase**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
As at 31 December 2018						
Share Capital	95	95	95	95	95	95
Share Premium	1,568,197	1,568,197	1,568,197	1,568,197	1,568,197	1,568,197
Retained earnings	3,440,271	3,425,945	3,423,899	(311,165)	(325,491)	(327,537)
Reserves	477,248	477,248	477,248	1,057,112	1,057,112	1,057,112
	5,485,811	5,471,485	5,469,439	2,314,239	2,299,913	2,297,867
Treasury Shares	–	–	–	–	–	–
Total Shareholders' Equity	5,485,811	5,471,485	5,469,439	2,314,239	2,299,913	2,297,867
Non-controlling interests	117,399	117,399	117,399	–	–	–
Total Equity	5,603,210	5,588,884	5,586,838	2,314,239	2,299,913	2,297,867
Net Assets	5,603,210	5,588,884	5,586,838	2,314,239	2,299,913	2,297,867
Current Assets	3,625,046	3,610,720	3,608,674	3,321,547	3,307,221	3,305,175
Current Liabilities	3,284,669	3,284,669	3,284,669	182,763	182,763	182,763
Total Borrowings	6,755,915	6,755,915	6,755,915	2,734,803	2,734,803	2,734,803
Cash and Cash Equivalents	857,487	843,161	841,115	241,992	227,666	225,620
(Net Debt)/Cash	6.88	7.01	7.03	10.30	11.01	11.12
Number of Shares ('000) (excluding treasury shares)	1,443,247	1,438,484	1,438,484	1,443,247	1,438,484	1,438,484
Financial Ratios						
Net Asset Value per Share (RMB)	3.88	3.89	3.88	1.60	1.60	1.60
Gross Debt[2] Gearing (%)	120.57%	120.88%	120.93%	118.17%	118.91%	119.01%
Net Debt[2] Gearing (%)	105.27%	105.79%	105.87%	107.72%	109.01%	109.20%
Current Ratio (times)	1.10	1.10	1.10	18.17	18.10	18.08
Basic EPS (RMB cents)	41.81	41.96	41.96	NA	NA	NA

Notes:

(1) 4,762,714 Shares to be cancelled and is computed based on 1,443,246,800 Shares in issue as at the Latest Practicable Date.

(2) Gross and Net Debt measured against Total Equity.

(c) *Purchases of 4,762,714 Shares representing 0.33% of issued Shares made entirely out of capital and cancelled*[1]

	Group			Company		
	Before Share Purchase	**After Market Purchase**	**After Off-Market Purchase**	**Before Share Purchase**	**After Share Purchase**	**After Off-Market Purchase**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
As at 31 December 2018						
Share Capital	95	94	94	95	94	94
Share Premium	1,568,197	1,553,872	1,551,826	1,568,197	1,553,872	1,551,826
Retained earnings	3,440,271	3,440,271	3,440,271	(311,165)	(311,165)	(311,165)
Reserves	477,248	477,248	477,248	1,057,112	1,057,112	1,057,112
	5,485,811	5,471,485	5,469,439	2,314,239	2,299,913	2,27,867
Treasury Shares	–	–	–	–	–	–
Total Shareholders' Equity	5,485,811	5,471,485	5,469,439	2,314,239	2,299,913	2,297,867
Non-controlling interests	117,399	117,399	117,399	–	–	–
Total Equity	5,603,210	5,588,884	5,586,838	2,314,239	2,299,913	2,297,867
Net Assets	5,603,210	5,588,884	5,586,838	2,314,239	2,299,913	2,297,867
Current Assets	3,625,046	3,610,720	3,608,674	3,321,547	3,307,221	3,305,175
Current Liabilities	3,284,669	3,284,669	3,284,669	182,763	182,763	182,763
Total Borrowings	6,755,915	6,755,915	6,755,915	2,734,803	2,734,803	2,734,803
Cash and Cash Equivalents	857,487	843,161	841,115	241,992	227,666	225,620
(Net Debt)/Cash	6.88	7.01	7.03	10.30	11.01	11.12
Number of Shares ('000) (excluding treasury shares)	1,443,247	1,438,484	1,438,484	1,443,247	1,438,484	1,438,484
Financial Ratios						
Net Asset Value per Share (RMB)	3.88	3.89	3.88	1.60	1.60	1.60
Gross Debt[2] Gearing (%)	120.57%	120.88%	120.93%	118.17%	118.91%	119.01%
Net Debt[2] Gearing (%)	105.27%	105.79%	105.87%	107.72%	109.01%	109.20%
Current Ratio (times)	1.10	1.10	1.10	18.17	18.10	18.08
Basic EPS (RMB cents)	41.81	41.96	41.96	NA	NA	NA

Notes:

(1) 4,762,714 Shares to be cancelled and is computed based on 1,443,246,800 Shares in issue as at the Latest Practicable Date.

(2) Gross and Net Debt measured against Total Equity.

Shareholders should note that the financial effects set out above are based on the audited financial statements of the Group and the Company for the financial year ended 31 December 2018 and are for illustration purposes only. The results of the Group and the Company for the financial year ended 31 December 2018 may not be representative of future performance.

It should be noted that although the Share Purchase Mandate would authorise the Company to potentially purchase or acquire up to 10.0% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10.0% of the issued Shares as mandated. In addition, the Company may cancel or hold in treasury all or part of the Shares purchased or acquired. The Company will take into account both financial and non-financial factors (for example, the public float of the Company, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase before execution.

2.8 **Tax Implications**

Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

2.9 **Listing Status of the Shares**

The Listing Manual requires a listed company to ensure that at least 10% of the total number of its issued shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed on the SGX-ST, is held by public shareholders at all times. As at the Latest Practicable Date, approximately 10.63% of the issued Shares are held by public Shareholders. Accordingly, the Company notes that there is an insufficient number of the Shares in issue held by public Shareholders which would permit the Company to potentially undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10.0% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST.

