



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)

China International Capital Corporation (Singapore) Pte. Limited was the sole issue manager, global coordinator, bookrunner and underwriter (the “**Sole Issue Manager, Global Coordinator, Bookrunner and Underwriter**”) for the initial public offering of shares in, and listing of, China Jinjiang Environment Holding Company Limited on the Mainboard of the Singapore Exchange Securities Trading Limited. The Sole Issue Manager, Global Coordinator, Bookrunner and Underwriter assumes no responsibility for the contents of this announcement.

THE PROPOSED ACQUISITION OF ZHEJIANG ZHUJI BAFANG THERMAL POWER CO., LTD. (浙江诸暨八方热电有限责任公司) AND WENLING GREEN NEW ENERGY CO., LTD. (温岭绿能新能源有限公司)

1. INTRODUCTION

The Board of Directors (the “**Board**”) of China Jinjiang Environment Holding Company Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that its wholly-owned subsidiary Gevin Limited (“**Gevin**”) has on 5 October 2016 entered into the following agreements:

- (a) a conditional sale and purchase agreement with Hangzhou Jinjiang Group Co., Ltd. (杭州锦江集团有限公司) (“**Jinjiang Group**”), a controlling shareholder of the Company, dated 5 October 2016 (the “**Zhuji S&P Agreement**”) for the acquisition by Gevin, or any of its wholly-owned subsidiaries, of the entire equity interest in Zhejiang Zhuji Bafang Thermal Power Co., Ltd. (浙江诸暨八方热电有限责任公司) (“**Zhuji Bafang**”) from Jinjiang Group for a total consideration of RMB304,494,000 (equivalent to approximately S\$62,482,100) (the “**Zhuji Acquisition Consideration**”) (the “**Proposed Zhuji Acquisition**”); and
- (b) a conditional sale and purchase agreement with Jinjiang Group dated 5 October 2016 (the “**Wenling S&P Agreement**”) for the acquisition by Gevin, or any of its wholly-owned subsidiaries, of the entire equity interest in Wenling Green New Energy Co., Ltd. (温岭绿能新能源有限公司) (“**Wenling Green Energy**”) from Jinjiang Group for a total consideration of RMB135,000,000 (equivalent to approximately S\$27,702,000) (the “**Wenling Acquisition Consideration**”) (the “**Proposed Wenling Acquisition**”),

(the Proposed Zhuji Acquisition and the Proposed Wenling Acquisition collectively referred to as the “**Proposed Acquisitions**”).

Unless otherwise indicated, RMB amounts in this Announcement have been translated into Singapore dollars, based on the exchange rate of S\$1.00 : RMB4.8733 quoted by Bloomberg

L.P. on the close of the market day preceding the date of the Zhuji S&P Agreement and the Wenling S&P Agreement (each as defined herein).

2. DETAILS OF THE PROPOSED ACQUISITIONS

2.1 Background

The Company had issued a prospectus dated 25 July 2016 (the “**Prospectus**”) in connection with its initial public offering and listing on the Mainboard of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). As disclosed in the Prospectus, on 23 June 2016, the Company entered into a Non-Competition Agreement (the “**Non-Competition Agreement**”) with its controlling shareholders (“**Controlling Shareholders**”), namely, Jinjiang Group, China Green Energy Limited, Hangzhou Zhengcai Holding Group Co., Ltd. (杭州正才控股集团有限公司), Win Charm Limited, Zhejiang Hengjia Holding Co., Ltd. (浙江恒嘉控股有限公司), Dou Zhenggang and Wei Xuefeng, pursuant to which, *inter alia*, the Controlling Shareholders granted the Company an option, subject to applicable laws and regulations, to purchase, at one or more times, any equity interest, assets or other interests which form part or all of certain waste-to-energy (“**WTE**”) businesses owned by Jinjiang Group, including Zhuji Bafang and Wenling Green Energy.

As disclosed in the Prospectus, the Group had informed Jinjiang Group of its intention to acquire Zhuji Bafang and Wenling Green Energy immediately after the date of its listing on the SGX-ST (and in any event, no later than 31 December 2016).

In accordance with the terms of the Non-Competition Agreement, the Company had, with the approval of its Audit Committee, commissioned an independent valuer, American Appraisal China Limited (the “**Independent Valuer**”), to prepare a valuation report for Zhuji Bafang and Wenling Green Energy (the “**Independent Valuation Report**”), a summary letter in respect of which will be appended to the circular (“**Circular**”) in relation to Proposed Acquisitions to be despatched to shareholders of the Company (“**Shareholders**”) in due course.

