



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)

PROPOSED ISSUANCE OF ASSET-BACKED SECURITIES IN THE PRC

The Board of Directors (the “**Board**”) of Zheneng Jinjiang Environment Holding Company Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) is pleased to announce that, subject to regulatory approvals, market conditions and other factors, a wholly-owned subsidiary of the Company, Hangzhou Jinhuan Investment Co., Ltd. (杭州锦环投资有限公司) (“**Hangzhou Jinhuan**”), intends to establish an asset-backed securities scheme (the “**Scheme**”) in the People’s Republic of China (the “**PRC**”), pursuant to which asset-backed securities (“**ABS**”) will be issued (the “**Proposed ABS Issuance**”).

China Great Wall Securities Co., Ltd. (长城证券股份有限公司) has been appointed as the manager of the Scheme and the Proposed ABS Issuance. The Scheme is the Group’s first asset securitisation project in the PRC.

The aggregate principal amount of the Proposed ABS Issuance is expected to be up to RMB1,000,000,000 (equivalent to approximately S\$210,526,316¹) on an indicative basis. The ABS are expected to comprise:

- (a) a senior ABS tranche of up to RMB950,000,000 (equivalent to approximately S\$200,000,000) which will be subscribed for by qualified investors in the PRC and will be listed and traded on the Shenzhen Stock Exchange (“**SZSE**”); and
- (b) a subordinated ABS tranche of up to RMB50,000,000 (equivalent to approximately S\$10,526,316) which will be subscribed for by Hangzhou Jinhuan.

Under the Scheme, the underlying assets backing the ABS will be receivables in the form of electricity supply fees and waste treatment fees of two of the Group’s waste-to-energy (“**WTE**”) project companies in the PRC held under Hangzhou Jinhuan, namely Yinchuan Zhongke Environmental Electrical Co., Ltd. which operates the Yinchuan Zhongke WTE Facility in Ningxia Hui Autonomous Region and Yunnan Green Energy Co., Ltd., which operates the Xishan WTE Facility in Yunnan Province. The Company and Hangzhou Jinhuan will satisfy all payment obligations for any shortfall in the principal and expected income of the senior ABS of the Scheme and the sale/redemption price required for the exit of the senior ABS under certain repurchase and redemption situations. The tenure of the ABS to be issued pursuant to the Scheme is up to nine (9) years, effective from the date of establishment of the Scheme. An announcement will be made by the Company on the definitive terms of the Scheme and the Proposed ABS Issuance in the event that the Company decides to proceed with the establishment of the Scheme and the Proposed ABS Issuance.

The Company plans to use the proceeds from the Proposed ABS Issuance for the repayment of borrowings and other debt obligations, working capital and construction and expansion of new projects. The Board believes that ABS are well-suited to the unique characteristics of the WTE industry in the PRC, including the stable cashflows, long concession periods and strong government support for the WTE industry and carbon-neutral and “green” issuances of ABS, and accordingly is of the view that the establishment of the Scheme and the Proposed ABS Issuance can diversify the financing channels of

¹ All currency exchange rates used in this announcement are based on S\$1.00 : RMB4.75. Such exchange rate has been presented solely for information only and should not be construed as representations that the relevant amounts have been or could be converted at the rate indicated or at any other rate

the Group, reduce the cost of outstanding borrowings of the Group's existing WTE and other projects and enable the Group to tap on favourable regulatory policies in the PRC given that the Group's projects qualify for green ABS accreditation.

In connection with the establishment of the Scheme and the Proposed ABS Issuance, the Company has submitted an application to the SZSE on 20 October 2021 to seek the necessary approvals from the SZSE for the Proposed ABS Issuance and the listing of the ABS on the SZSE, and after the SZSE issues a no-objection letter, the Company will carry out the requisite filing with the Asset Management Association of China (中国证券投资基金业协会) ("**AMAC**") for the establishment of the Scheme (collectively, the "**Approvals**").

The Company will release further announcements in accordance with the progress of the establishment of the Scheme and the Proposed ABS Issuance as and when there are material developments.

The establishment of the Scheme and the Proposed ABS Issuance is subject to, *inter alia*, the Approvals being obtained and the prevailing market conditions. Shareholders of the Company should note that there is no certainty that the Approvals will be obtained and that the Company will proceed with the establishment of the Scheme and the Proposed ABS Issuance, and are advised to exercise caution and seek appropriate independent advice when dealing in the shares of the Company.

BY ORDER OF THE BOARD

Wei Dongliang
Executive Chairman

20 October 2021

IMPORTANT NOTICE

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