The Company, when purchasing its Shares, will ensure (i) that there is a sufficient float for an orderly market in its securities, and (ii) that the listing status of the Shares on the SGX-ST is not affected by such purchase.

2.10 **Listing Rules**

The Listing Manual restricts a listed company from purchasing its shares by way of market purchases at a price per share which is more than 5.0% above the "average closing price", being the average of the closing market prices of the shares over the last five Market Days on which transactions in the shares were recorded, before the day on which the purchases were made, as deemed to be adjusted for any corporate action that occurs after the relevant five-day period. The Maximum Price for a Share in relation to Market Purchases referred to in Section 2.3 above complies with this requirement. Although the SGX-ST Listing Manual does not prescribe a maximum price in relation to purchases of shares by way of off-market purchases, the Company has set a cap of 20.0% above the average closing price of a Share as the Maximum Price for a Share to be purchased or acquired by way of an Off-Market Purchase.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by the SGX-ST, the Company would not purchase or acquire any Shares through Market Purchases during the period of one month immediately preceding the announcement of the Company's full-year results and the period of two weeks before the announcement of the first quarter, second quarter and third quarter results.

2.11 **Reporting Requirements**

The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares, and (b) in the case of an Off-Market Purchase on an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement (which must be in the form of Appendix 8.3.1 to the Listing Manual) must include, *inter alia*, details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and subsidiary holdings and the number of treasury shares and subsidiary holdings held after the purchase.

2.12 **Take-over Implications**

Appendix 2 of the Take-over Code ("**Appendix 2**") contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

2.12.1 ***Obligation to make a Take-over Offer***

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

2.12.2 ***Persons Acting in Concert***

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter alia,* the following individuals and companies to be persons acting in concert:

(a) the following companies:

(i) a company;

(ii) the parent company of (i);

(iii) the subsidiaries of (i);

(iv) the fellow subsidiaries of (i);

(v) the associated companies of any of (i), (ii), (iii) or (iv);

(vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and

(vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights; and

(b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2.

2.12.3 ***Effect of Rule 14 and Appendix 2***

In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months.

As at the Latest Practicable Date, the Controlling Shareholders of the Company, Dou Zhenggang, his spouse Wei Xuefeng, and his daughter Jennifer Wei and their respective concert parties collectively hold (directly or indirectly) in aggregate approximately 55.61% of the Shares. Accordingly, as Dou Zhenggang, Wei Xuefeng, Jennifer Wei and their respective concert parties already collectively hold more than 50% of the voting rights in the Company, purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate would not result in any of Dou Zhenggang, Wei Xuefeng, Jennifer Wei or their respective concert parties incurring an obligation to make a mandatory take-over offer under Rule 14 read with Appendix 2 of the Code.

Based on the interests of substantial Shareholders as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date, none of the substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the acquisition or purchase by the Company of 10.0% of its issued Shares as at the Latest Practicable Date.

Shareholders are advised to consult their professional advisers and/or the Securities Industry Council at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchases by the Company.

2.13 **Shares Purchased or Acquired by the Company in the Past 12 Months**

The Company has not purchased or acquired any Shares in the 12 months immediately preceding the Latest Practicable Date.

3. THE PROPOSED RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

3.1 Background

On 20 July 2016, the Shareholders had originally adopted the IPT General Mandate. At the extraordinary general meeting of the Company held on 25 April 2017, the Shareholders had approved the renewal of the IPT General Mandate. At the April 2018 EGM, the Shareholders had approved certain modifications to, and the renewal of, the IPT General Mandate. At the extraordinary general meeting of the Company held on 31 December 2018 (the "**December 2018 EGM**"), the Shareholders had approved certain further modifications to the IPT General Mandate, the details and terms of which were set out in the circular from the Company to Shareholders dated 14 December 2018.

The IPT General Mandate enables the Company, its subsidiaries and associated companies that are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual (the "**EAR Group**"), to enter in the ordinary course of business into any of the mandated transactions with specified classes of Interested Persons, provided that such transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

3.2 Annual Renewal of the IPT General Mandate

The modified IPT General Mandate approved at the December 2018 EGM will, unless renewed at the AGM, expire on the date of the AGM, being 29 April 2019. If the proposed resolution for the renewal of the IPT General Mandate is approved at the forthcoming AGM, the IPT General Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next annual general meeting of the Company is held or is required to be held, whichever is the earlier date. Accordingly, it is proposed that the IPT General Mandate be renewed at the AGM, to take effect until the conclusion of the next annual general meeting of the Company.

3.3 Particulars of the IPT General Mandate to be Renewed

The nature of the interested person transactions, the classes of Interested Persons, and the review procedures for determining transaction prices in respect of which the IPT General Mandate is sought to be renewed remain unchanged. Particulars of the IPT General Mandate, including the rationale for the IPT General Mandate, the benefits to be derived by the Company, as well as the review procedures for determining transaction prices with the specified classes of Interested Persons, are set out in Section 3.6 of this Appendix.

3.4 Audit and Risk Management Committee's Confirmation

Pursuant to Rule 920(1)(c) of the Listing Manual, the Audit and Risk Management Committee confirms that:

(a) the methods or procedures for determining the transaction prices have not changed since the IPT General Mandate was last approved by Shareholders at the December 2018 EGM; and

(b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the mandated transactions carried out thereunder will be on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders.

3.5 Chapter 9 of the Listing Manual

Chapter 9 of the Listing Manual governs transactions between a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be "at risk", with the listed company's interested persons.