As contemplated in the Prospectus, the Proposed Zhuji Acquisition and the Proposed Wenling Acquisition will be fully funded from the net proceeds of the Offering and the Cornerstone Tranche (each as defined in the Prospectus) (“**IPO Proceeds**”).

2.2 Interested Person Transactions

2.2.1 *Relative Figures under Chapter 9 of the Listing Manual*

As at the Latest Practicable Date, Jinjiang Group, which is deemed interested in approximately 61.6% of the Shares and is accordingly a Controlling Shareholder, directly holds 100% of the equity interest in Zhuji Bafang and Wenling Green Energy. Accordingly, Jinjiang Group is an interested person, and the Proposed Zhuji Acquisition and the Proposed Wenling Acquisition would each constitute an interested person transaction pursuant to Chapter 9 of the Listing Manual of the SGX-ST (“**Listing Manual**”).

Jinjiang Group is a private enterprise established in the People’s Republic of China (“**PRC**”) in 1993 and is primarily engaged in the metallurgical and chemical industries in the PRC, including the production of aluminium and aluminium oxide.

Under Rule 906(1)(a) of the Listing Manual, where the value of an interested person transaction is equal to or exceeds 5% of the Group's latest audited net tangible assets ("NTA"), the approval of the shareholders of the Company ("**Shareholders**") must be obtained.

Under Rule 918 of the Listing Manual, Shareholders' approval is required to be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to completion of the transaction, as the case may be.

The Zhuji Acquisition Consideration and the Wenling Acquisition Consideration expressed as a percentage of the Group's latest audited consolidated NTA as at 31 December 2015 of RMB2,434.5 million is approximately 12.5% and 5.5%, respectively.

Accordingly, Shareholders' approval is required for each of the Proposed Zhuji Acquisition and the Proposed Wenling Acquisition under Rule 906(1)(a) of the Listing Manual.

2.2.2 **Existing Interested Person Transactions**

For the current financial period from 1 January 2016 up to the date of this Announcement, save for the Proposed Acquisitions and the transactions carried out pursuant to the general mandate for interested person transactions ("**IP T General Mandate**"), there are no interested person transactions (excluding transactions below S\$100,000) entered into by the Group with its interested persons (including Jinjiang Group and its associates).

The total value of all interested person transactions entered into by the Company with its interested persons (including Jinjiang Group and its associates), including the Proposed Acquisitions but excluding the transactions carried out under the IPT General Mandate, for the current financial year up to the date of this Announcement is RMB439,494,000, which comprises 18.1% of the Group's latest audited consolidated NTA as at 31 December 2015 of RMB2,434.5 million.

2.3 **Information on Zhuji Bafang and Wenling Green Energy**

2.3.1 **Zhuji Bafang**

Zhuji Bafang is a company incorporated under the laws of the PRC on 3 July 2003 with its registered address at 2 Juli Road, Taozhu Street, Zhuji City, Zhejiang Province (诸暨市陶朱街道聚力路2号). As at the Latest Practicable Date, the registered capital of Zhuji Bafang is RMB138.0 million, which has been fully paid-up. Zhuji Bafang owns a partial WTE facility currently in operation located in Zhuji, Zhejiang Province (the "**Zhuji Bafang WTE Facility**"), which is operated under the build-operate-own model. It is engaged in power generation from waste incineration, coal-fired thermal power generation and the supply of steam for heating.

Based on the audited financial statements of Zhuji Bafang¹ for the financial year ended 31 December ("**FY**") 2013, FY2014 and FY2015:

¹ The financial statements of Zhuji Bafang for FY2013, FY2014 and FY2015 were prepared in accordance with PRC accounting standards and were audited by Hangzhou Qianwang Accounting Firm Co., Ltd. (杭州钱王会计师事务所有限公司).

