



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.

PROPOSED SUBSCRIPTION FOR 214,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF CHINA JINJIANG ENVIRONMENT HOLDING COMPANY LIMITED

1. INTRODUCTION

The Board of Directors (“**Board**”) of China Jinjiang Environment Holding Company Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had on 22 April 2018 entered into a subscription agreement (the “**Subscription Agreement**”) with Harvest Global Dynamic Fund SPC acting on behalf of and for the account of Harvest Environmental Investment Fund SP (the “**Subscriber**”), pursuant to which the Subscriber will subscribe for, and the Company will allot and issue to the Subscriber, an aggregate of 214,000,000 new ordinary shares in the capital of the Company (“**Subscription Shares**”) at an issue price of S\$0.50 for each Subscription Share (the “**Issue Price**”), for an aggregate consideration of S\$107,000,000 (the “**Proposed Subscription**”).

As at the date of this Announcement, the issued and paid-up share capital of the Company comprises 1,221,581,000 ordinary shares (“**Shares**”). Immediately following the completion of the Proposed Subscription (“**Completion**”), the Company will have an enlarged issued and paid-up share capital comprising 1,435,581,000 Shares. The Subscription Shares would represent approximately 17.52% of the issued Shares of the Company as at the date of this Announcement and approximately 14.91% of the issued Shares comprised in the enlarged share capital of the Company immediately after Completion.

2. DETAILS OF THE PROPOSED SUBSCRIPTION

2.1 Subscriber and Subscription Shares

The Subscriber is a discretionary managed fund managed by Harvest Global Capital Investments (Cayman) Limited, which is a wholly-owned subsidiary of Harvest Global Capital Investments Limited.

The Subscriber’s investment mandate focuses on long-term capital appreciation and its objective is to invest in different investment opportunities in the environmental sector in China.

The Subscriber had expressed interest to invest in the Company, and following negotiations, is subscribing for the Subscription Shares for investment purposes.

The Company did not appoint any placement agent for purposes of the Proposed Subscription, and no commission or introduction fees are payable by the Company.

The Proposed Subscription will not result in a change of controlling interest in the Company. The Subscriber is also not related to any Directors or substantial shareholders of the Company and does not fall within the category of persons listed in Rule 812(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (the “**Listing Manual**”).

The Subscription Shares, when allotted and issued, will rank *pari passu* with, and shall carry all rights similar to, the then existing issued ordinary shares of the Company, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the completion of the Proposed Subscription.

2.2 Issue Price

The Issue Price represents a discount of approximately 5.78% to the volume weighted average price of S\$0.5307 for trades done on the shares of the Company on the SGX-ST for the full market day on 20 April 2018, being the market day preceding the date on which the Subscription Agreement were executed.

The Issue Price was arrived at following arm’s length negotiations between the Company and the Subscriber.

2.3 Additional Listing Application

The Proposed Subscription will be undertaken by way of a private placement in accordance with Section 272B of the Securities and Futures Act, Chapter 289 of Singapore (“**SFA**”). As such, no prospectus or offer information statement will be lodged with the Monetary Authority of Singapore (“**MAS**”) in connection with the issuance of the Subscription Shares.

The Company will be making an application to the SGX-ST for the listing of and quotation for the Subscription Shares on the Official List of the SGX-ST. The Company will make the necessary announcements once the approval in-principle of the listing and quotation of the Subscription Shares has been obtained from the SGX-ST.

2.4 Authority for Issue of Shares

The Subscription Shares will be issued pursuant to the general share issue mandate approved by shareholders of the Company at the Company’s annual general meeting held on 25 April 2017.

2.5 Conditions Precedent

Completion is conditional upon:

- (a) the approval in-principle of the SGX-ST for the listing of and quotation for the Subscription Shares on the Main Board of the SGX-ST (“**Listing Approval**”) having been obtained and such approval being in full force and effect, and where such

approval is subject to conditions, (i) such conditions being reasonably acceptable to the Company and the Subscriber and (ii) if such conditions are required to be fulfilled on or before Completion, such conditions having been fulfilled on or before such date, and such approvals remaining in full force and effect as of Completion;

- (b) the allotment, issue and subscription of the Subscription Shares and all the transactions contemplated in the Subscription Agreement not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority (including, without limitation, the MAS and the SGX-ST) in Singapore which is applicable to either the Company or the Subscriber, including but not limited to the provisions of the Listing Manual and the SFA;
- (c) the representations, warranties and undertakings by the Company and the Subscriber remaining true and correct in all material respects as if made on the date of Completion, with reference to the then existing facts and circumstances, and each of them having performed all of its obligations under the Subscription Agreement to be performed on or before Completion; and
- (d) approval having been obtained from the investment committee of the Subscriber for subscription of the Subscription Shares subsequent to the Listing Approval.