Except for any transaction which is below S$100,000 in value and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9, when this Chapter applies to a transaction with an interested person and the value of the transaction alone or in aggregation with other transactions conducted with the same interested person during the financial year reaches or exceeds certain materiality thresholds (which are based on the listed company's latest audited consolidated net tangible assets ("**NTA**")), the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for the transaction. In particular, shareholders' approval is required for an interested person transaction of a value equal to, or exceeding:

(a) 5% of the listed company's latest audited consolidated NTA; or

(b) 5% of the listed company's latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the "same interested person" (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2018, the consolidated NTA of the Group was RMB3,157.3 million (equivalent to approximately S$637.0 million). Accordingly, in relation to the Group, for the purposes of Chapter 9 of the Listing Manual, in the current financial year and until the audited consolidated financial statements of the Group for the financial year ending 31 December 2019 are published, 5% of the Group's latest audited consolidated NTA would be RMB157.9 million (equivalent to approximately S$31.9 million).

Chapter 9 of the Listing Manual, however, allows the Company to seek a mandate from its Shareholders for recurrent interested person transactions which are of a revenue or trading nature or for those necessary for its day-to-day operations. These transactions may not include the purchase or sale of assets, undertakings or businesses which are not part of the Company's day-to-day operations.

For the purposes of Chapter 9 of the Listing Manual:

(i) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles as Chapter 9;

(ii) an "**associate**" in relation to an interested person who is a director, chief executive officer or controlling shareholder, includes an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;

(iii) an "**associated company**" means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;

(iv) an "**entity at risk**" means:

  (i) the listed company;

  (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or

(iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "**listed group**"), or the listed group and its interested person(s), has control over the associated company;

(v) an "**interested person**" means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;

(vi) an "**interested person transaction**" means a transaction between an entity at risk and an interested person;

(vii) a "**transaction**" includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether entered into directly or indirectly; and

(viii) in interpreting the term "**same interested person**" for the purpose of aggregation of the values of all transactions entered into with the same interested person during the same financial year under Rules 905 and 906 of Chapter 9 of the Listing Manual, the following applies:

(i) transactions between an entity at risk and interested persons who are members of the same group are deemed to be transactions between the entity at risk with the same interested person; and

(ii) if an interested person (which is a member of a group) is listed, its transactions with the entity at risk need not be aggregated with transactions between the entity at risk and other interested persons of the same group, provided that the listed interested person and other listed interested persons have boards the majority of whose directors are different and are not accustomed to act on the instructions of the other interested persons and their associates and have audit committees whose members are completely different.

3.6 Renewal of the IPT General Mandate

3.6.1 *Introduction*

The Company anticipates that the EAR Group would, in the ordinary course of business, continue to enter into certain transactions with its interested persons (as such term is defined in the Listing Manual and/or in accordance with the directions of the SGX-ST), including but not limited to those categories of transactions described below. In view of the time-sensitive nature of commercial transactions, it would be advantageous for the Company to obtain a Shareholders' mandate to enter into certain interested person transactions in the EAR Group's normal course of business, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

Chapter 9 of the Listing Manual allows a listed company to obtain a mandate from its shareholders for recurrent interested person transactions which are of a revenue or trading nature or for those necessary for its day-to-day operations. These transactions may not include the purchase or sale of assets, undertakings or businesses which are not part of its day-to-day operations.

The IPT General Mandate will take effect from the passing of the Ordinary Resolution relating thereto, and will continue in force until the conclusion of the next annual general meeting of the Company (unless sooner revoked or varied by the Company in general meeting). Approval from Shareholders will be sought for the renewal of the IPT General Mandate at the next annual general meeting (or extraordinary general meeting following such annual general meeting) and each subsequent annual general meeting (or extraordinary general meeting following such annual general meeting) of the Company, subject to satisfactory review by the Audit and Risk Management Committee of its continued application to the Mandated Transactions (as defined below).

3.6.2 ***Entities at Risk***

For the purposes of the IPT General Mandate, an "Entity at Risk" means:

(a) the Company;

(b) a subsidiary of the Company (excluding subsidiaries listed on the SGX-ST or an approved exchange); or

(c) an associated company of the Company (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the Group, or the Group and its interested person(s), has or have control.

3.6.3 ***Classes of Mandated Interested Persons***

The IPT General Mandate will apply to the transactions that are carried out between any Entity at Risk and entities in which Mr. Dou Zhenggang and his immediate family (as defined in the Listing Manual) together (directly or indirectly) have an interest of 30% or more, provided, however, that:

(i) any provision of materials or services by any such entity to the EAR Group is in the normal course of business of such entity; and

(ii) any acquisition of materials or services by any such entity from the EAR Group is in connection with or ancillary to the normal course of business of such entity,

(collectively, the "**Mandated Interested Persons**" and each a "**Mandated Interested Person**", all being "interested persons" as defined in the Listing Manual).

For the avoidance of doubt, such Mandated Interested Persons would include such persons who may, during such period while the IPT General Mandate is effect, become Mandated Interested Persons where previously they were not so.

3.6.4 ***Categories of Mandated Interested Person Transactions***

The types of transactions with the Mandated Interested Persons to which the IPT General Mandate will apply (the "**Mandated Transactions**"), and the benefits to be derived therefrom, are set out below.

(a) Purchase of Raw Materials and Construction-Related Materials

This category of transactions pertains to the purchase of coal and other raw materials, as well as construction-related materials by the EAR Group from Mandated Interested Persons in the normal course of business of the EAR Group. The transactions within this category include:

(i) the purchase of coal and other raw materials by the EAR Group from the Mandated Interested Persons;

(ii) the purchase of construction-related materials by the EAR Group from the Mandated Interested Persons; and

(iii) the provision or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraphs (i) and (ii) above, including but not limited to transportation and logistics services.