- (a) for FY2013, FY2014 and FY2015, the revenue of Zhuji Bafang was approximately RMB153.2 million, RMB141.7 million and RMB133.4 million, respectively (equivalent to approximately S\$31.4 million, S\$29.1 million and S\$27.4 million respectively), which represents 12.0%, 11.2% and 8.4% of the Group's revenue for each of the respective periods;
- (b) for FY2013, FY2014 and FY2015, Zhuji Bafang recorded profits before tax of approximately RMB20.0 million, RMB27.4 million and RMB38.6 million, respectively (equivalent to approximately S\$4.1 million, S\$5.6 million and S\$7.9 million respectively), which represents 6.9%, 6.1% and 6.6% of the Group's profit before tax for each of the respective periods;
- (c) as at 31 December 2013, 2014 and 2015, the net assets of Zhuji Bafang was approximately RMB126.2 million, RMB146.7 million and RMB174.5 million, respectively (equivalent to approximately S\$25.9 million, S\$30.1 million and S\$35.8 million respectively), which represents 4.4%, 5.2% and 5.6% of the Group's net assets as at each of the respective dates; and
- (d) as at 31 December 2013, 2014 and 2015, the NTA of Zhuji Bafang was approximately RMB115.2 million, RMB135.9 million and RMB164.0 million, respectively (equivalent to approximately S\$23.6 million, S\$27.9 million and S\$33.7 million respectively).

Zhuji Tongchuang

Zhuji Bafang owns 70.0% of the equity interest in Zhuji Tongchuang Renewable Resource Recycling Co., Ltd. (诸暨市同创再生资源回收有限公司) (“**Zhuji Tongchuang**”), a company incorporated on 23 June 2016 under the laws of the PRC with limited liability, with its registered address at Taozhu Street, Honglian New Village, Mahu Village, Zhuji City, Zhejiang Province (诸暨市陶朱街道红联新村马湖自然村). The remaining 30.0% of the equity interest in Zhuji Tongchuang is held by Yangzhou Tongchuang Renewable Resource Co., Ltd. (扬州市同创再生资源有限公司), an independent third party. As at the date of this Announcement, the registered capital of Zhuji Tongchuang is RMB40.1 million, of which RMB12.0 million has been paid-up by Yangzhou Tongchuang Renewable Resource Co., Ltd. (扬州市同创再生资源有限公司). As at the date of this Announcement, Zhuji Tongchuang has not commenced any business activities. Zhuji Tongchuang is expected to be engaged in the recycling of non-ferrous metals and other resources which are removed from slag discharged as part of the waste incineration process, and subsequently used for construction and as other ancillary materials.

2.3.2 **Wenling Green Energy**

Wenling Green Energy is a company incorporated on 23 May 2013 under the laws of the PRC with limited liability, with its registered address at Chang Xintang, Eastern Development District, Wenling City, Zhejiang Province (温岭市东部新区北面长新塘内). As at the Latest Practicable Date, the registered capital of Wenling Green Energy is RMB107,530,000, which has been fully paid-up. Wenling Green Energy operates a WTE facility currently in trial operation located in Wenling, Zhejiang Province (the “**Wenling Green Energy WTE Facility**”), which is operated under the build-operate-

transfer (“**BOT**”) model. It is engaged in power generation from waste incineration, the production, supply and sale of steam and hot water, and the production and sale of by-products of incineration ash.

Based on the audited financial statements of Wenling Green Energy² for FY2013, FY2014 and FY2015:

- (a) as the Wenling Green Energy WTE Facility is currently in trial operation, Wenling Green Energy had no profits and revenue for FY2013, FY2014 and FY2015;
- (b) as at 31 December 2013, 2014 and 2015, the net assets of Wenling Green Energy was approximately RMB20.8 million, RMB60.0 million and RMB107.5 million, respectively (equivalent to approximately S\$4.3 million, S\$12.3 million and S\$22.1 million respectively), which represents 0.7%, 2.1% and 3.4% of the Group’s net assets as at each of the respective dates; and
- (c) as at 31 December 2013, 2014 and 2015, the NTA of Wenling Green Energy was approximately RMB20.8 million, RMB40.1 million and RMB88.4 million, respectively (equivalent to approximately S\$4.3 million, S\$8.2 million and S\$18.1 million respectively).

