ZHENENG JINJIANG ENVIRONMENT HOLDING COMPANY LIMITED
浙能锦江环境控股有限公司
(Company Registration Number: 245144)
(Incorporated in the Cayman Islands on 8 September 2010)

COMPENSATION AGREEMENT IN RESPECT OF KUNSHAN JINKANGRUI RESOURCE RECYCLING PROJECT

The Board of Directors (the "**Board**") of Zheneng Jinjiang Environment Holding Company Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the Company's announcement of the unaudited financial results of the Group for the fourth quarter and full year ended 31 December 2019 dated 30 April 2020 (the "**Announcement**"). As disclosed in the Announcement, the Group had voluntarily ceased operations at the resource recycling project (the "**Kunshan Jinkangrui Project**") operated by the wholly-owned subsidiary of the Company, Kunshan Jinkangrui Environmental Protection Technology Co., Ltd. (昆山锦康瑞环保技术有限公司) ("**Kunshan Jinkangrui**"), towards the end of December 2019 and the Group was actively negotiating with the local government with regard to compensation for such closure.

The Board wishes to announce that the Company and Kunshan Jinkangrui have signed a compensation agreement ("**Compensation Agreement**") with the local government, pursuant to which Kunshan Jinkangrui will receive a total compensation amount of RMB19,997,000 (equivalent to approximately S$3,927,990[1]) in relation to the closure of the Kunshan Jinkangrui Project. Under the terms of the Compensation Agreement, the compensation is expected to be paid to the Group by 30 September 2020.

Based on the audited financial statements of Kunshan Jinkangrui for the financial year ended 31 December 2019, the registered capital and net liability value of Kunshan Jinkangrui as at 31 December 2019 is RMB10.0 million and approximately RMB30.0 million, respectively.

The Company had recognised an impairment loss of RMB36.7 million in its consolidated financial statements for the financial year ended 31 December 2019 based on the irrecoverable amount of the assets of Kunshan Jinkangrui. No additional impairment loss is considered necessary as of the date of this announcement.

The Kunshan Jinkangrui Project, which commenced trial operations in 2017 and became fully operational in May 2018, has a daily capacity of 160 tons. As disclosed in the Announcement, due to changes in the land use planning and environmental policies by the local government, the Group had voluntarily ceased operations at the Kunshan Jinkangrui Project towards the end of December 2019.

[1] Renminbi ("**RMB**") amounts in this announcement have been translated into Singapore dollars, based on the closing exchange rate of S$1.00 : RMB5.0909 quoted by Bloomberg L.P. on the market day preceding the date of this announcement.

BY ORDER OF THE BOARD

Wei Dongliang
Executive Chairman

3 August 2020

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