(b) Engineering, Procurement and Construction and Ancillary Services

This category of transactions pertains to the provision of engineering, procurement and construction-related services and ancillary services (including design and consulting services) by the Mandated Interested Persons to the EAR Group, or by the EAR Group to Mandated Interested Persons, in relation to the design, engineering and construction of waste treatment and other facilities which are of a recurring nature and are in the ordinary course of business of the EAR Group. The transactions within this category include:

(i) the tender by the Mandated Interested Persons or the EAR Group (as the case may be) for (whether by way of public tender, invitation or otherwise) and/or obtaining by the Mandated Interested Persons or the EAR Group (as the case may be) of the award of contracts from the EAR Group or the Mandated Interested Persons (as the case may be) as main contractors, sub-contractors, suppliers, managers and/or consultants for construction, building, procurement and installation of equipment and supplies, engineering, project management, architectural, retro-fitting, testing, commissioning and/or alteration and addition works for waste treatment and other facilities ("**EPC Services**");

(ii) the provision of integrated design and consulting services by the Mandated Interested Persons to the EAR Group, or by the EAR Group to the Mandated Interested Persons (as the case may be), including keeping track of the latest technological developments in the waste treatment industry, inspecting the qualification and experience of service providers to be engaged for design-related services, organising public tenders for the design of waste treatment facilities and liaising with and supervising service providers engaged to provide design-related services ("**Design and Consulting Services**"); and

(iii) the provision and/or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraphs (i) and (ii) above by the Mandated Interested Persons to the EAR Group, or by the EAR Group to the Mandated Interested Persons (as the case may be), including but not limited to the provision and/or obtaining of relevant construction materials and equipment.

(c) Project Technical and Management Services and EMC Services

This category of transactions pertains to the provision of project technical and management services and EMC services by the EAR Group to the Mandated Interested Persons, which are recurrent transactions of a revenue or trading nature. The transactions within this category include:

(i) the provision of project technical and management services;

(ii) the provision of energy-saving and residual heat utilisation solutions;

(iii) the provision of consultancy services in relation to operations optimisation and equipment selection, and the procurement and provision of equipment in connection therewith;

(iv) the provision of management and operational support services;

(v) the provision of consultancy services in relation to energy-saving technology; and

(vi) the provision and/or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraphs (i) to (v) above, including but not limited to the provision of energy-saving and residual heat utilisation equipment and facilities.

(d) Operations and Maintenance Services

This category of transactions pertains to the provision of operations and maintenance services by the EAR Group to Mandated Interested Persons in relation to waste treatment and other facilities (including the MBT Project, and in each case, in compliance with the provisions of the Non-Competition Agreement), which are recurrent transactions of a revenue or trading nature. The transactions within this category include:

(i) the provision of operations and maintenance services, including but not limited to technical, operation and maintenance services relating to operational processes and engineering, equipment operation, repair and maintenance services; and

(ii) the provision and/or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of services in sub-paragraph (i) above, including but not limited to the provision of relevant operations and maintenance materials and equipment.

3.6.5 ***Rationale for and Benefits of the IPT General Mandate***

The IPT General Mandate and its subsequent renewal on an annual basis would eliminate the need to announce, or to announce and convene separate general meetings from time to time to seek Shareholders' prior approval as and when potential Mandated Transactions with Mandated Interested Persons arise, thereby saving substantial administrative time and costs expended in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the EAR Group.

The IPT General Mandate is intended to facilitate transactions in the normal course of business of the EAR Group which are transacted from time to time with the Mandated Interested Persons, provided that they are carried out at arm's length and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders. The EAR Group will benefit from having access to competitive quotes from the Mandated Interested Persons in addition to obtaining quotes from, or transacting with, non-Mandated Interested Persons.

In accordance with the requirements of Chapter 9 of the Listing Manual, the Company will (i) disclose in its annual report the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the IPT General Mandate during the financial year (as well as in the annual reports for subsequent financial years that the IPT General Mandate continues to be in force); and (ii) announce the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the IPT General Mandate for the financial periods that the Company is required to report on pursuant to Rule 705 of the Listing Manual (which relates to quarterly reporting by listed companies) within the time required for the announcement of such report.

3.6.6 ***Review Procedures for Mandated Transactions with Mandated Interested Persons***

To ensure that Mandated Transactions with Mandated Interested Persons are undertaken at: (i) arm's length and on normal commercial terms consistent with the EAR Group's usual business practices and on terms which are generally not more favourable than those extended to unrelated third parties; or (ii) in any event on terms no less favourable to the EAR Group than prevailing open market rates, and will not be prejudicial to the interests of the Company and its minority Shareholders, the EAR Group will adopt the following procedures for the review and approval of Mandated Transactions under the IPT General Mandate:

(a) The following procedures will be adopted in relation to (i) purchases of raw materials and construction-related materials from Mandated Interested Persons, (ii) the provision of EPC Services and ancillary services (including Design and Consulting Services) by or to Mandated Interested Persons, (iii) the provision of project technical and management services and EMC services to Mandated Interested Persons and (iv) the provision of operations and maintenance services to Mandated Interested Persons:

Purchase of Raw Materials and Construction-Related Materials

In relation to the purchase of coal and other raw materials as well as construction-related materials from Mandated Interested Persons, the price and commercial terms will be determined based on the prevailing market rates, which are determined by market forces, demand and supply, specifications and other relevant factors. The EAR Group will also take into account transportation costs involved. Prices from the Company's interested persons are generally aggregate of cost, freight costs and an administrative fee of 2-3%. Where the prevailing market rates or prices are not available for comparison, the purchasing department of the EAR Group will assess the pricing quoted by the Mandated Interested Person based on its usual business practices, taking into account factors, including but not limited to the budget allocated for the transaction as well as the capacity and reliability of the Mandated Interested Person.

In determining whether the price and commercial terms offered by the Mandated Interested Persons are fair and reasonable, factors such as, but not limited to, delivery schedules, compliance with specifications, track record and reliability, experience and expertise, capacity and payment terms will be taken into consideration. In addition, the purchasing department of the EAR Group will procure at least two quotations from unrelated third party vendors in respect of similar categories of products. The price and commercial terms offered by the Mandated Interested Persons shall be no less favourable to the EAR Group than what is available in the market, having regard to all relevant factors.