Wenling Solid Waste

Wenling Green Energy owns 51.0% of the equity interest in Wenling Green Solid Waste Disposal Co., Ltd. (温岭绿能固废处理有限公司) (“**Wenling Solid Waste**”), a company incorporated on 23 May 2014 under the laws of the PRC with limited liability, with its registered address at Chang Xintang, Binhai Town, Wenling City, Zhejiang Province (温岭市滨海镇长新塘内). The remaining 49.0% of the equity interest in Wenling Solid Waste is held by Hangzhou Puzhong Environmental Protection Engineering Co., Ltd. (杭州普众环保工程有限公司), an independent third party. As at the date of this Announcement, the registered capital of Wenling Solid Waste is RMB10.0 million, which has been fully paid-up. Wenling Solid Waste owns a waste treatment facility currently in operation located in Wenling, Zhejiang Province (the “**Wenling Solid Waste Facility**”), which is operated under the BOT model and engages in the treatment of animal carcasses.

Based on the audited financial statements of Wenling Solid Waste³ for FY2014 and FY2015:

- (a) as the Wenling Solid Waste Facility only commenced trial operations and commercial operations in July 2015 and January 2016 respectively, Wenling Solid Waste had no profits and revenue for FY2014. For FY2015, Wenling Solid Waste recorded revenue of approximately RMB1.9 million (equivalent to approximately S\$0.4 million) and a net loss of approximately RMB0.9 million (equivalent to approximately S\$0.2 million);

²The financial statements of Wenling Green Energy for FY2013, FY2014 and FY2015 were prepared in accordance with PRC accounting standards and were audited by Hangzhou Qianwang Accounting Firm Co., Ltd. (杭州钱王会计师事务所有限公司).

³The financial statements of Wenling Solid Waste for FY2014 and FY2015 were prepared in accordance with PRC accounting standards and were audited by Hangzhou Qianwang Accounting Firm Co., Ltd. (杭州钱王会计师事务所有限公司).

- (b) as at 31 December 2014 and 2015, the net assets of Wenling Solid Waste was approximately RMB2.0 million and RMB9.1 million, respectively (equivalent to approximately S\$0.4 million and S\$1.9 million respectively); and
- (c) as at 31 December 2014 and 2015, the NTA of Wenling Solid Waste was approximately RMB0.2 million and RMB7.4 million, respectively (equivalent to approximately S\$41,000 and S\$1.5 million respectively).

Taizhou Tongchuang

Wenling Green Energy owns 50.0% of the equity interest in Taizhou Green Tongchuang Renewable Resource Co., Ltd. (台州绿能同创再生资源有限公司) (“**Taizhou Tongchuang**”), a company incorporated on 29 July 2016 under the laws of the PRC with limited liability, with its registered address at Huanglang Fenshui Salt Factory, Jinqing Town, Luqiao District, Taizhou City, Zhejiang Province (台州市路桥区金清镇黄琅分水盐场). Yangzhou Tongchuang Renewable Resource Co., Ltd. (扬州市同创再生资源有限公司), an independent third party, and Wenling Ruoheng Hongtai Gear Factory (温岭市箬横宏泰齿轮厂), an independent third party, hold 30.0% and 20.0% of the equity interest in Taizhou Tongchuang, respectively. As at the date of this Announcement, the registered capital of Taizhou Tongchuang is RMB1.0 million, which has yet to be paid-up. As at the date of this Announcement, Taizhou Tongchuang has not commenced any business activities. Taizhou Tongchuang is expected to be engaged in the recycling of non-ferrous metals and other resources which are removed from slag discharged as part of the waste incineration process, and subsequently used for construction and as other ancillary materials.

2.4 **Consideration and Term of Payment of the Proposed Acquisitions**

According to the Independent Valuation Report, the fair value of Zhuji Bafang of RMB304,494,000 to RMB349,000,000 (equivalent to approximately S\$62,482,100 to S\$71,614,700), with mid-point at RMB326,747,000 (equivalent to approximately S\$67,048,400), and the fair value of Wenling Green Energy of RMB107,530,000 to RMB166,000,000 (equivalent to approximately S\$22,065,100 to S\$34,063,200), with mid-point at RMB136,765,000 (equivalent to approximately S\$28,064,100), was appraised by using the income approach and cost approach.

In accordance with the terms of the Non-Competition Agreement, the Zhuji Acquisition Consideration of RMB304,494,000 (equivalent to approximately S\$62,482,100) and the Wenling Acquisition Consideration of RMB135,000,000 (equivalent to approximately S\$27,702,000) were arrived at after arm’s length negotiations between the respective parties, on a “willing buyer willing seller” basis, taking into consideration the fair value of Zhuji Bafang and Wenling Green Energy as appraised by the Independent Valuer in the Independent Valuation Report.