If any of the conditions is not satisfied on or before 30 June 2018 or such later date as the Company and the Subscriber may agree in writing, the Proposed Subscription will not proceed.

2.6 Rationale and Use of Proceeds

The estimated net proceeds (the “**Net Proceeds**”) from the Proposed Subscription, after deducting estimated expenses, amount to approximately S\$106.9 million.

The Company intends to utilise 100% of the Net Proceeds for the technical upgrading of eight (8) WTE facilities in the PRC, namely the Xiaoshan Jinjiang WTE Facility, Wuhu Jinjiang WTE Facility, Zhengzhou Xingjin WTE Facility, Jilin Xinxiang WTE Facility, Wuhan Jinjiang WTE Facility, Lianyungang Sunrise WTE Facility, Hankou Jinjiang WTE Facility and Zibo Green Energy WTE Facility (the “**Upgrading Project**”), which will expand the waste treatment capacity of the Group by approximately 5,000 tons per day whilst also reducing emission levels and the proportion of coal used at the Group’s WTE facilities.

Pending the utilisation of the Net Proceeds for such purposes, such proceeds may be placed in deposits with banks or financial institutions or invested in short-term money markets or debt instruments or for any other purpose on a short-term basis as the directors may, in their absolute discretion, deem fit from time to time.

The Company will make periodic announcements on the utilisation of the Net Proceeds from the Proposed Subscription as and when such proceeds are materially disbursed and provide a status report of the use of proceeds from the Proposed Subscription in the Company’s annual report.

In view of the high capital commitment for the Upgrading Project, the Proposed Subscription enables the Group to (i) finance and complete the Upgrading Project, (ii) diversify its financial and capital resources and better manage the capital expenditure requirements of expanding

its pipeline of WTE projects, thereby allowing it to focus on further expansion of its WTE pipeline and addition of other verticals in the WTE industry, and (iii) improve its gearing and enhance its borrowing capacity.

Given the strong reputation of Harvest Global Capital Investments Limited as a long term investor in Chinese companies as well as the environmental protection sector in the PRC, upon the Subscriber expressing its interest to invest in Jinjiang Environment and following negotiations, the Group had resolved to enter into a long term partnership with Harvest Global Capital Investments Limited through the Proposed Subscription.

2.7 Financial Effects

As at the date of this Announcement, the issued and paid-up share capital of the Company comprises 1,221,581,000 Shares. On Completion, the issued and paid-up share capital of the Company will increase to 1,435,581,000 Shares.

Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2017:

- (a) assuming the Proposed Subscription was completed on 1 January 2017 with all the Subscription Shares being in issue during the period, the basic earnings per share and diluted earnings per share of the Group for the financial year ended 31 December 2017 would be as follows:-

	Before Proposed Subscription	After Proposed Subscription
Weighted average number of shares	1,218,362,015	1,432,362,015
Basic Earnings per Share (RMB cents)	49.35	41.97
Diluted Earnings per Share (RMB cents)	49.35	41.97

- (b) assuming the Proposed Subscription was completed on 1 January 2017, the consolidated net asset value per Share after adjusting for the Subscription Shares and the Net Proceeds would be as follows:-

	Before Proposed Subscription	After Proposed Subscription
Weighted average number of shares	1,218,362,015	1,432,362,015
Net asset value per share (RMB cents)	388.66	366.79

It should be noted that the above financial effects are for illustrative purposes only and do not purport to be an indication or a projection of the financial results and financial position of the Company and the Group immediately after Completion.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in the Proposed Subscription (other than their direct or indirect shareholdings in the Company).

Shareholders of the Company and potential investors should note that the Proposed Subscription is subject to the fulfilment of, *inter alia*, the conditions precedent set out above and accordingly should exercise caution when trading in the Shares of the Company. Persons who are in doubt as to the action they should take should consult their financial, tax, legal or other professional advisers.

BY ORDER OF THE BOARD

Wang Yuanluo
Non-Executive, Non-Independent Chairman

23 April 2018

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