Where it is impracticable or not possible for quotations to be obtained from unrelated third party vendors, the price and commercial terms offered by the Mandated Interested Person will be compared to those for the same or substantially the same types of transactions entered into between the Mandated Interested Person and third parties. The review procedures in such cases may include, where applicable, reviewing the standard price lists provided by the Mandated Interested Person to its customers for such products and be based on the commercial merits of the transaction. Where it is impractical or not possible to compare the price and commercial terms with those for the same or substantially the same types of transactions entered into between the Mandated Interested Person and third parties, the Relevant Authorised Persons (as defined in paragraph (b) below) will determine whether the terms of supply are fair and reasonable. This would include taking into account, where known, among other matters as may be necessary, the nature and duration of the transaction, the cost and margins of the Mandated Interested Person and the quality of the products to be purchased.

EPC Services and Ancillary Services

In relation to the provision of EPC Services and ancillary services (including Design and Consulting Services) by Mandated Interested Persons to the EAR Group, or by the EAR Group to Mandated Interested Persons (as the case may be), the price and commercial terms offered by or to the Mandated Interested Persons will be assessed based on the comparable third party contracts approach. At least two recent contracts, for the same or substantially the same nature of EPC Services and Design and Consulting Services (as the case may be), entered into by the EAR Group with third parties will be used as a basis of comparing the price and commercial terms offered by or to the Mandated Interested Person, after taking into account, *inter alia*, if applicable, factors including but not limited to, the complexity of the services rendered, the EAR Group's or the Mandated Interested Person's project specifications, the project schedule, the payment terms, the sufficiency and availability of resources, the creditworthiness of the Mandated Interested Person, the technical expertise required and prevailing estimated project costs. For example, in relation to EPC Services, as the main drivers affecting construction costs are floor area and installations required, the contracts of a similar nature will be analysed on a cost per square feet or cost per installation basis. After analysing the costs in specific detail, the EAR Group will then derive a meaningful contract sum to be paid to or by the Mandated Interested Person.

Where it is impracticable or not possible for such contracts to be obtained, the price and commercial terms offered by or to the Mandated Interested Person will be compared to those for the same or substantially the same types of transactions entered into between the Mandated Interested Person and third parties. The review procedures in such cases may include, where applicable, reviewing the standard price lists provided by the Mandated Interested Person to its customers, or to the Mandated Interested Person by its suppliers (as the case may be), for such services and be based on the commercial merits of the transaction.

Where it is impractical or not possible to compare the price and commercial terms with those for the same or substantially the same types of transactions entered into between the Mandated Interested Person and third parties, the Relevant Authorised Persons (as defined in paragraph (b) below) will determine whether the terms of supply are fair and reasonable. This would include taking into account, where known, among other matters as may be necessary, the nature and duration of the transaction, the cost and margins of the relevant project (if any) and the quality of the services to be provided.

Provision of Project Technical and Management Services and EMC Services

In relation to the provision of project technical and management services and EMC services by the EAR Group to Mandated Interested Persons, the price and commercial terms offered to the Mandated Interested Persons will be determined based on the comparable third party contracts approach. At least two recent contracts, for the same or substantially the same nature of project technical and management services or EMC services (as the case may be), entered into by the EAR Group with third parties will be used as a basis of comparing and determining the price and commercial terms to be offered to the Mandated Interested Person, after taking into account, *inter alia*, if applicable, factors including but not limited to, the complexity of the services rendered, the Mandated Interested Person's project specifications, the project schedule, the payment and revenue-sharing terms (where applicable), the cost of investment required, the sufficiency and availability of resources, the creditworthiness of the Mandated Interested Person, the technical expertise required and the prevailing estimated project costs determined by a project director and/or quantity surveyor(s).

Where it is impracticable or not possible for such contracts to be obtained, the price and commercial terms offered to the Mandated Interested Person will be determined in accordance with the EAR Group's usual business practice and be consistent with the margins obtained by the EAR Group in its business operations.

Operations and Maintenance Services

In relation to the provision of operations and maintenance services by the EAR Group to Mandated Interested Persons, the price and commercial terms offered to the Mandated Interested Persons will be assessed based on the comparable third party contracts approach. At least two recent contracts, for the same or substantially the same nature of operations and maintenance services (as the case may be), entered into by the EAR Group with third parties will be used as a basis of comparing the price and commercial terms offered to the Mandated Interested Person, after taking into account, inter alia, if applicable, factors including but not limited to, the complexity of the services rendered or goods and services procured, the Mandated Interested Person's project specifications, the project schedule, the payment terms, the sufficiency and availability of resources, the creditworthiness of the Mandated Interested Person, the technical expertise required and prevailing estimated project costs. The price and commercial terms offered to the Mandated Interested Persons shall be no less favourable to the EAR Group than what is offered by the EAR Group to third parties, having regard to all relevant factors.

Where it is impracticable or not possible for such contracts to be obtained, the price and commercial terms offered to the Mandated Interested Person will be determined in accordance with the EAR Group's usual business practice and be consistent with the margins obtained by the EAR Group in its business operations.

(b) The following review and approval procedures will apply to the Mandated Transactions:

(i) Transactions equal to or exceeding S$100,000 each in value but below the Financial Limit (as defined below) each in value, will be reviewed and approved by either the Chairman of the Board of Directors or an Executive Director, together with the Audit and Risk Management Committee or such other senior executive(s) of the Company designated by the Audit and Risk Management Committee from time to time for such purpose (collectively, the "**Relevant Authorised Persons**"), and tabled for review by the Audit and Risk Management Committee on a quarterly basis.