Subject to the fulfilment of the conditions precedent in the Zhuji S&P Agreement and the Wenling S&P Agreement, the Zhuji Acquisition Consideration and the Wenling Acquisition Consideration will be paid to Jinjiang Group upon completion.

2.5 **Conditions Precedent of the Proposed Acquisitions**

2.5.1 **Conditions Precedent of the Proposed Zhuji Acquisition**

Pursuant to the Zhuji S&P Agreement, the acquisition of the entire equity interest in Zhuji Bafang from Jinjiang Group by Gevin (or such wholly-owned subsidiary of Gevin) is conditional upon, *inter alia*, the following conditions being fulfilled:

- (a) the requisite approval of the Shareholders having been obtained for the transactions contemplated in the Zhuji S&P Agreement;
- (b) the approval of the shareholder(s) of Zhuji Bafang for the appointment of new directors, legal representative and supervisors of Zhuji Bafang by Gevin (or such wholly-owned subsidiary of Gevin) having been obtained;
- (c) no material adverse changes in the operations and financial conditions of Zhuji Bafang;
- (d) the representations, warranties and undertakings given by Jinjiang Group under the Zhuji S&P Agreement being in all material respects, complied with, true and accurate and correct as at the closing date of the Proposed Zhuji Acquisition;
- (e) all third party consents, approvals and notifications for the Proposed Zhuji Acquisition having been obtained or given;
- (f) approval from the local department of the Ministry of Commerce of the PRC (中华人民共和国商务部) and/or the State Administration for Industry and Commerce (国家工商行政管理总局) (as the case may be) for the Proposed Zhuji Acquisition having been obtained; and
- (g) all other consents and approvals required under any and all applicable laws and regulations for the Proposed Zhuji Acquisition, in particular, any consent, approval, or authorisation of any regulatory agency or body having been obtained, unless such consent, approval or authorisation is waived.

2.5.2 **Conditions Precedent of the Proposed Wenling Acquisition**

Pursuant to the Wenling S&P Agreement, the acquisition of the entire equity interest in Wenling Green Energy from Jinjiang Group by Gevin (or such wholly-owned subsidiary of Gevin) is conditional upon, *inter alia*, the following conditions being fulfilled:

- (a) the requisite approval of the Shareholders having been obtained for the transactions contemplated in the Wenling S&P Agreement;
- (b) the approval of the shareholder(s) of Wenling Green Energy for the appointment of new directors, legal representative and supervisors of Wenling Green Energy by Gevin (or such wholly-owned subsidiary of Gevin) having been obtained;

- (c) no material adverse changes in the operations and financial conditions of Wenling Green Energy;
- (d) the representations, warranties and undertakings given by Jinjiang Group under the Wenling S&P Agreement being in all material respects, complied with, true and accurate and correct as at the closing date of the Proposed Wenling Acquisition;
- (e) all third party consents, approvals and notifications for the Proposed Wenling Acquisition having been obtained or given;
- (f) approval from the local department of the Ministry of Commerce of the PRC (中华人民共和国商务部) and/or the State Administration for Industry and Commerce (国家工商行政管理总局) (as the case may be) for the Proposed Wenling Acquisition having been obtained; and
- (g) all other consents and approvals required under any and all applicable laws and regulations for the Proposed Wenling Acquisition, in particular, any consent, approval, or authorisation of any regulatory agency or body having been obtained, unless such consent, approval or authorisation is waived.

2.6 Other Salient Terms of the Zhuji S&P Agreement and the Wenling S&P Agreement

2.6.1 Other Salient Terms of the Zhuji S&P Agreement

(a) General

All undistributed profit (including profit for the year for FY2016) of Zhuji Bafang prior to the closing date of the Proposed Zhuji Acquisition shall belong to Gevin (or such wholly-owned subsidiary of Gevin).

Save with the written consent of Gevin (or such wholly-owned subsidiary of Gevin), Jinjiang Group shall not permit the declaration or payment of any dividend or other distribution by Zhuji Bafang or any subsidiary of Zhuji Bafang.

(b) Remedies

Jinjiang Group shall indemnify Gevin (or such wholly-owned subsidiary of Gevin) for any liability, losses, claims, expenses, costs, interest, litigation, arbitration or penalties directly or indirectly borne by Zhuji Bafang or Gevin (or such wholly-owned subsidiary of Gevin), caused by or arising from:

- (i) breach of any representation, undertaking or other covenant in the Zhuji S&P Agreement by Jinjiang Group; or
- (ii) any acts, omissions, events, conditions, liabilities or obligations of Jinjiang Group and/or Zhuji Bafang which occurred or were in existence before the closing date of the Proposed Zhuji Acquisition.