(ii) Transactions equal to or exceeding the Financial Limit each in value will be reviewed and approved by the Audit and Risk Management Committee.

(iii) Any of the Relevant Authorised Persons, and the Audit and Risk Management Committee, may, as he/it deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including requesting for an independent financial adviser's opinion and/or the obtaining of valuations from independent professional valuers.

For the purposes of sub-paragraphs (i) and (ii) above, the Financial Limit shall be the amount equivalent to 5.0% of the Group's audited consolidated NTA for the time being, as determined by reference to the Group's latest announced audited consolidated financial statements.

(c) The following will apply to the review and approval process for all categories of Mandated Transactions:

(i) If any of the Relevant Authorised Persons has an interest in the transaction or is a nominee for the time being of the Mandated Interested Person, or if any associate (as defined in the Listing Manual) of the Relevant Authorised Persons is involved in the decision making process on the part of the Mandated Interested Person, the review and approval process shall be undertaken by the remaining Relevant Authorised Persons who do not have an interest in the transaction or are a nominee for the time being of the Mandated Interested Person, and who are not subject to such conflicts of interest, save that if all of the Executive Directors have an interest in the transaction, are nominees for the time being of the Mandated Interested Person or are subject to such conflicts of interest, the review and approval process shall be undertaken by the Audit and Risk Management Committee or such other senior executive(s) of the Company designated by the Audit and Risk Management Committee from time to time for such purpose.

(ii) If all of the Relevant Authorised Persons have an interest in the transaction, are nominees for the time being of the Mandated Interested Person or have associates (as defined in the Listing Manual) involved in the decision making process on the part of the Mandated Interested Person, the review and approval process shall be undertaken by the Chairman of the Audit and Risk Management Committee or another member of the Audit and Risk Management Committee (who is not a nominee of the Mandated Interested Person, has no interest in the transaction and is not subject to such conflicts of interest) designated by the Chairman of the Audit and Risk Management Committee from time to time for such purpose.

(iii) If a member of the Audit and Risk Management Committee has an interest in a transaction or is a nominee for the time being of the Mandated Interested Person, or if any associate (as defined in the Listing Manual) of a member of the Audit and Risk Management Committee is involved in the decision making process on the part of the Mandated Interested Person, he shall abstain from participating in the review and approval process of the Audit and Risk Management Committee in relation to that transaction.

(iv) If a member of the Audit and Risk Management Committee (who is not a nominee of the Mandated Interested Person, has no interest in the transaction and is not subject to such conflicts of interest) also serves as an independent non-executive director on the board of directors or (as the case may be) an audit or other board committee of the Mandated Interested Person, and he participates in the review and approval process of the Audit and Risk Management Committee in relation to a transaction with that Mandated Interested Person, he will abstain from participating on any decision before the board or committee of that Mandated Interested Person with respect to such transaction.

(d) The Company will maintain a register of Mandated Transactions carried out with Mandated Interested Persons (recording the basis, including the quotations obtained to support such basis, on which they are entered into), and the Company's annual internal audit plan will incorporate a review of all Mandated Transactions entered into in the relevant financial year pursuant to the IPT General Mandate.

The Audit and Risk Management Committee will review the internal audit reports on Mandated Transactions to ascertain that the internal control procedures and review procedures for Mandated Transactions have been complied with.

(e) If during any of the reviews by the Audit and Risk Management Committee, the Audit and Risk Management Committee is of the view that the internal control procedures and review procedures for Mandated Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the Group or the Mandated Interested Persons are conducted, the Company will revert to Shareholders for a fresh general mandate based on new internal control procedures and review procedures so that Mandated Transactions will be carried out at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

4.1 Directors' Interests

The interests of the Directors in the Shares, as recorded in the Register of Directors' Shareholdings of the Company, as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest[2]		Total Interest	
Directors	**No. of Shares**	**%[1]**	**No. of Shares**	**%[1]**	**No. of Shares**	**%[1]**
Wang Yuanluo	2,860,000	0.20	–	–	2,860,000	0.20
Zhang Chao	600,000	0.04	–	–	600,000	0.04
Wang Ruihong	1,100,000	0.07	–	–	1,100,000	0.07
Ang Swee Tian	80,000	0.01	–	–	80,000	0.01
Hee Theng Fong	–	–	–	–	–	–
Tan Huay Lim	–	–	–	–	–	–
Ni Mingjiang	–	–	–	–	–	–

Notes:

(1) Based on 1,443,246,800 Shares in issue as at the Latest Practicable Date.

(2) Deemed interests refer to interests determined pursuant to Section 4 of the SFA.

4.2 Substantial Shareholders' Interests

The interests of the Substantial Shareholders in the Shares, as recorded from the Register of Substantial Shareholders of the Company, as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest[2]		Total Interest	
Substantial Shareholders	**No. of Shares**	**%[1]**	**No. of Shares**	**%[1]**	**No. of Shares**	**%[1]**
China Green Energy	474,195,575	32.86	–	–	474,195,575	32.86
Win Charm[3]	328,365,000	22.75	474,195,575	32.86	802,560,575	55.61
Hangzhou Zhengcai[4]	–	–	802,560,575	55.61	802,560,575	55.61
Jinjiang Group[5]	–	–	802,560,575	55.61	802,560,575	55.61
Dou Zhenggang[6]	–	–	802,560,575	55.61	802,560,575	55.61
Wei Xuefeng[7]	–	–	802,560,575	55.61	802,560,575	55.61
Zhejiang Hengjia[8]	–	–	802,560,575	55.61	802,560,575	55.61
Jennifer Wei[9]	–	–	474,195,575	32.86	474,195,575	32.86
Harvest Global Dynamic Fund SPC acting on behalf of and for the account of Harvest Environmental Investment Fund SP[10]	214,000,000	14.83	–	–	214,000,000	14.83
Kung Chak Ming[10]	–	–	214,000,000	14.83	214,000,000	14.83