(c) Termination

The Zhuji S&P Agreement may be terminated by mutual agreement in writing by Gevin (or such wholly-owned subsidiary of Gevin) and Jinjiang Group.

Gevin (or such wholly-owned subsidiary of Gevin) shall be entitled to terminate the Zhuji S&P Agreement forthwith upon the occurrence of any of the following events between the date of the Zhuji S&P Agreement and the closing date of the Proposed Zhuji Acquisition, including, *inter alia*:

- (i) an event or circumstances which results in, or is reasonably expected to result in, a material adverse change;
- (ii) any representation or undertaking of Jinjiang Group under the Zhuji S&P Agreement being untrue or inaccurate, resulting in the conditions precedent under the Zhuji S&P Agreement being unable to be fulfilled; or
- (iii) Jinjiang Group failing to comply with any of its undertakings or covenants under the Zhuji S&P Agreement, resulting in the conditions precedent under the Zhuji S&P Agreement being unable to be fulfilled.

The Zhuji S&P Agreement may be terminated by either Gevin (or such wholly-owned subsidiary of Gevin) or Jinjiang Group if the Proposed Zhuji Acquisition becomes unenforceable as a result of any new laws and regulations.

2.6.2 Other Salient Terms of the Wenling S&P Agreement

(a) General

All undistributed profit (including profit for the year for FY2016) of Wenling Green Energy prior to the closing date of the Proposed Wenling Acquisition shall belong to Gevin (or such wholly-owned subsidiary of Gevin).

Save with the written consent of Gevin (or such wholly-owned subsidiary of Gevin), Jinjiang Group shall not permit the declaration or payment of any dividend or other distribution by Wenling Green Energy or any subsidiary of Wenling Green Energy.

(b) Remedies

Jinjiang Group shall indemnify Gevin (or such wholly-owned subsidiary of Gevin) for any liability, losses, claims, expenses, costs, interest, litigation, arbitration directly or indirectly borne by Wenling Green Energy or Gevin (or such wholly-owned subsidiary of Gevin) arising from:

- (i) breach of any representation, undertaking or other covenant in the Wenling S&P Agreement by Jinjiang Group; or
- (ii) any acts, omissions, events, conditions, liabilities or obligations of Jinjiang Group and/or Wenling Green Energy which occurred or were in existence before the closing date of the Proposed Wenling Acquisition.

(c) Termination

The Wenling S&P Agreement may be terminated by mutual agreement in writing by Gevin (or such wholly-owned subsidiary of Gevin) and Jinjiang Group.

Gevin (or such wholly-owned subsidiary of Gevin) shall be entitled to terminate the Wenling S&P Agreement forthwith upon the occurrence of any of the following events between the date of the Wenling S&P Agreement and the closing date of the Proposed Wenling Acquisition, including, *inter alia*:

- (i) an event or circumstances which results in, or is reasonably expected to result in, a material adverse change;
- (ii) any representation or undertaking of Jinjiang Group under the Wenling S&P Agreement being untrue or inaccurate, resulting in the conditions precedent under the Wenling S&P Agreement being unable to be fulfilled; or
- (iii) Jinjiang Group failing to comply with any of its undertakings or covenants under the Wenling S&P Agreement, resulting in the conditions precedent under the Wenling S&P Agreement being unable to be fulfilled.

The Wenling S&P Agreement may be terminated by either Gevin (or such wholly-owned subsidiary of Gevin) or Jinjiang Group if the Proposed Wenling Acquisition becomes unenforceable as a result of any new laws and regulations.

2.7 Rationale for and benefits of the Proposed Acquisitions

The Directors believe that the Proposed Acquisitions (i) will mitigate any perceived actual or potential conflicts of interest with Jinjiang Group, and (ii) are in line with the Group's long-term vision of expanding its market share and consolidating its position as a leader in the WTE industry in the PRC. Under common control accounting principles, upon completion of the Proposed Acquisitions, the Group will be able to consolidate Zhuji Bafang and Wenling Green Energy in its accounts for FY2016. Accordingly, the Proposed Acquisitions will strengthen the Group's market leading position, enhance the Group's market share in the WTE industry in the PRC and enhance the Group's financial performance through the acquisition of operational WTE facilities.