Substantial Shareholders	Direct Interest		Deemed Interest[2]		Total Interest	
	No. of Shares	%[1]	No. of Shares	%[1]	No. of Shares	%[1]
Yun Sheng Capital Cayman[10]	–	–	214,000,000	14.83	214,000,000	14.83
Yun Sheng Capital Company Limited (雲升資本有限公司)[10]	–	–	214,000,000	14.83	214,000,000	14.83
Shenzhen Sidaoke Investment Co., Ltd. (深圳市思道科投资有限公司)[10]	–	–	214,000,000	14.83	214,000,000	14.83
Shenzhen Ping An Evergreen Investment Development Holding Co., Ltd. (深圳平安远欣投资发展控股有限公司)[10]	–	–	214,000,000	14.83	214,000,000	14.83
Shenzhen Ping'an Financial Technology Consulting Co., Ltd. (深圳平安金融科技咨询有限公司)[10]	–	–	214,000,000	14.83	214,000,000	14.83
Ping An Insurance (Group) Company of China, Ltd. (中国平安保险(集团)股份有限公司)[10]	–	–	214,000,000	14.83	214,000,000	14.83
Whitel Management Company Limited[11]	180,620,574	12.51	–	–	180,620,574	12.51
Whitel International Management Holding Limited[11]	–	–	180,620,574	12.51	180,620,574	12.51
HOPU USD Master Fund III, L.P.[11]	–	–	180,620,574	12.51	180,620,574	12.51
HOPU Investments Co. III Ltd[11]	–	–	180,620,574	12.51	180,620,574	12.51
Fang Fenglei[11][12]	–	–	187,149,974	12.97	187,149,974	12.97
Lau Teck Sien[11][12]	–	–	187,149,974	12.97	187,149,974	12.97
AEP Investments (Mauritius) Limited[13]	81,478,351	5.65	–	–	81,478,351	5.65

Notes:

(1) Based on 1,443,246,800 Shares in issue as at the Latest Practicable Date.

(2) Deemed interests refer to interests determined pursuant to Section 4 of the SFA.

(3) Win Charm holds approximately 50.0% of the voting shares in the issued and paid-up share capital of China Green Energy. Accordingly, Win Charm is deemed to have an interest in the Shares held by China Green Energy by virtue of Section 4 of the SFA.

(4) Hangzhou Zhengcai holds 90.0% of the issued and paid-up share capital of Win Charm. Win Charm is deemed to have an interest in the Shares held by China Green Energy by virtue of Section 4 of the SFA – please refer to Note (3) above. Accordingly, Hangzhou Zhengcai is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA.

(5) Jinjiang Group directly and indirectly (through its wholly-owned subsidiary Hangzhou Zhengcai) holds the entire issued and paid-up share capital of Win Charm. Win Charm is deemed to have an interest in the Shares held by China Green Energy by virtue of Section 4 of the SFA – please refer to Note (3) above. Accordingly, Jinjiang Group is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA.

(6) Dou Zhenggang holds approximately 63.29% of the registered capital of Jinjiang Group. Jinjiang Group is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA – please refer to Note (5) above. Accordingly, Dou Zhenggang is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA.

(7) Wei Xuefeng, who is Dou Zhenggang's spouse, holds the entire registered capital of Zhejiang Hengjia. Zhejiang Hengjia holds approximately 36.71% of Jinjiang Group's registered capital. Jinjiang Group is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA – please refer to Note (5) above. Accordingly, Wei Xuefeng is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA.

(8) Zhejiang Hengjia holds approximately 36.7% of Jinjiang Group's registered capital. Jinjiang Group is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA – please refer to Note (5) above. Accordingly, Zhejiang Hengjia is deemed to have an interest in the Shares held by China Green Energy and Win Charm by virtue of Section 4 of the SFA.

(9) Jennifer Wei, who is Dou Zhenggang's daughter, holds approximately 50.01% of the voting shares in the issued and paid-up share capital of China Green Energy. Accordingly, Jennifer Wei is deemed to have an interest in the Shares held by China Green Energy by virtue of Section 4 of the SFA.

(10) While Harvest Global Capital Investments (Cayman) Limited is the manager of the relevant fund, the investment committee of the fund comprises a representative from the fund manager, and a representative from each of its two investors, being Kung Chak Ming and Yun Sheng Capital Cayman. Accordingly, each of Kung Chak Ming and Yun Sheng Capital Cayman has control over the business and affairs of Harvest Global Dynamic Fund SPC acting on behalf of and for the account of Harvest Environmental Investment Fund SP (the "**SPC**"), including making investment and divestment decisions and voting the securities and interests held by the SPC, including those in the Company. Pursuant to Section 4 of the SFA, each of Kung Chak Ming and Yun Sheng Capital Cayman is deemed to have an interest in the Shares held by the SPC. Yun Sheng Capital Cayman is wholly owned by Yun Sheng Capital Company Limited (雲升資本有限公司), which in turn is wholly owned by Shenzhen Sidaoke Investment Co., Ltd. (深圳市思道科投资有限公司). Shenzhen Sidaoke Investment Co., Ltd. (深圳市思道科投资有限公司) is wholly owned by Shenzhen Ping An Evergreen Investment Development Holding Co., Ltd. (深圳平安远欣投资发展控股有限公司), which in turn is wholly owned by Shenzhen Ping'an Financial Technology Consulting Co., Ltd. (深圳平安金融科技咨询有限公司). Shenzhen Ping'an Financial Technology Consulting Co., Ltd. (深圳平安金融科技咨询有限公司) is wholly owned by Ping An Insurance (Group) Company of China, Ltd. (中国平安保险(集团)股份有限公司), which is listed on The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange. Accordingly, each of Kung Chak Ming, Yun Sheng Capital Cayman, Yun Sheng Capital Company Limited (雲升資本有限公司), Shenzhen Sidaoke Investment Co., Ltd. (深圳市思道科投资有限公司), Shenzhen Ping An Evergreen Investment Development Holding Co., Ltd. (深圳平安远欣投资发展控股有限公司), Shenzhen Ping'an Financial Technology Consulting Co., Ltd. (深圳平安金融科技咨询有限公司) and Ping An Insurance (Group) Company of China, Ltd. (中国平安保险(集团)股份有限公司) is deemed to have an interest in the Shares held by the SPC by virtue of Section 4 of the SFA.

(11) Whitel Management Company Limited is 100% owned by Whitel International Management Holding Limited. Whitel International Management Holding Limited is in turn 100% owned by HOPU USD Master Fund III, L.P. HOPU Investments Co. III Ltd is the general partner of HOPU USD Master Fund III, L.P., and each of Fang Fenglei and Lau Teck Sien is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares of HOPU Investments Co. III Ltd. Accordingly, each of Whitel International Management, HOPU USD Master Fund III, L.P., HOPU Investments Co. III Ltd, Fang Fenglei and Lau Teck Sien may be deemed to have an interest in the Shares held by Whitel Management Company Limited by virtue of Section 4 of the SFA.

(12) Planet Investment Limited, an investment vehicle indirectly owned by HOPU USD Master Fund II, L.P., holds 6,529,400 Shares. As each of Fang Fenglei and Lau Teck Sien is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares of the general partner of HOPU USD Master Fund II, L.P., each of Fang Fenglei and Lau Teck Sien may be deemed to have an interest in the Shares held by Planet Investment Limited by virtue of Section 4 of the SFA.

(13) The shares in AEP Investments (Mauritius) Limited corresponding to its investment in the Company are held by Asia Environmental Partners, L.P. and its parallel fund, Asia Environmental Partners (PF1), L.P. (collectively, "**AEP**"). AEP's general partner is Olympus Green Capital Partners, L.P., holding a 0.99% interest in AEP. AEP's limited partners are passive investors consisting of pension funds, government entities, financial institutions, endowments and family offices from North America, Asia, Europe and the Middle East (none of whom owns more than 1% of the Company on a fully diluted, look-through basis).

4.3 Save as disclosed in this Appendix, none of the Directors, Substantial Shareholders and their associates have any interests in the proposed renewal of the Share Purchase Mandate and the proposed renewal of the IPT General Mandate.

5. DIRECTORS' RECOMMENDATIONS

5.1 Proposed renewal of the Share Purchase Mandate

Having considered, *inter alia*, the reasons set out in Section 2.2 above, the Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the Ordinary Resolution relating to the proposed renewal of the Share Purchase Mandate to be proposed at the AGM.

5.2 Proposed renewal of the IPT General Mandate

Wang Yuanluo is currently the Chairman of the Board of Directors of Jinjiang Group (which is a Mandated Interested Person for the purposes of the IPT General Mandate) and is therefore not considered independent for the purposes of making recommendations on the proposed renewal of the IPT General Mandate.

Having considered, *inter alia*, the rationale for the proposed renewal of the IPT General Mandate, the Directors (save for Wang Yuanluo who has abstained from making a recommendation in respect of the proposed renewal of the IPT General Mandate) are of the opinion that the entry by the EAR Group into the Mandated Transactions with the Mandated Interested Persons will enhance the efficiency of the EAR Group, and is in the interests of the Company. Accordingly, the Directors (save for Wang Yuanluo who has abstained from making a recommendation in respect of the proposed renewal of the IPT General Mandate) recommend that Shareholders vote in favour of the Ordinary Resolution relating to the proposed renewal of the IPT General Mandate to be proposed at the AGM.

6. ANNUAL GENERAL MEETING

The AGM will be held at Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Level 3, Room 323, Singapore 039593 on 29 April 2019 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions set out in the Notice of AGM. The Notice of AGM and the proxy form have been despatched to Shareholders together with the Company's annual report on 12 April 2019.

7. ABSTENTION FROM VOTING

Each of (i) Dou Zhenggang, Wei Xuefeng, and Jennifer Wei, who collectively hold in aggregate approximately 55.61% of the Shares through China Green Energy and Win Charm, and (ii) Wang Yuanluo, who holds approximately 0.20% of the Shares, will abstain, and have undertaken to ensure that their respective associates will abstain, from voting at the AGM in respect of the Ordinary Resolution approving the proposed renewal of the IPT General Mandate. Such persons should also not accept nomination as proxies or otherwise for voting at the AGM in respect of the aforesaid ordinary resolution unless specific instructions have been given in the instrument of proxy on how Shareholders wish their votes to be cast for the ordinary resolution.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

8.1 Appointment of Proxies

If a Shareholder is unable to attend the AGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 72 hours before the time fixed for the AGM. The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the AGM if he subsequently wishes to do so. In such event, the relevant Proxy Forms will be deemed to be revoked and the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM.

8.2 **When Depositor regarded as Shareholder**

A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the time fixed for the AGM.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate and the proposed renewal of the IPT General Mandate, and the Company and its subsidiaries which are relevant to the proposed renewal of the Share Purchase Mandate and the proposed renewal of the IPT General Mandate, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

10. INSPECTION OF DOCUMENTS

The following documents are available for inspection at 2 Venture Drive, Vision Exchange #15-16, Singapore 608526 during normal business hours from the date of this Appendix up to and including the date of the AGM:

(a) the annual report of the Company for the financial year ended 31 December 2018; and

(b) the Memorandum and Articles of Association of the Company.

Yours faithfully

For and on behalf of the Board of Directors of
CHINA JINJIANG ENVIRONMENT HOLDING COMPANY LIMITED
中国锦江环境控股有限公司

Zhang Chao
Executive Director and Chief Executive Officer