2.8 Financial Effects of the Proposed Acquisitions

2.8.1 Earnings Per Share ("EPS")

Assuming that the Proposed Acquisitions had been completed on 1 January 2015, its effect on the Group's EPS would have been:

FY2015	Without the Proposed Acquisitions	With the Proposed Acquisitions
Net profit after tax attributable to owners of the Company (RMB'000)	404,609	455,548

FY2015	Without the Proposed Acquisitions	With the Proposed Acquisitions
Weighted average number of Shares	1,000,000,100	1,000,000,100
Earnings per Share (RMB cents)	40.5	45.6

2.8.2 **NTA**

Assuming that the Proposed Acquisitions had been completed on 31 December 2015, its effect on the Group's NTA as at 31 December 2015 would have been:

As at 31 December 2015	Without the Proposed Acquisitions	With the Proposed Acquisitions
NTA (RMB'000)	2,434,500	2,584,388 ⁽¹⁾
Number of Shares	1,000,000,100	1,000,000,100
NTA per Share (RMB cents)	243.4	258.4

Note:

- (1) As adjusted for, *inter alia*, approximately RMB439.5 million of the IPO Proceeds to be used to fully fund the Proposed Acquisitions.

2.8.3 **Gearing**

Assuming that the Proposed Acquisitions had been completed on 1 January 2015, its effect on the Group's gearing as at 31 December 2015 would have been:

As at 31 December 2015	Without the Proposed Acquisitions	With the Proposed Acquisitions
Total borrowings (RMB'000) ⁽¹⁾	2,205,634	2,429,220
Deposits, cash and cash equivalents	353,641	380,510
Shareholders' equity (RMB'000)	3,121,750	3,612,189 ⁽²⁾
Gearing ratio (times) ⁽³⁾	0.593	0.567

Notes:

- (1) As the Proposed Acquisitions will be fully funded with the IPO Proceeds, no additional borrowings will be incurred in connection with the Proposed Acquisitions.
- (2) As adjusted for, *inter alia*, approximately RMB439.5 million of the IPO Proceeds to be used to fully fund the Proposed Acquisitions.
- (3) The gearing ratio is calculated by dividing the difference between total borrowings and the sum of the short-term deposits and cash and cash equivalents by the total equity (gearing ratio = (total borrowings – (short-term deposits + cash + cash equivalents)) / total equity).

Shareholders should note that the financial effects set out above were prepared based on the audited consolidated financial statements of the Group for FY2015 and the audited financial statements of Zhuji Bafang and Wenling Green Energy for FY2015,

and are for illustration purposes only. The results of the Group for FY2015 may not be representative of future performance.

3. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in paragraph 2.2 of this Announcement, none of the directors and controlling shareholders of the Company and their associates have any interests in the Proposed Acquisitions.

4. INDEPENDENT FINANCIAL ADVISER

PrimePartners Corporate Finance Pte. Ltd. has been appointed as the independent financial adviser ("**Independent Financial Adviser**") in accordance with Chapter 9 of the Listing Manual to advise the directors of the Company who are considered independent for the purposes of the Proposed Acquisitions (being all the Directors) on whether the Proposed Zhuji Acquisition and the Proposed Wenling Acquisition are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. The opinion of the Independent Financial Adviser will be set out in the Circular.

5. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of the Company comprising Mr. Tan Huay Lim, Mr. Hee Theng Fong, Mr. Ang Swee Tian and Mr. Roy Edwin Campbell II will obtain an opinion from the Independent Financial Adviser before forming its view as to whether the Proposed Zhuji Acquisition and the Proposed Wenling Acquisition are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders, which will be set out in the Circular.

6. CIRCULAR

The Circular containing, *inter alia*, the notice of the extraordinary general meeting to be convened and the details of the Proposed Acquisitions will be despatched to Shareholders in due course.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Zhuji S&P Agreement, Wenling S&P Agreement and Independent Valuation Report may be inspected at 9 Battery Road, #25-01, Singapore 049910 during normal business hours from the date of this Announcement up to and including the date falling three months after the date of the Circular.

BY ORDER OF THE BOARD

Wang Yuanluo
Executive Chairman and Chief Executive Officer

5 October 2016

For further information, please contact:

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Choo Beng Lor

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